

SOUTHERN MINNESOTA MUNICIPAL POWER AGENCY
Minutes of the Board of Directors' Meeting
May 14, 2026

President Moulton called the meeting to order at 8:00 a.m. at the Grand Marais City Hall in Grand Marais, Minnesota.

Mr. Roth, Grand Marais City Administrator, welcomed the members and guests to Grand Marais, and extended an invitation to tour the newly constructed city hall building after today's board meeting. The new facility is located on the same site as the old building and has been open for a year.

President Moulton announced the changes to the member representatives.

The change of member representative for Owatonna Public Utilities from Roger Warehime to Christian Fenstermacher and the alternate representative from Christian Fenstermacher to Dave Olson were effective April 28, 2026.

The change of alternate representative for New Prague Utilities Commission from Dan Bishop to Ken Zweber was effective April 27, 2026.

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; Mike Roth, Shane Steele, Grand Marais; Chris Rolli, Spring Valley; Brian Behm, Xcel Energy; Beth Fondell, Naomi Goll, Joe Hoffman, and Jeremy Sutton of the Agency staff.

Others Present Via Conference Call:

Alex Bumgardner, Austin; Miles Heide, Fairmont; Mike Geers, Litchfield; and Dave Olson, Owatonna.

#1 Agenda Approval:

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

#2 Consent Agenda:

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

APPROVED the April 8, 2026 board meeting minutes.

APPROVED the Fairmont 10th Street Substation Project Budget Updates. (Attachment A.)

APPROVED the Spring Valley New Substation Power Transformer. (Attachment B.)

APPROVED the Windsor Substation Budget Update. (Attachment C.)

#3 Sherco 3 Operations Review-Sutton/Brian Behm-Xcel Energy:

Mr. Sutton introduced Mr. Brian Behm, Sherco Plant Senior Director.

Mr. Behm, Sherco Plant Senior Director, reported on the Sherco 3 2025 operating performance and indicated performance was great in 2025.

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

Sherco 3 Planned Outage

The Sherco 3 planned overhaul started February 27, 2026 and the projected unit return has been delayed from May 22, 2026 to June 10, 2026 due to vendor performance issues.

Sherco Capital Projects

Mr. Behm addressed the significant capital projects that are scheduled for 2025 to 2030 to make sure Sherco 3 is reliable. A chemical clean is expected to be performed on the Sherco 3 boiler later this year.

Sherco Coal Inventory

Sherco maintains a substantial coal inventory.

Hedge Recommendations

Mr. Geschwind reported that the Agency is determining the appropriate hedge position for the outage extension into June and will make a determination by June 1, 2026.

Discussion.

Good Neighbor Rule

A member inquired about the status of the Good Neighbor Rule. EPA proposed to approve Minnesota' State Implementation Plan reversing previous federal positions. Sherco 3 is currently expected to operate to 2030 when it will retire with no expected limitations based on the Good Neighbor Rule.

#4 SMMPA Financial Metrics-Fondell:

Ms. Fondell reported on SMMPA financial metrics.

The Agency has been tracking financial metrics since 2014. Various financial metrics were reviewed, and the results were compared to the Fitch Ratings methodology, when available.

Discussion.

Overall, there has been improvement in many of the metrics since the drawdown of excess reserves in 2022.

#5 Annual Review of SMMPA's Sustainability Efforts-Hoffman:

Mr. Hoffman reported on the sustainability topic. SMMPA continues working toward goals in the SMMPA 2.0 initiative established in 2020.

SMMPA is updating the brochure that highlights the Agency's carbon reduction efforts.

Our Commitment to Sustainability - Reducing our Carbon Footprint Brochure

The carbon reduction report categorizes the Agency's carbon emissions by energy efficiency, wind energy, solar energy, other renewables, and natural gas.

Discussion.

Solar Choice Program

The Solar Choice Program allows customers of participating members interested in solar without installing a solar system on their property. Customers agree to purchase electricity from the Agency's Lemond Solar Project located near Owatonna.

