

SOUTHERN MINNESOTA MUNICIPAL POWER AGENCY
Minutes of the Board of Directors' Meeting
May 14, 2025

President Moulton called the meeting to order at 9:00 a.m. at the Emergency Services Building in New Prague, Minnesota.

Board Members Present:

President Peter T. Moulton, Saint Peter; Vice President Roger E. Warehime, Owatonna; Secretary James R. Bakken, Preston; Treasurer Bruce A. Reimers, New Prague; Mark E. Nibaur, Austin; and Timothy M. McCollough, Rochester.

Others Present:

David P. Geschwind, Executive Director & CEO; Alex Bumgardner, Austin; Miles Heide, Julie Zarling, Fairmont; Shane Steele, Grand Marais; Damian Baum, Owatonna; Keith Butcher, Princeton; Jason Halvorson, Redwood Falls; Chris Rolli, Spring Valley; Craig Anderson, Wells; Beth A. Fondell, Naomi A. Goll, Joseph A. Hoffman, and Jeremy B. Sutton of the Agency staff.

Others Present Via Conference Call:

Jerry Mausbach, Blooming Prairie; Mike Roth, Grand Marais; Mike Geers, Litchfield; and Joe Kohlgraf, Mora.

#1 Agenda Approval:

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

#2 Consent Agenda:

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

APPROVED the April 9, 2025 board meeting minutes.

#3 SMMPA Financial Metrics-Fondell:

Ms. Fondell reported on SMMPA financial metrics.

The Agency has been tracking financial metrics since 2014. Overall, there has been improvement in many of the metrics since the drawdown of excess reserves in 2022.

Various financial metrics were reviewed, and the results were compared to the Fitch Ratings methodology, when available.

Discussion.

#4 Energy Cost Adjustment Review-Fondell:

Ms. Fondell reported on the Energy Cost Adjustment review.

Now that we have a couple years of history with the Energy Cost Adjustment (ECA), it's a good time to evaluate and incorporate any changes into the 2026 budget. The ECA components and key drivers were reviewed, along with results from 2023, 2024, and 2025 through March.

ECA Structure Options for Discussion

- Continue to annually adjust the ECA base cost?
- Continue to use annual (blended) base cost?

Discussion.

There was board consensus to continue with annually adjusting the base cost to reflect the budget and using an annual (blended) base cost.

After a short break, the board reconvened at 10:29 a.m.

#5 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. With the upcoming bond refunding in the fourth quarter of 2025, it is advantageous to work on the renewal now to ensure rating agencies give the Agency credit for the \$68 million liquidity provided by the RCA.

SMMPA's financial advisor, Public Financial Management, assisted with comparative analysis, negotiations, and outreach to additional banks to ensure competitive and favorable terms.

Three banks were evaluated, and additional analysis is underway to evaluate the terms and financial impacts to the Agency.

Discussion.

Next Steps

- June board meeting action item.
- Begin bond and tax counsel work.
 - Transition bond and tax work from Orrick to Dorsey & Whitney.

#6 Electric Vehicle Charger Upgrade Opportunity-Hoffman:

Mr. Hoffman reported on the electric vehicle (EV) charger upgrade opportunity.

In 2020 and 2021, SMMPA partnered with the members to install 15 DC fast chargers and 72 Level 2 chargers in the member communities.

The reliability with the "first generation" Tritium RT-50 has been an ongoing concern for

SMMPA and the members. Recently Tritium was purchased and the ongoing support for the chargers remains uncertain.

ZEF Energy contacted SMMPA with a proposal to upgrade the Tritium RT-50s to the RTM-75s. The estimated cost to upgrade all DCFCs in the SMMPA network is approximately \$285,000. The cost drops to \$200,000 if direct pay incentives are received.

The Agency will support the EV charging network through 2026, but each member may decide if they want to continue with EV chargers in their community.

After discussion, the SMMPA Board declined ZEF Energy's proposal.

#7 Vestas Wind Turbine O&M Agreement-Sutton:

Mr. Sutton reported on the Vestas Wind Turbine O&M Agreement.

Vestas is no longer willing to offer a "full" warranty agreement. The three-year maintenance agreement will have a significantly reduced scope, only covering preventative maintenance activities and some smaller wear items on the six Agency-owned wind turbines.

