

SOUTHERN MINNESOTA MUNICIPAL POWER AGENCY
Minutes of the Board of Directors' Meeting
November 13, 2024

President Reimers called the meeting to order at the Pizza Cellar in Blooming Prairie, Minnesota.

Board Members Present:

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

Others Present:

David P. Geschwind, Executive Director & CEO; Alex Bumgardner, Austin; Jerry Mausbach, Dennis Heimerman, Blooming Prairie; 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:

Mike Geers, Litchfield; Keith R. Butcher, Princeton, and Jason Halvorson, Redwood Falls.

#1 Agenda Approval:

Mr. Geschwind suggested adding new item #10 New Quick Start Payment Discussion after item #8 Confidential Board Report Summary and moving item #5 Board Retreat Summary to the December board meeting.

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

#2 Consent Agenda:

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

APPROVED the October 17, 2024 board meeting minutes.

Welcome:

Mr. Mausbach, Blooming Prairie Public Utilities General Manager, welcomed the members to Blooming Prairie and introduced Blooming Prairie Public Utilities Commissioner Mr. Heimerman.

#3 New Minnesota Human Resources Laws-Fondell:

Ms. Fondell reported on the new Minnesota Human Resources Laws, some of which are already in effect.

Discussion.

Some of the requirements are still being defined and may change in the future. SMMPA HR staff are available to assist with questions.

#4 Scholarship Program-Hoffman:

Mr. Hoffman reported on the scholarship program.

At the March 2024 board meeting the scholarship program was discussed, and on July 19, 2024 the Scholarship Working Group met to discuss two scholarship options.

The consensus of the working group was to have the Agency fund a \$1,000 scholarship each year in each member community. Payment of the scholarship would be made from the Agency to the recipient once an invoice from an eligible institution is provided. Members would design and implement their own program.

The Agency has \$20,000 in the 2025 budget for a scholarship program.

Discussion.

Board Action

Motion to create a scholarship program consistent with the terms discussed with the board.

Mr. Moulton moved to approve creating a scholarship program consistent with the terms discussed, seconded by Mr. Nibaur, passed upon a unanimous vote of the board members present.

#5 Board Retreat Summary-Geschwind:

Due to time constraints, the board retreat summary was deferred to the December SMMPA Board meeting.

#6 2025 SMMPA Board Meeting Schedule-Geschwind:

Mr. Geschwind reported on the 2025 SMMPA Board meeting schedule.

To avoid conflict with the June APPA National Conference, the June SMMPA Board meeting was moved from June 11, 2025 to June 12, 2025.

The SMMPA Annual Meeting will be held October 16-17, 2025.

Mr. Warehime moved to approve the 2025 SMMPA Board meeting schedule, seconded by Mr. McCollough, passed upon a unanimous vote of the board members present. (Attachment A.)

#7 Wildfire Mitigation Plan-Sutton:

Mr. Sutton reported on the Wildfire Mitigation Plan.

Wildfires in various parts of the country have resulted in loss of life and property, which prompted the Agency to create a Wildfire Mitigation Plan to minimize the chance of the Agency's transmission assets being the source of a wildfire. SMMPA Power System Operations personnel will monitor Minnesota's wildfire risk level during high fire threat conditions.

Discussion.

Next Steps

- Modify plan based on lessons learned from implementation and industry best practices.
- Participate in monthly meetings concerning wildfire coordination with the Minnesota Office of Energy Reliability and Security.

After a short break, the board reconvened at 10:20 a.m.

#8 Confidential Board Report Summary-Sutton:

Mr. Sutton summarized the confidential board report.

#10 New Quick Start Payment Discussion-Sutton:

Mr. Sutton reported on the new Quick Start payment discussion.

New Prague has expressed interest in four 2.825 MW Quick Start engines. Engine-generator bids recently received by New Prague were higher than originally anticipated and estimated by DGR Engineering when the Agency tentatively established \$10/kW-month as the payment to apply to new Quick Start contracts. Consistent with prior discussions with the board, a request was made for the board to consider increasing the payment to reflect the higher actual bid costs for the engine-generator package.

