

Attorney Dymoke stated the Board of Directors would take the request under advisement then asked for any old or unfinished business. Hearing nothing, Attorney Dymoke closed the old business portion of the meeting.

**NEW BUSINESS:**

Attorney Dymoke called for any new business. Steve Brunswig questioned the reliance of wind energy versus coal power when the wind doesn't blow. CEO O'Shea responded explaining that GRE is not getting rid of its gas peaking plants which are the back up for wind generation and covers all GRE capacity. He also commented that the next step is the development of battery technology to get the Cooperative to carbon-free by 2040 which will be offset by energy credits. Another member, David Johnson asked where the power will come from for electric vehicles citing that the current batteries don't work well in the cold and questioned whether it is realistic. He inquired whether there was anything the Cooperative could do legislatively. CEO O'Shea stated that the Cooperative has been working with Minnesota Rural Electric Association and its lobbyists to work in what makes sense.

Hearing no other questions, the new business portion of the meeting was closed.

**ELECTION REPORT AND RESULTS:**

Lead election teller Joy Swanson came forward and reported the election results. A total of 731 ballots were cast with 4 ballots found to be ineligible.

The results for a three-year term were as follows:

**District 1:** Greg Blaine - 219  
Write-Ins - 7

**District 7:** Lonnie Iverson - 135  
Scott Dirkes - 158  
Write-Ins - 0

**District 8:** Eric Peterson - 207  
Write-Ins - 1

Lead election teller Joy Swanson presented the Certification of the Election Tellers, which will be attached to these minutes and made a part thereof.

Attorney Dymoke introduced the elected directors and thanked election tellers Keith Koltjes, Chad VanBeck and Joy Swanson for their service to the Cooperative.

Board President Eric Peterson thanked Lonnie Iverson for his 12 years of service on the Cooperative's Board of Directors.

**CLOSING OF THE MEETING:**

There being no further business to conduct, a motion was made by Matt Peters, seconded by Sue Dudding, to adjourn the meeting. Motion carried. The meeting adjourned at 8:05 p.m.



# 87<sup>TH</sup> ANNUAL MEETING

April 4, 2024

6:30 p.m. Registration and Balloting Opens

7:00 p.m. Business Meeting Convenes

8:00 p.m. Social

## AGENDA

### Call to Order

- Eric Peterson, Board President

### Honor Guard Flag Presentation

### Approval of Agenda

### Parliamentarian Appointment

### Appointment of Secretary

### Certificate of Quorum

### Notice of Meeting

### Approval of 2023 Minutes

### Introduction of Nominees

### Balloting Closes

### Financial Report

- Matt O'Shea, CEO

### Youth Tour Report

- Travis Bellefeuille, 2023 Co-op Youth Tour Delegate

### Report to Members

- Matt O'Shea, CEO
- Vicky Herkenhoff, VP of Administration and Finance
- James Pachan, VP of Engineering and Operations

### New Operations Facility and Headquarters Update

### Unfinished Business

### New Business

### Report of Election Results

### Introduction of Elected Directors

### Adjournment

### Attendance Prizes



## YOU ARE INVITED! INNOVATIVE ENERGY FORUM

WEDNESDAY, MAY 15

THE PARK EVENT CENTER  
500 DIVISION ST., WAITE PARK

5:30 P.M. - 8:00 P.M.

Learn how electric vehicles and member-owned solar panels impact our local distribution system. Plus, hear directly from members who have implemented these new technologies.

Learn more and register at [stearnslectric.org/innovative-energy-forum](http://stearnslectric.org/innovative-energy-forum)

## SAVE THE DATE! MEMBER APPRECIATION PANCAKE FEED

Saturday, August 3, 2024 | 8-11:30 a.m.  
Freeport Community Center

Enjoy a free pancake breakfast with pancakes and sausage served by the Kimball Lions Club.

Children ages 2-18 in attendance will receive an age-appropriate bag of school supplies\*

\*Offer available while supplies last.



member driven. community focused. energy smart.

[STEARNSELECTRIC.ORG](http://STEARNSELECTRIC.ORG)

Jake T



# 86<sup>TH</sup> ANNUAL MEETING MINUTES

The 86<sup>th</sup> Annual Meeting of Stearns Electric Association was held at Melrose High School in Melrose, Minnesota, on Tuesday, March 30, 2023, at 7:00 p.m.

Directors Greg Blaine, District 1; Arlyn Lawrenz, District 2; Michael Cramer, District 3; Randy Rothstein, District 4; Jeff Koehler, District 5; Bob Niehaus, District 6; Lonnie Iverson, District 7; Eric Peterson, District 8; and Jerry Fries, District 9 were in attendance. Also present were CEO Matt O'Shea, Attorney Scott Dymoke and Recording Secretary Deb Hoeschen.

