

SOUTHERN MINNESOTA MUNICIPAL POWER AGENCY
Minutes of the Board of Directors' Meeting
June 10, 2026

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

Mr. Dankert, Austin Utilities General Manager, welcomed the members and guests to Austin, and introduced Kurt Regenscheid, Austin Utilities Substation Technician, and Kory Robinson, Austin Utilities Finance and Customer Care Manager.

Mr. Bakken introduced Ms. Michelle Marotzke, Preston Interim City Administrator, and announced the change of alternate representative for the City of Preston from Ryan Throckmorton to Michelle Marotzke was effective June 9, 2026. (Attachment A.)

Board Members Present:

President Pete Moulton, Saint Peter; Secretary Jim Bakken, Preston; Treasurer Bruce Reimers, New Prague; Tom Dankert, Austin; Christian Fenstermacher, Owatonna; Keith Butcher, Princeton; and Tim McCollough, Rochester.

Others Present:

David P. Geschwind, Executive Director & CEO; Alex Bumgardner, Kurt Regenscheid, Kory Robinson, Ethan Walter, Austin; Jerry Mausbach, Blooming Prairie; Miles Heide, Fairmont; Mike Roth, Grand Marais; Damian Baum, Owatonna; Michelle Marotzke, Preston; Chris Rolli, Spring Valley; Craig Anderson, Wells; Chris Lover, Public Financial Management; Beth Fondell, Naomi Goll, Joe Hoffman, Becca Schmitz, and Jeremy Sutton of the Agency staff.

Others Present Via Conference Call:

Julie Zarling, Fairmont; Joe Kohlgraf, Mora; and Jason Halvorson, Redwood Falls.

#1 Agenda Approval:

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

#2 Consent Agenda:

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

APPROVED the May 14, 2026 board meeting minutes.

APPROVED the Fairmont Energy Station Transformer Cost Share. (Attachment B.)

APPROVED the Fairmont Energy Station Substation. (Attachment C.)

APPROVED the West Industrial Park Substation. (Attachment D.)

#3 Financial Reserves Policy-Fondell/PFM:

Ms. Fondell introduced Mr. Chris Lover, Public Financial Management (PFM), to provide the Financial Reserves Study results. The Financial Reserves Policy (FRP), which is supported by the Financial Reserves Study, calls for a review of the General Operating Reserve (GOR) and Capital Reserve (CR) levels every three years.

Mr. Lover presented the results of the Financial Reserves Study, including a look ahead to projected GOR levels post-2030, after the planned Sherco 3 retirement and Rochester's Power Sales Contract expiration.

Discussion.

Recommendation

PFM's recommendation is to increase the current target general operating reserves level from \$51.5 million to \$62.1 million (annually adjusted in subsequent years for inflation) and retain the +/- 10% bandwidth.

With post-2030 GOR target levels expected to be lower, the Agency will look into the possibility of reserving some borrowing capacity on the Revolving Credit Agreement in lieu of a portion of the recommended GOR target increase. The updated Financial Reserves Policy will be further discussed at the July board meeting.

#4 Short-Term Forecast-Schmitz:

Ms. Schmitz reported on the short-term forecast.

The forecast and assumptions were reviewed. Results of this forecast were compared to the long-term forecast that was prepared in December 2025 and the prior short-term forecast that was prepared in June 2025. Future year forecasted rate impacts from the recommended higher GOR target level that was discussed during the Financial Reserve Policy presentation were also presented.

Discussion.

Financial Cases

Case 1 – Base Case - 60% renewable in 2030, Wapsi contract extension into 2037, approximately 20% REC purchases each year, 3-year average for congestion factors, and 2-year average for LMP premiums.

Case 2 – High PPA Prices - 50% high PPA prices.

Case 3 – No Forward Price Premium - no estimated premium taken off from the LMP forward prices (translates into higher LMPs).

Case 4 – 6-Month Average Congestion - simulating more recent larger differences between the various pricing nodes.