It was reported that the Agency still has an appetite for more members to participate in the Quick Start Program.

Requested Action

Approve the Agency offering \$10.76/kW-month payment for new Quick Start generation projects.

Discussion.

Mr. Warehime moved to approve offering \$10.76/kW-month payment for new Quick Start generation projects, seconded by Mr. Bakken, passed upon a unanimous vote of the board members present.

A final Quick Start contract will be developed with participating members and brought back to the board for approval.

#9 Election of Officers-Board of Directors:

Mr. McCollough moved to approve the following slate of officers for the Board of Directors of Southern Minnesota Municipal Power Agency for 2024-2025, seconded by Mr. Nibaur, passed upon a unanimous vote of the board members present.

- President, Peter T. Moulton, Saint Peter;
- Vice President, Roger E. Warehime, Owatonna;
- Secretary, James R. Bakken, Preston; and
- Treasurer, T. Scott Jensen, Lake City.

Government Affairs/Member Services Report-Hoffman:

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

SMMPA Member IT Directors Roundtable

Members were reminded of the IT roundtable for members on December 18, 2024 at Owatonna Public Utilities.

Eaton Users Group

Members were reminded of the Eaton Users Group meeting on December 3, 2024 at the New Prague Fire Hall.

Operations Report-Sutton:

Mr. Sutton reported:

FES Cylinder Heads

Working with Caterpillar on mitigation for head leaks. Staff will install the six engine cylinder heads with old design at Fairmont Energy Station to return the units to service. Cylinder heads with the new design are expected to be available in the 2nd quarter 2025.

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 September 2024-Fondell:

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

Banking RFP Update

SMMPA's internal review team will interview the three bank finalists (U.S. Bank, Bremer Bank,

and Alerus) on November 14-15, 2024. The Banking Services Agreement is planned to be an action item at the December board meeting.

Budgeted Member Base Rates Summary Distribution

SMMPA will provide the budgeted member base rates information to all members. Preliminary data including August member billing amounts will be distributed in September. The final version, including September billing data (if the annual peak occurs in September) and any rate changes approved by the board, will be distributed in October.

RCA Tax-Exempt Draw

A tax-exempt Revolving Credit Agreement draw of \$6 million was completed on November 1, 2024. This will fund the upcoming down-payment for the Steele Energy Station generation equipment.

Saint Peter Solar Project

Pre-filing forms were submitted to the Internal Revenue Service on November 1, 2024 for the Saint Peter Solar Project elective pay program. Tax forms will be submitted in 2025 for the project that was completed in 2024.

SMMPA Audit Fieldwork & Internal Control Review

Baker Tilly, SMMPA's outside auditor, conducted the preliminary audit fieldwork including an internal control review October 28-30, 2024.

SMMPA Finance & Audit Committee Meeting

The SMMPA Finance & Audit Committee meeting will be held on December 4, 2024 at 9 a.m. via virtual meeting.

President's Report:

Mr. Reimers reported:

- SMMPA Board Officers: The SMMPA Board Officers were congratulated on their new officer positions. Mr. Reimers thanked the board, members, and SMMPA staff for their support during his president term.

Executive Director & CEO's Report:

Mr. Geschwind reported:

- SMMPA Board Retreat: The SMMPA Board of Directors were thanked for attending the SMMPA Board Retreat November 7-8, 2024 at Mystic Lake Casino Hotel, Prior Lake, Minnesota.
- SMMPA Board Officers: The incoming SMMPA Board Officers were congratulated, and President Reimers was recognized for his service on the SMMPA Board and was thanked for his leadership.

Member Forum:

None.

Other Business:

Ms. Fondell reported:

#3 New Minnesota Human Resources Law (continued)

Essential workers are excluded from taking Earned Sick and Safe Time (ESST) during required public emergency and weather events.

Adjourn:

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

The meeting was adjourned at 11:45 a.m.

Secretary