

SOUTHERN MINNESOTA MUNICIPAL POWER AGENCY
Minutes of the Board of Directors' Meeting
June 12, 2025

President Moulton called the meeting to order at 9:00 a.m. at the Owatonna Public Utilities in Owatonna, Minnesota.

Mayor Jessop welcomed the members and guests to Owatonna.

Board Members Present:

President Peter T. Moulton, Saint Peter; Vice President Roger E. Warehime, Owatonna; Secretary James R. Bakken, Preston; and Bruce A. Reimers, New Prague.

Board Members Absent:

Mark E. Nibaur, Austin; and Timothy M. McCollough, Rochester.

Others Present:

David P. Geschwind, Executive Director & CEO; Jerry Mausbach, Blooming Prairie; Miles Heide, Julie Zarling, Fairmont; Matt Jessop, Damian Baum, Christian Fenstermacher, Tim Linders, Owatonna; Keith Butcher, Princeton; Jason Halvorson, Redwood Falls; Bill Bullock, Rochester; Chris Rolli, Spring Valley; Craig Anderson, Wells; Marquees Kimmey, Parker Ormonde, The Energy Authority; Michelle Neal, Xcel Energy; Jim Landsem, Patrick Seitz, Elliot Christensen, Marcus Greg, Lower Sioux Indian Community; Beth A. Fondell, Naomi A. Goll, Joseph A. Hoffman, Rebecca J. Schmitz, and Jeremy B. Sutton of the Agency staff.

Others Present Via Conference Call:

Mike Roth, Shane Steele, Grand Marais; Mike Geers, Litchfield; Joe Kohlgraf, Mora; Chris Lewis, The Energy Authority; and Mark Glaess, Lower Sioux Indian Community.

#1 Agenda Approval:

Mr. Bakken moved to approve the agenda, seconded by Mr. Warehime, passed upon a unanimous vote of the board members present.

#2 Consent Agenda:

Mr. Reimers moved to approve the consent agenda, seconded by Mr. Bakken, passed upon a unanimous vote of the board members present.

APPROVED the May 14, 2025 board meeting minutes.

#3 Sherco 3 Operations Review-Sutton/Michelle Neal-Xcel Energy:

Ms. Neal, Sherco Plant Director, reported on the Sherco 3 2024 operating performance and

indicated performance improved in 2024 due to the work performed during the 2024 outage and there is great performance in 2025. The coal crusher unit was upgraded, which improved performance.

Key issues were highlighted related to reliability performance, environmental performance, and O&M and capital performance.

Ms. Neal expressed appreciation to SMMPA's Sherco 3 Consultant Mr. Mike Grimsley for his wisdom and knowledge. Mr. Grimsley is a great resource for SMMPA and Xcel Energy and his partnership is appreciated.

Sherco 3 Planned Outage

A Sherco 3 planned outage will occur Spring 2026 to prepare the unit for operation to the planned retirement date.

Ms. Neal addressed the significant capital projects that are scheduled for 2025 to 2029 to make sure Sherco 3 is reliable.

Discussion.

Greenhouse Gas Emission

The U.S. Environmental Protection Agency has been making changes to the Greenhouse Gas Emission Guidelines for existing fossil-fuel fired power plants. Continue to watch as this unfolds.

#4 Risk Analysis Study Results-Sutton/The Energy Authority:

Mr. Sutton introduced Mr. Marquees Kimmey, The Energy Authority (TEA).

Mr. Kimmey introduced Mr. Parker Ormonde, TEA Quantitative Analyst.

Mr. Kimmey, TEA Portfolio Analyst, reported on the results of the semi-annual risk study. The risk study is a detailed analysis of the Agency's load and generation, and natural gas and energy market prices that evaluates many different scenarios to identify potential economic risks to the Agency.

Discussion.

Mr. Chris Lewis, TEA Senior Financial Gas Trader, reported on the current natural gas projections and hedge opportunities.

Hedge Recommendations

Based on the results of the analysis, TEA recommended certain hedge purchases during the Sherco 3 planned outage during Spring 2026. TEA will continue to refine their recommendation based on specific hedge purchase opportunities and prices.

After a short break, the board reconvened at 10:34 a.m.

#5 Lower Sioux Indian Community:

Mr. Geschwind introduced members and representatives of the Lower Sioux Indian Community (LSIC): Jim Landsem and Patrick Seitz with SolGlo Energy; Elliot Christensen, and Marcus Greg.

Mr. Jim Landsem thanked SMMPA for inviting them to attend today's meeting. The tribal group operates Jackpot Junction, Morton, MN, near Redwood Falls, MN, and is looking at forming their own utility and are currently buying electricity from Xcel Energy. LSIC is also contemplating installing solar generation sized to serve their loads. However, they would need back up power from SMMPA.

Mr. Christensen reported that LSIC is interested in a utility partnership to accomplish their goal and have SMMPA as back-up power.

Discussion.

Mr. Geschwind indicated that SMMPA would need to model the addition of the LSIC to the Agency to determine anticipated financial impacts. Mr. Geschwind also discussed the existing member-Agency arrangements and how the Agency could be interested in purchasing the output of LSIC solar projects depending on price and schedule. He also discussed the system-Agency approach used by the existing SMMPA members.

Next Steps

Agency staff will work with the LSIC to obtain information necessary for modeling.

#6 Short-Term Forecast-Schmitz:

Ms. Schmitz reported on the short-term forecast.

The forecast and assumptions were reviewed. Results of this forecast are similar to the long-term forecast that was prepared in December 2024, but show a possible larger rate decrease in 2026.

Discussion.