Discussion.

Mr. McCollough moved to approve the Vestas maintenance agreement, seconded by Mr. Nibaur, passed upon a unanimous vote of the board members present.

#8 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.

APPA Certificates of Excellence in Reliability

SMMPA ordered the American Public Power Association 2024 Certificates of Excellence in Reliability and distributed them to each SMMPA member. Members were recognized for providing reliable service and power in their communities.

SMMPA IT/Cybersecurity Roundtable

SMMPA will hold the IT/Cybersecurity Roundtable on June 11, 2025 from 10 a.m. to 1 p.m. at Austin Utilities.

Association of Energy Services Professionals

SMMPA purchased group membership from the Association of Energy Services Professionals (AESP). The benefits include webinars, discounts on AESP trainings and conferences, access to AESP's Member Resource Library, Local AESP Midwest Chapter participation, and access to

AESP's Mentorship Program. Members interested in joining the group membership should contact Mr. Hoffman.

Operations Report-Sutton:

Mr. Sutton reported:

Solar Turbines Update

SMMPA staff attended the Solar Turbines kick-off meeting and toured their manufacturing facility on April 29, 2025 in San Diego, California. SMMPA will schedule an internal kickoff meeting with DGR Engineering to establish the notice to proceed.

Market Price Update

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

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.

Financial Report March 2025-Fondell:

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

Financing Refunding Opportunity

The 2015 bonds and the 2010 Build America Bonds are callable. SMMPA plans to refund the 2015 bond series in October 2025 assuming interest rates remain favorable. Additional analysis is needed to evaluate refunding the 2010 bonds since some series under current interest rates would create savings and other series would result in additional expense. Agency staff will work with Public Financial Management (PFM) and the underwriter on refunding strategies. PFM issued a request for proposal (RFP) for an underwriter on April 23, 2025. RFPs are due May 28, 2025. The underwriter selection and kick-off meeting will be completed in June 2025. The bond refunding will require approval by the board and members, planned for September 2025. Closing is expected in October 2025.

Pre-Payment Program Update

SMMPA will seek member volunteers and schedule a working session in June or July 2025 to update the prepayment program structure, subject to legal review by SMMPA Legal Counsel.

Capital Financing Policy Update

The Capital Financing Policy was reviewed and updated by the SMMPA Finance & Audit Committee and will be finalized soon.

Update SMMPA Bond Resolution

With the upcoming issuance of new bonds, there is an opportunity to amend or replace the dated SMMPA 1983 Bond Resolution. Work on this is planned for 2026.

President's Report:

Mr. Moulton reported:

- **SMMPA Staff Recognition:** SMMPA staff members recognized for their efforts were Jodie Long on the Pollinator Habitat Program; John O'Neil for providing communication on member services programs; and Dave Geschwind and the SMMPA Management Team for being awarded as one of the Best Places to Work in Southeast Minnesota.

Executive Director & CEO's Report:

Mr. Geschwind reported:

- **Retirement Recognition:** John O'Neil, SMMPA Manager of Energy Efficiency & Member Support Programs, will be retiring and his last day in the office is July 3, 2025. SMMPA has advertised the position and will be interviewing candidates.
- **Lower Sioux Indian Community:** The Lower Sioux Indian Community (LSIC), a tribal group that operates Jackpot Junction, Morton, MN, near Redwood Falls, MN, recently contacted SMMPA. LSIC is looking at forming their own utility and are currently buying electricity from Xcel Energy. They are contemplating buying the Xcel distribution assets that serve their tribal facility (Jackpot Junction) plus other offices/buildings at approximately 18 MW of load. LSIC are talking to potential partners about buying wholesale electricity. They want to build two solar projects and list energy sovereignty as one of their key objectives. LSIC is looking for an entity to take on the responsibility for serving the power supply needs above the current WAPA allocation, or for supplemental service arrangement where a power supplier provides the remaining load. LSIC is a tribal entity and not a city and may need a legislative change to partner with a municipality. LSIC plans to attend the June SMMPA Board meeting to discuss this topic further and learn more about SMMPA membership.

Member Forum:

None.

Other Business:

There was no other business.

Adjourn:

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

The meeting was adjourned at 12:19 p.m.

Secretary