

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 September 17, 2020, with the participation of Gregory Lien, Alis Stevens, Pat Schmieder, 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 9:33 am. Also present for all or parts of the meeting were General Manager/CEO Hal Halpern, Office Manager Spring Detlefsen, Communications Manager Kevin Olson, Marketing Manager Carey Hogenson, Member Services Manager Ken Jones and Operations Manager Larry Sandretsky.

2.

A motion was made by Scott Veitenheimer and seconded by Gregory Lien to accept the agenda with revisions to include GRE CEO David Saggau's editorial on causes of rolling blackouts. Motion carried.

3.

A motion was made by Alis Stevens and seconded by Scott Veitenheimer to approve the board meeting minutes from August 20, 2020, with no revisions. Motion carried.

4.

The Operating Margin for the month of July was a positive of \$46,045 as compared to a budgeted figure of a positive \$7,796 for a positive variance of \$38,249. Of note: \$111,261 has been recorded as revenue from the proceeds of the Payroll Protection Program Loan/Grant for this month for a yearly total of \$249,959. An additional note in the July financials is that the cost of power reflects a \$13,675 penalty charge for lack of control at the LP generator. This has been billed, and paid, by NRG. Non-Operating Margins-Interest for the month of July was \$14,215 as compared to a budgeted figure of \$15,074 for a negative variance of \$859. Non-Operating Margins-Other for the month of July was a negative \$13,210 as compared to a budgeted figure of a negative \$13,103 for a negative variance of \$107. Other Capital Credits & Patronage for the month of July was \$5,043 as compared to a budgeted figure of \$7,936 for a negative

Present

Agenda

Minutes

Manager's Report

Secretary

<p>variance of \$2,893. This resulted in a total margin for the month of July of a positive \$52,093 as compared to a budgeted figure of a positive \$19,108 for a positive variance of \$32.985.</p> <p>During the review of the finances, discussion continued on projected changes in revenue and usage trends due to the Covid 19 pandemic in July, August and September. Further trends and changes will be assessed through the next months.</p> <p>Upon further discussions on the use of PPP loan, capital assets and investments, a motion was made by Scott Veitenheimer and seconded by Robert Nikolai to accept the finances.</p> <p style="text-align: center;">5.</p>	Financial
<p>Attendance feedback and voting during the 2020 annual meeting were discussed. 158 members and their families were in attendance. 441 members approved the bylaw changes by mail and in person during the meeting, 20 were opposed. The changes have gone into effect. Since the district 1 candidate ran unopposed, the voting was made by acclamation through car horn honking. The overall feedback was very positive, members commending the CLP staff for their focus on safety, for the smooth running of the logistics and for the amount of information delivered. The board also took this opportunity to thank Hal and the staff for a very successful meeting despite many obstacles and encumbrances.</p> <p style="text-align: center;">6.</p>	Annual Meeting
<p>The board discussed the need to plan certain focus areas to be reviewed through 2021 and suggested a timeline to avoid meeting overruns or unplanned delays. As such the board will review certain policies, semi-annual evaluation of KPI performance and compliance against overall strategy, further familiarization with operations and finances at a planned cadence.</p> <p style="text-align: center;">7.</p>	Focus Planning
<p>In order to elect the GRE representation, the board went over two interested candidate's qualifications and their fit to represent CLP from September 2020 through April 2021. Scott Veitenheimer was elected with a vote of 3:2.</p> <p style="text-align: center;">8.</p>	GRE Representation
<p>During the June meeting, the board discussed the need to proactively ensure succession for legal counsel in consideration of a possible retirement. In July one of the candidate law firms with strong bench depth, accessibility and expertise in cooperative legal structure was interviewed. In September the directors shared their assessment of the interview and decided to table further action until current legal counsel is consulted of his future plans, possible common and unique services, and his suggestions on what criteria to consider.</p>	<p>Legal Counsel Interview</p> <hr style="width: 20%; margin-left: auto; margin-right: 0;"/> <p style="text-align: right;">Secretary</p>