## OPENING OF THE MEETING:

The Presentation of the Colors by the Melrose Honor Guard took place which was followed by the Pledge of Allegiance.

President Peterson officially opened the meeting and asked for approval of the agenda. A motion to accept the agenda as printed was made by Mike Cramer, seconded by Steve Dudding. Motion carried.

President Peterson appointed Scott Dymoke to serve as Attorney and the Parliamentarian and Deb Hoeschen who served as Recording Secretary.

President Peterson announced that enough members were present or had voted in the election to declare a quorum. Scott Andreason made a motion, seconded by Jeff Mayer, to waive the reading of the Notice of Meeting and the Affidavit of Mailing. Motion carried. President Peterson directed both the Notice of the Meeting and the Affidavit of Mailing be attached to the minutes. A motion was made by Steve Notch and seconded by Jim Rasmuson to accept the 2022 minutes as presented. Motion carried.

Attorney Dymoke announced that balloting would close in five minutes and introduced this year's director candidates in districts 1, 7 and 8.

## FINANCIAL REPORT:

President Peterson called on CEO O'Shea to give the financial report. The balance sheet and statement of operations were reviewed as printed in the 2022 Annual Report. CEO O'Shea stated the 2022 annual audit was performed by CliftonLarsonAllen, LLP. A motion to accept the financial report was made by Scott Andreason, seconded by Bernie Imholte. Motion carried.

## REPORT TO MEMBERS:

Since this was Mr. O'Shea's first Annual Meeting as CEO, he shared that he has been in the electrical cooperative industry for 19 years, with the past seven years working for Stearns Electric.

VP of Administration & Finance Vicky Herkenhoff presented historical highlights about the Cooperative, noting that over the past 75 years, it is still growing, rural and distributes electricity to over 28,000 member-consumers. The cost of wholesale power continues to rise and the average power bill has increased \$150 over the last 85 years. Over the past couple of years, the Cooperative added some personnel for positions that years ago we never would have needed, such as a data analyst and an arborist to work closely on our Right-of-Way program.

VP Herkenhoff provided some insight on the Cooperative facilities history noting that Melrose has always been the headquarters of the Stearns Electric as it is geographically the center of the service

territory. The Melrose headquarters was built in 1970. In the later 1970's - two outposts in Flensburg and Richmond were utilized, which later transitioned to a branch office in St. Cloud in 1989 and in 2011 our Branch office was built in St. Joseph, which is located near growth areas of our service territory.

The electric industry is ever-changing and things look much different today than they did in 1937, however, our core values and purpose remain the same. The Cooperative is dedicated to serving its member-consumers, is run for the members and by the members, but is also engaged in the local communities. In 2022, multiple member engagement activities were held allowing meaningful discussion between the Cooperative and its members. Member Satisfaction survey results generated a score of 8.88 out of 10 and gave insight into the different expectations and experiences each member has with Stearns Electric.

Ms. Herkenhoff polled the crowd about how many read the Power Connection newsletter, resulting in nearly all hands raised. She continued to poll the crowd about how many have seen social media Facebook postings, resulting in fewer hands raised. Ms. Herkenhoff stated there is an average of 54 posts per month from the Cooperative related to power outages, efficiency tips and photos from the field.

Several years ago, at an Annual Meeting, a member spoke up during old business and asked about outage notifications. Ms. Herkenhoff was pleased to report that the Cooperative now offers outage alerts. Attendees were invited to stay following the business meeting to learn more.

Youth Tour Participant Cambel Shepherd attended the Rural Electric Youth Tour in Washington, D.C. the summer of 2022. Ms. Shepherd spoke to the Annual Meeting participants to share her experience and photos from the tour.

Stearns Electric likes to see businesses or industries locate, grow and become more energy efficient. In 2022, the Cooperative experienced businesses and farms growing, retrofitting lights and installing efficient motors. Robotic milking systems and electric forklift installations were rebated.

Renewable energy is demonstrated throughout Stearns Electric with 140 member-owned solar arrays and 15 member-owned wind turbines operating on our system. The Cooperative's community solar array provides a local, renewable energy option for interested member-consumers. Stearns Electric also has 53 members on an electric vehicle charging program, called ChargeWise, increasing from 2021-2022.

Concern for community is found within the Operation Round Up® program which continues to make a significant impact in our local communities. In 2022, 204 organizations received funds as over \$167,000 was given back thanks to our members who voluntarily rounded their electric bill to the nearest dollar. My Co-op Cares is a program in which employees spend a portion of their day giving back to our local communities. In 2022, employees spent time at Quiet Oaks Hospice House, Melrose Food for Thought and Christmas for a Senior gift-wrapping event.

