

Cooperative Light & Power
Two Harbors, Minnesota

Regular Meeting of the Board of Directors

1.

A regular meeting of the Cooperative Light & Power (CLP) Association of Lake County Board of Directors was held at the Office of the Association at Fifteen Fifty-Four, Highway Two, on June 18, 2020 with the participation of Peggy Kuettel, Alis Stevens, Gregory Lien, Scott Veitenheimer and Robert Nikolai. The seating arrangements of the meeting were revised to comply with Minnesota Department of Health guidelines.

All directors were present at the time the meeting was called to order at 9:52 am. Also present for all or parts of the meeting were General Manager/CEO Hal Halpern and Office Manager Spring Detlefsen.

Present

2.

A motion was made by Scott Veitenheimer and seconded by Robert Nikolai to accept the agenda with revisions. Motion carried.

Agenda

3.

A motion was made by Scott Veitenheimer and seconded by Gregory Lien to approve the minutes from the meeting held on May 21, 2020 with a revision. Motion carried.

Minutes

4.

Discussion ensued on a resolution from the March board meeting to award Westholm scholarships based on merit rather than gender of the applicant. Since schools were informed of scholarship conditions before March, the need arose to postpone the practical application of the motion. A motion was made by Scott Veitenheimer and seconded by Robert Nikolai to suspend the March motion until the award of 2021 scholarships. Motion carried.

Scholarship

5.

Discussion ensued whether or not to audio and/or video record the meetings to facilitate the generation of minutes, as well as to ensure accurate recollection. A suggestion was made to table the subject until legal counsel's opinion on responsibilities and accountability are assessed.

Board Meeting
minutes

Secretary

<p style="text-align: center;">6.</p> <p>In consideration of a possible retirement of the legal counsel, the board discussed the need to proactively ensure succession and to pre-assess potential candidates based on their expertise in cooperative legal structure, their accessibility, and associated fees. A motion was made by Alis Stevens and seconded by Gregory Lien to arrange some preliminary interviews of potential companies to gather more information on qualifications and considerations. Motion carried 4-1.</p>	<p>Legal Counsel Pre-assessment</p>
<p style="text-align: center;">7.</p> <p>The Operating Margin for the month of April was a negative of \$74,451 as compared to a budgeted figure of a negative \$19,829 for a negative variance of \$54,622. Non-Operating Margins-Interest for the month of April was \$18,863 as compared to a budgeted figure of \$21,792 for a negative variance of \$2,929. Non-Operating Margins-Other for the month of April was a negative \$11,189 as compared to a budgeted figure of a negative \$14,809 for a positive variance of \$3,620. Other Cap Credits & Patronage for the month of April was \$0 as compared to a budgeted figure of \$0 for a positive variance of \$0. This resulted in a total margin for the month of April of a negative \$66,777 as compared to a budgeted figure of negative \$12,846 for a negative variance of \$53,931. Co-op Light & Power has \$2,020,471.60 invested in Daily Fund at Great River Energy as of May 31, 2020. \$95,000 of this is for deferred line clearing expense.</p>	<p>Financial</p>
<p>During the review of the finances, discussion ensued on projected changes in revenue and usage trends due to the Covid 19 pandemic in March and April. Some drop in demand was observed in May; further trends and changes will be assessed through the next months.</p>	<p>Actual and Potential Revenue Effect of Covid</p>
<p>Paycheck Protection Program (PPP) loan by Small Business is being used as planned required by the federal government.</p>	<p>PPP Loan</p>
<p>Form 990 was reviewed by the board. A motion was made by Alis Stevens and seconded by Scott Veitenheimer to accept Form 990 as revised prior to submission to IRS. Motion carried.</p>	<p>Form 990</p>
<p style="text-align: center;">8.</p> <p>The Board was updated on Great River Energy's (GRE) plans to replace coal with low cost renewable and market energy purchases. A further request was made to present various options of sourcing 5% of CLP's demand, which is not within the scope of the contract with GRE. A more thorough assessment will be made based on accessibility, reliability, and cost of additional procurement models.</p>	<p>Changes in Energy Resources</p> <hr/> <p>Secretary</p>

<p style="text-align: center;">9.</p> <p>Hal Halpern presented progress on the plans to safely return to work as outlined by the task force, including continuation of work from home, staggered schedule of field crew, elimination of construction and non-essential installations.</p>	<p>Adjustments to Operation</p>
<p style="text-align: center;">10.</p> <p>The consent agenda consisting of the following was reviewed. A motion was made by Scott Veitenheimer and seconded by Robert Nikolai to accept the consent agenda without further action.</p> <ul style="list-style-type: none"> • Applications and Terminations • Monthly Payments • Correspondence <p>Applications for Membership and Termination of Electric Service were presented for consideration.</p>	<p>Consent Agenda</p> <p>Applications and Terminations</p>
<p>TERMINATION OF MEMERSHIP- 18</p> <p>Monthly Payments: The list of expenses was reviewed with following discussions:</p> <p>A request was made to have a summary of the progress on broadband grant applications and payments made thus far, to be reviewed during July board meeting.</p> <p>Discussion ensued on CLP's participation in home show and other events which do not directly relate to CLP's activity area.</p> <p>Some questions arose on the payments and progress of right of way clearing, how mechanical vs. chemical treatments were broken down and what the plans for the usage of revenue retention dollars are. Hal Halpern will present a summary of activities and expenses thus far, to be reviewed during July board meeting.</p> <p>Following correspondence was included in the consent agenda:</p> <p>A congratulatory letter from Dan Maholias from Hays on CLP's achievement to receive third place award in the Leroy Vanderpool Excellence in Safety Award.</p> <p>A letter from Donna Howe on GRE's annual contribution of \$1,000 for CLP's Operation Round Up.</p>	<p>Monthly Payments</p> <p>Correspondence</p> <p>Hays - Safety Award</p> <p>GRE Contribution</p>
	<hr/> <p style="text-align: center;">Secretary</p>