Pollinator Habitat Program

In 2016 SMMPA and members initiated the pollinator habitat program to preserve habitat for monarch butterflies and other pollinators. Members interested in ordering plants and/or seed packets should contact SMMPA by May 29, 2026.

Mission: Renew Program

The Agency offers the Mission: Renew Renewable Energy Credits (RECs) Retirement Program geared toward residential customers. The program allows customers to determine what percent of renewable energy they would like to purchase and have RECs retired on their behalf to achieve that goal. Currently, Owatonna and Princeton offer this program to their customers, and Grand Marais offers a similar program.

SMMPA Electric Vehicle Charging Network

In 2020 and 2021, SMMPA partnered with the members to install DC fast chargers and Level 2 chargers in the member communities. The SMMPA Electric Vehicle Charging Program has been successful, with over 33,000 charging sessions.

After a short break, the board reconvened at 9:17 a.m.

#6 New Ulm Membership Proposal-Geschwind:

Mr. Geschwind reported on the new membership proposal for New Ulm Public Utilities.

New Ulm issued a Request for Proposal for long-term wholesale power supply, with proposals due June 5, 2026. Heartland Energy (South Dakota) is the current wholesale power provider for

New Ulm and their contract expires after 2029.

RFP Requirements

- Full-requirements wholesale supply
- MISO market participation and energy management
- Scheduling, settlement, regulatory reporting
- Coordination with MISO, Xcel Energy, WAPA
- Minnesota clean energy policy compliance
- Economic development, cybersecurity support, DSM programs, etc.

Contract Term Requested by New Ulm

- Baseline: 10-year contract
- Option: extend to 15 years
- Longer-term proposals allowed
- Must provide comparable 10-year pricing
- Must describe exit / renegotiations terms

SMMPA performed modeling adding New Ulm to the Agency to determine anticipated financial impacts.

Discussion.

New Ulm will evaluate proposals during the summer of 2026, with the goal of identifying a preferred proposer and beginning contract negotiations in late summer or early fall. Final selection and execution of a wholesale power supply agreement would follow the negotiation process, subject to final approvals.

Board Action

There was board consensus to extend a proposal to New Ulm. The proposal will consist of two options: a 10-year offer and a full membership offer. The full membership offer will include no up-front buy-in and participation at normal member rates to 2050. The 10-year offer will include a 10% price premium above normal member rates, and New Ulm would not be a member of the Agency. As part of the proposals for both options, the Agency will offer to purchase the output of the existing New Ulm generation for a flat \$5/kW-month for the term of that option.

#7 Austin Energy Station Update-Sutton:

Mr. Sutton reported on the Austin Energy Station (AES) updates.

Austin was identified as a prime location for a natural-gas fired generating facility with a capacity of at least 49 MW.

The AES project replicating the Steele Energy Station would leave the Agency 33 MW short of our required MISO planning reserve target, before adding any MW of capacity credit from additional renewable projects. The Agency has been exploring increasing the AES project to 80 MW. This increase would still leave the Agency about 4 MW short before adding any renewable capacity credit.

In 2024, Minnesota signed the Minnesota Energy Infrastructure Permitting Act into law. This act expanded the types of facilities eligible for expedited permitting, specifically, the “Standard Review” for power plants smaller than 80 MW.

Discussion.

Next Steps

- Solar Turbines indicative pricing.
- Battery Storage comparison: Sherco interconnection, Solar at Stoneray on the existing interconnection.
- Capacity purchase opportunities.
- Sites for additional new plant.
- Possible Sherco extension.

#8 Wapsi Wind Contract Extension-Sutton:

Mr. Sutton reported on the Wapsi Wind Contract extension.

The 100.5 MW (67 wind turbines) Wapsi Wind Project is located near Dexter, Minnesota. SMMPA received an offer from EDF to extend the purchase contract for 8 years, which is scheduled to expire in 2029.

