

**Lake Country Power
Annual Membership Meeting
Wednesday, April 17, 2019 - 6:00 p.m.
Lincoln Elementary School Auditorium, Hibbing, Minnesota**

Welcome: The twenty-third Annual Meeting of the Membership of Lake Country Power was held at the Lincoln Elementary School Auditorium, Hibbing, Minnesota on Wednesday, April 17, 2019. Registration and dinner began at 4:45 p.m. Members visited with friends and employees had exhibits and information about SmartHub/Billing, Energy Wise programs, engineering and right-of-way. Registered members received honey products from Bar Bell Bee Ranch; the owners are members of Lake Country Power and from the Squaw Lake area.

Prior to the meeting, a delicious meal was served to members in the cafeteria. Members who brought cash or non-perishable food for the Salvation Army of Hibbing received two energy-efficient lights. Due North, a musical group, provided entertainment in the auditorium before the meeting started.

At 5:50 p.m., Board President Craig Olson welcomed everyone and announced the voting polls were open and would close shortly after the meeting is called to order. Olson introduced the Lake Country Power Board of Directors: Jason Long – District 1; Mike Forsman - District 2; George Harvey - District 3; Craig Carlson – District 4; Robert Bruckbauer – District 5; Dan Kingsley - District 6; Craig Olson - District 7; Jim Huhta - District 8; and Sherman Liimatainen – District 9.

Board Candidates were introduced: District 2: Mike Forsman (running unopposed); District 4: Craig Carlson (running unopposed); and District 8: Jim Huhta and Danny Smith.

Olson acknowledged that former Lake Country Power directors, Donald Simons and Carter Pettersen; and Bruce Leino, director from North Itasca. Chad Felstul, LCP's attorney from the Pemberton law firm was in attendance and will serve as parliamentarian of the meeting.

Invocation, Presentation of Colors and National Anthem: Pastor Kevin Norton led the invocation. There was a moment of silence to remember and honor our veterans of foreign wars and conflicts as well as those currently in the military serving our country. The membership recited the Pledge of Allegiance and the National Anthem was led by Due North.

Call to Order: LCP Board President, Craig Olson, called the meeting to order at 6:02 p.m.

Recognition of the Notice of Meeting and Certification of Mailing; Establish Legal Quorum: Board President Craig Olson stated that the annual meeting notice was timely mailed to all members. An affidavit of that mailing, and the meeting notice will be inserted into the minute book with the annual meeting minutes. There were 192 members registered and a quorum was declared (the Bylaws require at least 50 members be present). The meeting was officially convened.

Approval of Minutes of 2018 Annual Meeting: President Olson called for a motion to approve the condensed minutes of the April 19, 2018 Annual Membership Meeting that were printed in the 2018 Annual Report that was mailed to all members. A complete copy of the minutes were provided to each member when they registered and are posted on the co-op's web site at www.lakecountrypower.coop. A motion was made, seconded, and unanimously carried to approve the minutes of the 2018 Annual Membership Meeting as published.

Closing of Polls (District 2, 4, and 8): At 6:04 p.m., the voting polls were closed.

President's Report: President Craig Olson addressed the membership. He commented about the

primary role of the board – to make sure the cooperative operates safely, reliably, and efficiently for all co-op members. The board plans for the long-term and focuses on safety, reliability and service. Directors are obligated, by law, to act in good faith. Their primary responsibilities are defined in two essential elements: Duty of Loyalty and Duty of Care. Priorities include financials (keep the organization strong), direction and oversight for the manager, preservation of assets, fair and consistent policies, informed membership, representation of members for the good of the whole, etc. Rates, costs and policy are also of high priority.

On behalf of the board, Olson thanked the employees who assist members with their electric needs. They work hard for the members, they take time to answer questions, they manage co-op resources, follow our strategic plan and they recommend investments with safety, service and reliability. The employees provide the “service”; the board’s responsibility is to provide the tools, equipment and resources to make sure service is safe and reliable – for member and employees.

General Manager Report: LCP General Manager Greg Randa thanked Lake Country Power’s employees for their dedicated and professional service. They work very hard to provide members with safe and reliable service.

Randa stated many changes have occurred in his career with the cooperative and since electric cooperatives came into existence nearly eighty years ago. As days, years and decades go by, the infrastructure and electric grid has aged. LCP has a plan to replace more than 75 miles of age-related infrastructure every year. This plan includes changing out poles, wires, and equipment, etc. These investments will help to meet our members’ needs and expectations for system security, power quality, battery storage, renewable energy, electric vehicle charging, smart home devices, etc.

Lake Country Power has a commitment to the communities we live in and serve. Our Operation Round-Up program has generated more than \$2 million dollars in grants that have been given back to our communities since the program began in 2004. LCP provides scholarships to high school and college students. More than 500 students in our region, over the past 20 years, have received funding to help them in their pursuit to further their education. The cooperative promotes economic development and has given more than \$6 million in loans for local economic development from the Revolving Loan Fund, USDA loans, and LCP/GRE contributions.