Case 5 – Sherco 3 Unavailable - starting June 2029 due to retirement.

After a short break, the board reconvened at 10:58 a.m.

#5 Emergency Operations Procedures-Sutton:

Mr. Sutton reported on the emergency operations procedures.

Winter Storm Fern 2026 caused tight grid conditions in MISO due to the extreme cold weather event. As part of the emergency preparedness process, SMMPA conducts weekly calls with member plant operators and reviews plant inspections, fuel inventory, and staffing. SMMPA monitors and communicates to the members the changing of MISO emergency status declarations.

State and federal law provisions were reviewed. Federal Power Act Section 202(c) is the primary mechanism that can provide pre-event federal legal authority in an emergency reliability context.

Discussion.

SMMPA developed a draft emergency guideline for members that own or operate generating plants, and it will be brought back for discussion at the July board meeting.

#6 Power Sales Contract Extension-Geschwind:

Mr. Geschwind reported on the Power Sales Contract extension.

This topic was discussed at the last SMMPA board retreat. The Power Sales Contracts for 16 of the Agency's 17 members expire in 2050 (Rochester's contract expires in 2030). The remaining contract term will soon be a limiting factor in the Agency's ability to finance long-lived infrastructure. The Agency cannot issue debt with maturities extending beyond the term of its member contracts.

In January 2010, the board voted to approve a resolution adopting the contract amendments that changed the end of the power sales contracts from 2030 to 2050 with the extending members.

There was discussion on the potential length of a contract extension between 10 to 20 years. The Agency and the members may want to set aside up to 12 months to allow the members to decide whether to amend the term of the contract and to seek authorization from their governing bodies.

A draft board resolution that would offer to extend the contract from 2050 to 2065 will be discussed at the July board meeting.

Depending on the outcome of discussions at the July board meeting, this topic will be brought back for action at the August board meeting.

#7 Election of Officers-Board of Directors:

President Moulton announced that the SMMPA Board of Directors has two vacancies: Vice

President following Mr. Roger Warehime's unexpected passing, and Secretary following Mr. Bakken's departure.

Mr. McCollough suggested the following slate of officers for the remainder of the 2026 term:

- President, Pete Moulton, Saint Peter;
- Vice President, Bruce Reimers, New Prague;
- Secretary, Keith Butcher, Princeton; and
- Treasurer, Tom Dankert, Austin.

Mr. McCollough moved to approve the slate of officers for the Board of Directors of Southern Minnesota Municipal Power Agency for the remainder of the 2026 term, seconded by Mr. Fenstermacher, 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 & AES Tax Exemption Bill

The final Minnesota omnibus tax bill was approved by the House and Senate on May 17, 2026; however, the bill contained less than half of the language in the Senate omnibus and did not include SMMPA's Steele Energy Station and Austin Energy Station tax exemption language. SMMPA will try again next year.

APPA eReliability Tracker/Power TRX Update

SMMPA provides each member with a subscription to Power TRX, APPA's reliability tracking system. Litchfield, Owatonna, Princeton, and Saint Peter received recognition for achieving exceptional electric reliability in 2025.

SMMPA Member Portal Update

Members may explore resources and tools and board activities all in one convenient location in the SMMPA Member Portal.

APPA National Conference

Members were reminded of the APPA National Conference in Boston, Massachusetts, June 28 – July 1, 2026.

SMMPA Office Building Maintenance

A new roof top air-source heat pump unit was installed at SMMPA on June 15, 2026.

SMMPA Boardroom

Working with external contractors to remediate water intrusion issues in the SMMPA Boardroom.

CIP/ECO Reports Update

Members were thanked for submitting CIP expenditures for the reporting period. The SMMPA Energy Efficiency Team will submit the Conservation Improvement Program/Energy

Conservation and Optimization Reports to the Minnesota Division of Energy Resources by June 12, 2026.