Additional Items Negotiated

- REC replacement for the final three years of the contract under the guaranteed availability section.
- Right of first offer in the event EDF repowers the project at any point of our contract.
- Rights inserted to ensure the Agency can participate in financial pre-pay mechanisms that may be advantageous.

Renewable Energy Credit Balance

The Agency’s estimated renewable energy credit (REC) balance after 2030 is 722,141.

Discussion.

Action Item

Request approval of the Wapsi Contract Extension.

Mr. Fenstermacher moved to approve the Wapsi Contract Extension, seconded by Mr. Dankert, passed upon a unanimous vote of the board members present.

Mr. McCollough indicated he is supportive of SMMPA extending the Wapsi Contract, but Rochester’s Power Sales Contract ends in 2030 and Rochester requests a share of those RECs that will be added to the Agency’s REC bank because of the extension.

#9 Confidential Board Report Summary-Sutton:

Mr. Sutton summarized the confidential board report.

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 Steele Energy Station and Austin Energy Station property tax exemption bills hearing was held on April 15, 2026. Mayor Jessop (Owatonna), Commissioner Jay Lutz (Austin), and Mr. Hoffman (SMMPA) testified on behalf of the bills. The House Energy Committee has not advanced on energy omnibus this year. The Senate Energy Committee passed the bills on May 12, 2026.

Electric Vehicle Charging New Pricing and Signage

SMMPA updated the electric vehicle charger pricing to comply with the new state law that requires EV charging to be sold by the kWh. SMMPA developed signage and will mail the information to the members.

Pollinator Habitat Program

Members interested in plants and seed packets should inform SMMPA.

REC Pricing for 2025 Retirements

The Agency offers to retire renewable energy credits (RECs) on behalf of customers in the member communities. Pricing for 2025 RECs will be \$2.

Cybersecurity Board Security Brief

On March 11, 2026, Stryker Corporation, a major U.S.-based medical technology company, suffered a large-scale, destructive cyberattack wiping 200,000 devices globally and disrupting corporate operations without affecting patient-facing medical devices. Access was likely obtained through credential compromise and attackers gained Global Administrator privileges. Full restoration of IT systems is expected to take weeks or longer, depending on backup availability.

Operations Report-Sutton:

Mr. Sutton reported:

MISO Planning Reserve Auction

The Agency is expected to be short of capacity in the summer and spring season for the 2026-2027 planning year.

CapX Davit Arms

There is a defect in the steel davit arms used in the transmission towers for certain CapX 2020 lines. The CapX 2020 owners sent a letter to the supplier on March 13, 2026 to attempt to address the issue. The supplier denied responsibility. The CapX 2020 members signed a Common Interest Agreement effective May 1, 2026 to allow the participating utilities to share privileged legal analyses. SMMPA is unsure if this impacts the Badger Coulee lines in Wisconsin.

Sherco Outage Hedge

If the Sherco planned outage is extended to June 10, 2026, SMMPA will recommend purchasing hedges.

Quarterly Wind and Solar Update

Information on the performance of the Agency's wind and solar resources, including capacity factor and costs relative to market energy prices and net margins, was reviewed.

Market Price Update

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

Financial Report March 2026-Fondell:

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

Revolving Credit Agreement

The Revolving Credit Agreement annual paydown was originally planned for May, but is now forecasted for the end of this year.

President's Report:

Mr. Moulton reported:

- SMMPA Board Meeting Dress Code: The SMMPA Board meeting dress code will be business casual for the summer months.
- SMMPA Staff Recognition: Mr. Geschwind was recognized for his great work moderating the panel discussion on Resource Adequacy and System Reliability in Today's Evolving Landscape at the April 2026 APPA CEO & Utility Managers Roundtable in California.

Executive Director & CEO's Report:

There was no report.

Member Forum:

Mr. McCollough announced that the U.S. Department of Justice extends the compliance dates until April 2027 for a rule that requires state and local governments to make their websites accessible under Title II of the American with Disabilities Act.

Other Business:

There was no other business.

Adjourn:

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

The meeting was adjourned at 11:34 a.m.

Secretary

DRAFT