<p>A thank you note from Trisha Scamehorn from North Shore Collaborative for the donation to the Learning Opportunities Through Stories (LOTS) program.</p>	<p>North Shore Collaborative</p>
<p>A thank you note from Ron and Bev Hanson to the CLP linemen crew for the work on the pole and lines that went down on March 29th.</p>	<p>Member thank you</p>
<p>A thank you note from Laurie Johnson to CLP employees for the prompt, courteous and professional service.</p>	<p>Member thank you</p>
<p>11.</p>	
<p>Peggy Kuettel announced to the board and staff her intent to retire and not to run for another term. The board and the staff thanked her for her valuable contribution to CLP, its members, and the staff. Peggy's replacement will be elected by the members during the annual meeting, preliminarily set for September.</p>	<p>Retirement</p>
<p>12.</p>	
<p>The timing of two annual events, i.e. annual meeting and pancake breakfast have been reconsidered to comply with social distancing retirements of Covid19 pandemic. Suggestions on time and logistics of the annual meeting were reevaluated, with the decision to conduct a drive-in, drive-through outdoor meeting early September. More information will be forthcoming as details are firmed up. Similarly, the pancake breakfast may be postponed as needed and as more information on cases in our area is evaluated.</p>	<p>Annual Meeting and Pancake Breakfast</p>
<p>13.</p>	
<p>The board reviewed May 2020 outages, inquired about the causes. A motion was made by Alis Stevens and seconded by Robert Nikolai to accept the outage reports for the month of April 2020. Motion carried.</p>	<p>Outage Report</p>
<p>14.</p>	
<p>A motion was made by Gregory Lien and seconded by Alis Stevens to move the meeting to executive session at 3:59 pm to discuss personnel issues. Motion carried. At the conclusion of the executive session, a motion was made by Robert Nikolai and seconded by Alis Stevens to exit the session. The motion carried and the board exited executive session at 4:50 pm</p>	<p>Executive Session</p>
	<p>_____ Secretary</p>

<p style="text-align: center;">15.</p> <p>Board Policy I-28 outlining employee use of cooperative property and prohibiting the unauthorized use of Cooperative's equipment, facilities, vehicles, material or property for personal use. A motion was made by Gregory Lien, seconded by Scott Veitenheimer to approve the policy. Motion carried.</p>	<p>Policy on Employee Use of CLP Property</p>
<p style="text-align: center;">16.</p> <p>The proposed Amendment Resolution to adopt the 'Exceptions' that comply with Notice 2020-29 and Notice 2020-33 of the Internal Revenue Code on Health FSA and Dependent Care Assistance Program were reviewed. A motion was made to accept the resolution adopting:</p> <ul style="list-style-type: none"> Temporary relief from the irrevocable rule Temporary relief from the use-or-lose rule 2 ½ month grace periods Increase in the FSA carry over amount to \$550 <p>The motion was accepted unanimously.</p>	<p>Amendment Resolution on FSA</p>
<p style="text-align: center;">17.</p> <p>The agenda of the August 2020 Energy Issues Summit was reviewed. A motion was made by Gregory Lien and seconded by Robert Nikolai to approve the participation of Alis Stevens, Scott Veitenheimer and Hal Halpern. Motion carried.</p>	<p>Energy Issue Summit</p>
<p style="text-align: center;">18.</p> <p>Hal Halpern reported on behalf of Marketing and Communication Management.</p> <p>The marketing report focused on Reentry Task Force, Annual Meeting, and an initiative to keep engaging with member-owners during this time of face-to-face meeting limitations. As such Carey will kick-off "Meet Your CLP Team," where she will be highlighting a CLP employee each month on social media, CLP website, and the newsletter, to help members to put a face to the voice on the phone or the guy up on the power pole.</p>	<p>Senior Staff</p> <p>Marketing</p>
<p style="text-align: center;">19.</p> <p>Communication report focused on the progress of the grant applications prepared by a consultant. A first cut of scope, timing and expenses so far will be presented during July board meeting.</p>	<p>Communication Management</p> <hr/> <p style="text-align: right;">Secretary</p>

20.

There being no further business to come before said meeting, adjournment was called for at 5:30 pm with a motion from Robert Nikolai, seconded by Scott Veitenheimer. Motion carried.

ALIS STEVENS, Secretary

CORPORATE SEAL

Adjournment

Secretary