In 2018, LCP sponsored a student on the Electric Cooperative Youth Tour to Washington, D.C., gave more than \$649,000 rebates to LCP members, awarded a Touchstone Energy Community Award, employees volunteered more than 600 hours to community service programs, and safety demonstrations were presented to elementary children in three local communities.

LCP has two major projects underway – the installation of nearly 70,000 new automated meters and construction of a new headquarters building in Cohasset. The new automated meters will allow members to monitor hourly electric usage and account information. The meters will have better communication with the co-op and will have outage detection capability which will improve outage response time. The new headquarters is being constructed to replace a time-worn, and overcrowded, 50-year-old building. The new location will provide safer access to U.S. Highway 2 and is designed to meet the future needs of the cooperative and it’s members.

In closing, General Manager Randa thanked everyone present for attending the annual meeting and assured them that LCP will continue to work to better our communities, provide members with safe and reliable service, and provide a solid direction for Lake Country Power.

Audit Report and Finance Update: Mark Bakk, Director of Finance and Administration, reported to the membership about the 2018 financial audit. Brady Martz and Associates of North Dakota conducted the year-end audit. They affirmed that LCP is in full compliance with loan covenants and financial requirements set by our primary lender, Rural Utilities Service, a branch of the Federal government.

Bakk spoke about LCP's operating revenues, sales, Energy Wise space-heating/water heating program, and expenses including cost of power, depreciation, interest, etc. LCP's biggest challenge is the cost of maintenance for the large number of miles that are maintained each year.

Last year, LCP paid back \$4.1 million in member equity through capital credit retirements. Current members receive a credit on their December bill and checks are mailed to those who no longer have service with LCP.

Bakk reported there is no rate change for 2019. The long-term rate philosophy, adopted in 2012, has allowed the cooperative to recover enough revenue through the fixed part of our rates so there is stability when energy sales and expenses fluctuate. The proper amount of costs recovered through the monthly fixed charge helps LCP manage responsibly for the long-term and make investments in the safety and reliability of the system.

Bakk spoke about the Smart Hub app. It is designed help members track their account and energy use. Members can monitor electric usage, compare bills, review payment history, set up email and text notifications, and report outages through the app on a phone or desktop. It's easy and convenient.

Great River Energy Report: Rick Lancaster, GRE Vice President and Chief Generation Officer, provided an overview about GRE.

GRE provides wholesale electric service to 28 member cooperatives. These cooperatives collectively serve 60% of Minnesota and parts of Wisconsin. They serve nearly 700,000 homes, farms and businesses or about 1.7 million people. Lancaster reported information about GRE's power supply resources and the importance of portfolio diversity including wind, coal, renewable energy, etc.

GRE had a strong financial year. In 2018, a longstanding goal to return patronage capital to members was achieved. In 2019, GRE's member cooperatives will receive a combined total of \$15 million of patronage capital.

Lancaster commented about GRE's wholesale electric rates, emissions, polar vortex and other matters associated with GRE. He stated GRE's employees will continue to work to meet the needs of cooperative members.

In closing, Lancaster commended Lake Country Power for their Operation RoundUp program. On behalf of GRE, he presented a \$1,000.00 check to LCP in support of the program.

Holding Company Update: George Harvey, President of LCP's Holding Company gave a report about the subsidiaries. The Holding Company's two subsidiaries, Lake States Tree Service (LSTS) and Lake States Construction (LSC) are managed and governed independently from LCP.

The subsidiaries provided a \$459,000 dividend to the co-op for revenues generated in 2018. The Tree Service does right-of-way clearing and mowing work. In addition to power line construction, Lake

States Construction has added fiber optic trenching to bring broadband to rural areas. Both LSTS and LSC do contract work for LCP as well as other utilities. The LCP board and staff have worked closely and have developed a strategy for the two companies that focuses on goals designed to improve productivity and produce measurable results.

Old/New Business: During the old and new business portion of the meeting, President Olson asked members to use the microphone and display their Voting Card before being acknowledged to speak. The card outlined the rules of order including a three-minute time allotment for those speaking. The voting cards will be used if a motion is brought to the floor.

Old Business: President Olson called for old business three times. There being none, the old business portion of the meeting was closed.

New Business: President Olson called for new business.

- Manager Randa addressed a comment from Peter Ivanca regarding the monthly service availability charge. The monthly fee is designed to recover a portion of the costs and investments such as poles, wires, transformers, substations, etc. that the cooperative has made to deliver service to members. LCP serves and maintains more than 8,300 miles of line in rural areas. Each member pays their fair share to have electric service available to them; there is no cross-subsidization.

As there was no further new business, President Olson closed the new business portion of the meeting.

Announcement of Election (Districts 1, 5 and 9): Tyler Oppenheimer, Business Systems Analyst for our Election Teller, Survey & Ballot Systems, announced the ballot results for the district elections.

Director elections:

District 2:

Michael Forsman 614

District 4:

Craig Carlson 374

District 8:

James Huhta 455

Danny Smith 284

Members were encouraged to complete and place their annual meeting survey at the gym exit doors.

Adjournment: Olson thanked the LCP employees for helping with the annual meeting. The meeting was adjourned at 7:00 p.m.

Drawings for door prizes, provided by LCP and vendors, were awarded.

George W. Harvey, Secretary