Cybersecurity Board Security Brief

A threat group is impersonating IT helpdesk staff to lure employees into Microsoft Teams chats. The employee receives an unsolicited Teams call from the bad actors and is directed to install an update or patch. The attackers aim to achieve network compromise, enabling credential theft, lateral movement, and data exfiltration, often through legitimate cloud services to evade detection. IT should limit who can contact employees externally by tightening Teams collaboration settings and train staff to verify unusual IT requests through phone calls.

Operations Report-Sutton:

Mr. Sutton reported:

LRTP-4 Mankato to Mississippi Eminent Domain

This project is part of the Tranche 1 portfolio to improve electric system reliability throughout the region. SMMPA drafted a resolution authorizing and ratifying the use of eminent domain for this transmission project, which will be an action item at the July board meeting.

Sherco Outage Update

The steam-driven boiler feedwater pump experienced vibration and the replacement part was installed. Anticipate Sherco will be back online this afternoon. Hedge purchases covering the period through June 2026 have been executed as recommended by The Energy Authority.

Austin Energy Station

The Austin Energy Station Facility Lease Agreement was executed. The pre-engineering was authorized for the permit activities. The Solar Turbine gas turbine engine package project costs have increased 36-44% since 2025 when SMMPA authorized the gas turbines for the Steele Energy Station. Staff will bring a turbine procurement contract to the July meeting for board consideration.

Financial Report April 2026-Fondell:

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

Expenditure Listing

Because the old expenditure listing in the board book omitted some transactions, a new expenditure listing version was created that captures all transactions posted during the month.

Cash, Investment and Reserves Summary

The Cash, Investment and Reserves Summary General Reserves Fund had separate accounts for Asset Management Account (used for Sherco 3 capital expenditures) and Equity Construction Account (used for non-Sherco cash-funded capital expenditures). Because the SMMPA Bond Resolution does not reference the two accounts or require them to remain separate, the Equity Construction Account has been merged into the Asset Management Account for accounting and reporting purposes.

Revolving Credit Agreement

The Revolving Credit Agreement draw of \$22 million is planned for July 2026 to fund the \$11.3 million Steele Energy Station generation equipment, \$5.1 million Austin Energy Station generation equipment, \$2.2 million Steele Energy Station land purchase, and \$3 million for various transmission projects. After the July 1 draw, approximately \$59.5 million will be borrowed against the \$68 million total commitment amount.

Bond Issuance

The 2027A bond pricing is tentatively scheduled for the second week of January 2027 with closing the end of January 2027. Similar to the 2025A bond transaction, Bank of America will serve as the primary underwriter, with other bank(s) as co-managers.

Cost of Service Study

Dave Berg Consulting will share results of the Cost of Service Study at the August 2026 board meeting.

President's Report:

Mr. Moulton reported:

- SMPMA Staff Recognition: SMPMA staff members recognized were Joe Hoffman for his work with ZEF Energy on the electric vehicle charging station back-payment process; and Jodie Long for coordinating plants and seed packets for the pollinator habit program and the APPA National Conference registration and lodging.
- SMPMA Board Recognition: Appreciation was extended to Mr. Reimers, Mr. Butcher, and Mr. Dankert for being willing to serve as officers on the SMPMA Board.
- Recognition of Mr. Bakken: Mr. Bakken, Preston Public Utilities General Manager, was recognized for his service on the SMPMA Board and was wished well as he accepted a new position and is departing the city.

Executive Director & CEO's Report:

Mr. Geschwind reported:

- New Ulm Request for Proposals: New Ulm Public Utilities issued a Request for Proposals to secure wholesale electric power supply beginning January 1, 2030. SMPMA submitted a proposal on June 5, 2026. New Ulm will evaluate the proposals June through August 2026 and start negotiations with their selected party in late summer 2026.

Member Forum:

None.

Other Business:

There was no other business.

Adjourn:

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

The meeting was adjourned at 12:34 p.m.

Secretary