



ANNUAL MEETING MINUTES

81ST ANNUAL MEETING OF THE MEMBERSHIP OF STEARNS ELECTRIC ASSOCIATION

Melrose Area High School

Thursday, April 05, 2018 | 7:00PM

The 81st Annual Meeting of Stearns Electric Association was held at the Melrose Area High School in Melrose, Minnesota, on Thursday, April 5, 2018, at 7:00 p.m.

Directors Greg Blaine, District 1; Arlyn Lawrenz, District 2; Richard (Dick) Nathe, District 3; Randy Rothstein, District 4; John Anderson, District 5; Steve Notch, District 6; Lonnie Iverson, District 7; Mike Blenkush, District 8; and Jerry Fries, District 9 were in attendance. Also present were CEO Dave Gruenes, Attorney Scott Dymoke and Recording Secretary Sue Meyer.

The meeting began with the Presentation of Colors by the Melrose Color Guard and was followed by the Pledge of Allegiance.

President Rothstein officially opened the meeting and asked for approval of the agenda. A motion to accept the agenda as printed was made by Robert Theisen, seconded by Charles Ampe and carried.

President Rothstein appointed Scott Dymoke to serve as Parliamentarian and Sue Meyer as Recording Secretary.

President Rothstein announced that a sufficient number of members were present to declare a quorum. Sally Larson made a motion, seconded by Kay Cook to waive the reading of the Notice of Meeting and the Affidavit of Mailing. Motion carried. President Rothstein directed both the Notice of the Meeting and the Affidavit of Mailing be attached to the minutes. A motion was made by Tony Gruenes and seconded by Rich Essler to accept the minutes as presented. Motion carried.

NOMINATING COMMITTEE REPORT:

President Rothstein called on Troy Lundell, Chairperson of the 2018 Nominating Committee. Mr. Lundell introduced the following candidates for director elections: District 4: Randy Rothstein; District 5: Tony Ampe; District 9: Jerry Fries and Steve Dudding.

President Rothstein announced balloting would close in 5 minutes.

FINANCIAL REPORT:

President Rothstein called on CEO Dave Gruenes to give the financial report. CEO Gruenes stated the 2017 annual audit was performed by CliftonLarsonAllen, LLC. The balance sheet and

statement of operations were reviewed in detail as printed in the 2017 Annual Report. A motion to accept the financial report was made by Eric Linn, seconded by Mark Hebig and carried.

REPORT TO MEMBERS:

Manager of Administrative Services Vicky Herkenhoff highlighted several ways in which Stearns Electric connected with members in 2017. The Cooperative visited 31 schools in our service territory and educated over 1,500 4th grade students on the importance of electric safety and energy conservation. Ms. Herkenhoff also noted the significant impact the Operation Round Up program has played in supporting local community organizations.

Ms. Herkenhoff invited Emma Johnson, Stearns Electric's 2017 Rural Electric Youth Tour recipient, to come forward. Emma provided an enlightening report of her Washington DC experience and thanked the Cooperative for allowing her the opportunity to represent Stearns Electric at the nation's capital.

Communication with social media is fast and allows the Cooperative to pass accurate messages to the public in a quick and convenient way. Over the past year, the Cooperative continued to keep its members connected and informed through our website, Smart Hub and Facebook.

Manager of Engineering Matt O'Shea provided an overview on several construction projects and needed upgrades completed in 2017, stating that 372 new services were also installed.

Mr. O'Shea emphasized the importance of vegetation management and pointed out that from 2016 to 2017 the Cooperative experienced a 33% reduction in the number of tree related outages due to our aggressive right-of-way clearing program. The Cooperative is on a four year cycle, working with ACRT and Carr's Tree Service. In their first year, 250 right-of-way miles were cleared; and 15,002 problem trees were addressed.

Mr. O'Shea provided an update on the Cost of Service Study that began late in 2017 and was recently completed. This Cost of Service Study helps determine the costs associated with each rate class and whether or not each class is contributing their fair share. The Cooperative, with recommendations and guidance from an independent consultant, developed rates with three objectives in mind: fairness, cost causation, and competitiveness.

CEO'S REPORT:

CEO Dave Gruenes explained that a rate increase will go into effect May 1st, 2018. The COS study determined that a 4.4 percent rate increase was needed for Stearns Electric to meet financial objectives and continue providing safe and reliable electricity.

Mr. Gruenes informed the members that there will be phone and online member surveys for 800 members, this will be a random selection and will be done in June. Member opinions matter to Stearns Electric and this survey will play a role in the upcoming strategic planning to improve service to our members.

Mr. Gruenes announced his upcoming plans to retire and commented that the Board of Directors have hired NRECA to assist in facilitating the search for the next CEO. The membership will be updated through the Cooperative's newsletter and Power Connection on this process. In closing, CEO Dave Gruenes thanked the membership along with the Board of Directors and the employees for ongoing support during his career at the Co-op.

The floor was opened for questions and comments. Member Robert Mueller commented on the distributed generation grid access fee. Mr. Mueller explained that the Cooperative should be encouraging renewable energy and not charging an additional fee to those members who have

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chosen to install their own solar or wind system. Mr. Gruenes responded by stating the Cooperative is very supportive of renewable energy but, considerations also need to be made to ensure fairness for all members, specifically when it comes to infrastructure cost. Manager of Engineering Matt O'Shea added that the distributed generation grid access fee account for the true cost of providing service. The difference between the cost of providing basic service, as determined by the COS study, and the fixed charge is made up for in the energy charge. Since distributed generation members typically purchase little or no energy from the Cooperative and therefore never pay the full cost of having electric service, the distribution grid access fee is needed to make up the difference and provide fairness to the membership as a whole.

BUSINESS MEETING:

President Rothstein opened the business meeting and called on Attorney Scott Dymoke. Mr. Dymoke stated the purpose of the annual meeting was to give members an opportunity to speak, ask questions or make comments.

OLD BUSINESS: No items were brought forward.

NEW BUSINESS: No items were brought forward.

ELECTION TELLERS REPORT:

Keith Overman, chairperson of the teller's committee, came forward and reported a total of 387 ballots were cast with 6 ballot found to be ineligible. The results for a three year term were as follows:

District 4:	Randy Rothstein - 103 Write In: Robert Lieser - 1 Write In: Ann Carlon- 1
District 5:	Tony Ampe - 82 Write In: Gary Lieser - 1
District 9:	Jerri Fries - 136 Steve Dudding - 55

Keith Overman presented the Certification of the Election Tellers which is attached to these minutes and made a part thereof.

President Rothstein thanked Director John Anderson for his six years of service to the Co-op and also thanked CEO Dave Gruenes for his many years of dedication and service to Stearns Electric.

There being no further business to conduct at this time, a motion was made by Jon Baumgard and seconded by John Silbernagel to adjourn the meeting. Motion carried and the meeting adjourned at 8:10 p.m.