Financial Cases

Case 1 – Base Case.

Case 2 – High LMPs and Natural Gas – 50% High LMPs and Natural Gas.

Case 3 – Sherco 3 unavailable for 6 months – Sherco 3 out unexpectedly from February 2027 to July 2027.

Case 4 – Large Weather Event – Large winter storm affected LMPs modeled after Winter Storm Uri in February 2027.

Case 5 – Sherco 3 unavailable for 6 months & Large Weather Event – Sherco 3 out unexpectedly from February 2027 to July 2027 and large winter storm affected LMPs modeled after Winter Storm Uri in February 2027.

#7 Revolving Credit Agreement Renewal-Fondell:

Ms. Fondell reported on the Revolving Credit Agreement (RCA) renewal. The current RCA with U.S. Bank expires on October 31, 2025.

SMMPA's financial advisor, Public Financial Management, assisted with comparative analysis and negotiations. Proposals were received from three banks: U.S. Bank, Bank of America, and RBC. Ms. Fondell provided an overview and comparison of each bank's terms. The RBC proposal was deemed to be the most favorable given recent interest rates. Bank of America provided the next best proposal. RBC has internal goals related to working with companies with carbon emissions that may prevent them from working with the Agency, and their proposal was contingent on their further internal review.

Discussion.

Recommendation

Seek board approval to proceed with a Revolving Credit Agreement with RBC or Bank of America or defer decision to the July board meeting.

Mr. Warehime moved to approve the Revolving Credit Agreement with RBC unless RBC is unable to commit to providing financing without limitations from their internal policy goal, in which case the Agency may proceed with Bank of America, seconded by Mr. Reimers, passed upon a unanimous vote of the board members present.

Government Affairs/Member Services Report-Hoffman:

Mr. Hoffman summarized the government affairs/member services report detailed in the board book.

SES Personal Tax Exemption Bill

The Steele Energy Station (SES) property tax exemption language was included in the Senate Omnibus Taxes but was not included in the final Senate/House tax bill. SMMPA will continue pursuing legislation next year.

APPA eReliability Tracker

SMMPA purchased a group membership for the APPA eReliability Tracker making the service available to SMMPA members at no additional cost. APPA will transition to an updated version of the tracker platform this fall.

Drive Electric MN Group Membership

Drive Electric MN is a coalition of utilities and other organizations that promote adoption of electric vehicles. Drive Electric MN modified their membership structure to no longer allow SMMPA members to participate under SMMPA's membership. SMMPA members will receive a 25% discount on dues.

Pollinator Habitat Program

Saint Peter received their requested plants.

SMMPA Member Scholarship Program

There was a member that did not award scholarships this spring but may fund scholarships next year.

Retirement Recognition

John O'Neil, SMMPA Manager of Energy Efficiency & Member Support Programs, announced he will be retiring and his last day in the office is July 3, 2025. SMMPA has been interviewing candidates for the position.

Operations Report-Sutton:

Mr. Sutton reported:

Sherco 3 Planned Outage Hedges

Two energy hedge purchases (around the clock 50 MW and on-peak 50 MW) are in place for the planned Sherco 3 outage May 28, 2025 to June 13, 2025.

SES Update

Authorized two change orders for adding reactors to the generators for the Steele Energy Station. Also added fiber optic communication to accommodate remote operation at the Owatonna Energy Station.

Retirement Recognition

Bob Heine, SMMPA Generation Project Manager, announced he will be retiring the end of this year. Clint Schumacher, SMMPA Manager of Agency & Member Generation, will contact the members for feedback on this position.

North Branch Transmission Pole Relocation

The transmission pole relocation in North Branch will occur by August 2025. \$32,800 was authorized for the engineering work by the SMMPA CEO, and another \$95,000 was authorized to proceed with the project for a total project cost of \$125,000.

Market Price Update

A graph of recent natural gas and on-peak electricity prices was discussed.

Financial Report April 2025-Fondell:

Ms. Fondell summarized Agency financial results through April as provided in the board book materials.

Pre-Payment Program

The Pre-Payment Program Working Session is scheduled for June 30, 2025.

Underwriter RFP Update

Requests for proposals were received from Morgan Stanley, Bank of America, and RBC for the SMMPA bond refund this fall. Interviews will be conducted on June 12 and 13, 2025.

Retirement Recognition

Kevin Hafner, SMMPA Human Resources & Insurance Administrator, announced he will be retiring and his last day in the office is July 3, 2025. SMMPA will be interviewing candidates for the position.

President's Report:

Mr. Moulton reported:

- SMMPA Alternate Representative: The change of alternate representative for the City of Blooming Prairie from Dennis Heimerman to Doug Hillson was effective June 10, 2025. (Attachment A.)
- SMMPA Staff Recognition: SMMPA staff members recognized for their significant roles at SMMPA were Kevin Hafner, Todd Heins, and John O'Neil.
- APPA National Conference: The APPA National Conference was held June 8-11, 2025 in New Orleans, Louisiana. Representatives from New Prague, Owatonna, Rochester, Saint Peter, and SMMPA attended the conference. It was a good conference.

Executive Director & CEO's Report:

Mr. Geschwind reported:

- SMMPA Board Position: Saint Peter announced their candidacy for re-election for the SMMPA Board position, currently held by Saint Peter, with the election on October 17, 2025.

Member Forum:

None.

Other Business:

There was no other business.

Adjourn:

A motion to adjourn the meeting was made by Mr. Reimers, seconded by Mr. Bakken, passed upon a unanimous vote of the board members present.

The meeting was adjourned at 12:14 p.m.

Secretary