<p>Further actions will be taken after Jeff Dobberpuhls's feedback is assessed.</p>	
<p style="text-align: center;">9.</p> <p>A motion was made by Scott Veitenheimer, seconded by Alis Stevens to accept the Operation Round Up allocation. Motion carried with 4 in favor. One director abstained due to potential conflict of interest.</p>	<p>Operation Round-Up</p>
<p style="text-align: center;">10.</p> <p>To ensure ease of access to important documents, the board requested a physical library in the board room consisting of policies, bylaws, GRE and MREA booklets, Robert Rules governing the meetings and other necessary reference material. Hal Halpern will follow up and provide these by the next meeting.</p>	<p>Library</p>
<p style="text-align: center;">11.</p> <p>The consent agenda consisting of the following was reviewed. A motion was made by Alis Stevens 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>Consent Agenda</p>
<p>Applications for Membership and Termination of Electric Service were presented for consideration.</p> <p>NEW SERVICES- 4</p> <p>TRANSFER OF OWNERSHIP- 32</p> <p>TRANSFER OF OWNERSHIP (Name Change Only)- 5</p> <p>TRANSFER OF RENTER- 2</p> <p>TRANSFER OF CLASS- 1</p> <p>TERMINATION OF MEMBERSHIP- 29</p>	<p>Applications and Terminations</p>
<p>Monthly Payments: The list of expenses was reviewed with some discussions on broadband grants and right of way expenses.</p>	<p>Monthly Payments</p> <hr style="width: 10%; margin-left: auto; margin-right: 0;"/> <p style="text-align: right;">Secretary</p>

<p>The following correspondence was included in the consent agenda:</p>	<p>Correspondence</p>
<p>A thank you e-mail was sent to the CLP staff in regards to the organizing and planning of the drive in Annual Meeting.</p>	<p>Geoff Tolley</p>
<p>12.</p>	
<p>As a follow-up on a question raised during the annual meeting on the right of way clearing, the board discussed the need to gather more information on RoW clearing plans, finances and the herbicides used. A motion was made by Alis Stevens, seconded by Pat Schmieder to assess the efficacy of forming a committee consisting of certain board directors, staff, contractors, and member/owners on right of way clearing. The findings of this small subgroup would be presented to the board for further decision and action. Four directors voted in favor; one was against. Motion carried.</p>	<p>Right of Way (RoW)</p>
<p>13.</p>	<p>Meeting Schedule</p>
<p>A motion was made by Scott Veitenheimer, seconded by Pat Schmieder to move the regular monthly meetings to the third Wednesday of the month starting at 9:00 am to accommodate all directors' schedules. Motion carried.</p>	
<p>14.</p>	<p>Executive Session</p>
<p>At 2:07 pm a motion was made by Alis Stevens and seconded by Pat Schmieder to move the meeting to executive session to discuss broadband and finances. Motion carried. A motion was made by Scott Veitenheimer and seconded by Alis Stevens to exit the executive session at 2:49 pm. Motion carried.</p>	
<p>15.</p>	<p>Resolution</p>
<p>A motion was made by Scott Veitenheimer, seconded by Pat Schmieder to approve a confidential resolution discussed during the executive session. Motion carried.</p>	
<p>16.</p>	<p>Staff Reports</p>
<p>The CLP staff reported activities in their respective groups and clarified questions.</p>	<p>Financial</p>
<p>Spring Detlefsen walked the board through Payroll Protection Program, focusing on June-July PPP allocations. The board requested information on projected margins with and without PPP forgiveness.</p>	
<p>The board reviewed possible medical insurance changes. More detailed information will be forthcoming during the October meeting for the board to make a decision.</p>	<hr/> <p>Secretary</p>

Spring notified the board that the deferred revenue of \$95K is now used up for Right of Way and the total amount will now be allocated to revenue.

Marketing

Carey Hogenson updated the board on the final prep for the annual meeting, and the progress on the website and the CLP shop.

Operations

Larry Sandretsky updated the group on the outages and clarified questions on new services, RoW, and line loss.

Secretary

17.

Adjournment

There being no further business to come before said meeting, adjournment was called for at 4:52 pm with a motion from Scott Veitenheimer and seconded by Robert Nikolai. Motion carried.

ALIS STEVENS, Secretary

CORPORATE SEAL

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