Our 67 employees live and work in the

communities served by Stearns Electric. This talented group is not afraid to donate their time to serve on fire and rescue departments, school and church boards, or community bazaars and festivals. In November, our employees raised \$5,845 for the INDY Foundation, where they support Minnesota cancer warriors and their families. On a somber note, our employees raised \$400 to provide to a neighboring Cooperative whose employee was seriously injured and passed away performing co-op work. Accidents like this hit home and remind us how dangerous of an industry we work in.

Stearns Electric members are stronger with having an electric co-op that is focused on safety, reliability and customer service. At the core of this, employees are stronger together working as a team, valuing what every person on the team brings to the discussion. It is the Cooperative's goal that employees aspire to be their best self and contribute to everyone's success. A healthy employee is one that is respected, accountable, who works together as a team and has a desire to make an impact on the work they do. When this is done well, employees perform at their best and this impacts their families, our communities and ultimately, our member-consumers.

VP of Engineering & Operations James Pachan reported that in 2022 the Cooperative completed 280 new service installations, 187 service alterations, installed nearly 20 miles of overhead line and installed 50 miles of underground line. Significant upgrades were installed on 5 of 33 substations.

In 2022, Stearns Electric members had power 99.97% of the time despite severe storms. Stated in Great River Energy's (GRE) outage summary regarding the May 12 storm, a derecho raked across southwestern and western Minnesota. Widespread straight-line winds of 50 to 70 mph were reported, with embedded areas of 80 to 100 mph. There were 19 reported tornadoes with several causing damage to transmission lines. Over 130 GRE structures were damaged during the event, leading to numerous outages. Statistically, it was the second worst event in GRE's history, trailing only Winter Storm Wesley in 2019 for outage duration. All Stearns Electric members had power restored by May 14, about two and half days after the initial outage.

Vegetation management is a crucial part of reliability. The Cooperative addressed 12,300 problem trees and cleared 340 miles of Right-of-Way. There were 191 member tree clearing requests and 17,882 parcels sprayed and mowed. The Cooperative is seeing more trees infested by Emerald Ash Borer, Oak Wilt and Dutch Elm disease.

Stearns Electric employees logged 707,909 miles driven and over 129,653 working hours. Safety continues to be an integral part of culture at the Cooperative. The 2022 Safety Campaign included a stretching and strengthening education initiative for linemen. Monthly safety topics were reviewed at every department meeting and linemen were sent to an advanced driving skills course. Stearns Electric's Energy Education involved live safety demonstrations for schools in the service territory from four employees with a total of 5 in-person presentations and 30 virtual presentations.

In September, Stearns Electric partnered with GRE

and Safety and Security Consultation Specialists, LLC to host an Electric Vehicle First Responders Safety Training in Melrose. There were 190 attendees from 24 fire departments, 1 towing company and 2 police departments.

CEO O'Shea reported GRE, a generation and transmission cooperative that Stearns Electric is a member of, made significant moves in 2022 to keep wholesale power rates manageable while maintaining reliability and meeting renewable mandates. They finalized the sale of Coal Creek Station, a power plant in North Dakota, and its 400-mile HVDC transmission line from North Dakota to Minnesota, resulting in favorable agreements to continue purchasing power and maintaining the transmission line. GRE also sold its interest in Midwest AgEnergy, including two ethanol biorefineries in North Dakota, resulting in large Capital Credit returns over the next five years.

GRE invested in a battery storage pilot project with the potential to power approximately 300 homes for 100 hours. They plan to invest more in building out the transmission system, which will ultimately result in a higher ROI. GRE's power supply resources range from coal to natural gas to wind, with plans to have approximately 60% of their energy come from renewable sources, mainly wind, by 2027. GRE is a member of the Midcontinent Independent System Operator (MISO), using MISO as a virtual battery by selling energy when system needs are low and buying when needs are high.

Over 6,000 bills have been introduced in the Minnesota house and senate this legislative season that will continue to be a focus for the Cooperative. The 100% carbon-free by 2040 bill passed, with grassroots efforts leading to beneficial amendments. There is proposed legislation exempting the need for an electric permit to change out LCRs, potentially saving the Co-op \$400,000 over the next three-five years.

The Cooperative has hired a third party to assess the increasing power costs, inflation and the headquarters facility, and provide a cost-of-service study indicating the need for a rate increase. Stearns Electric will implement a rate increase in May, with an effective increase of approximately \$14 for the average single-phase member, allowing the Cooperative to continue providing safe, reliable electric service at competitive rates.

## BUSINESS MEETING:

Attorney Scott Dymoke opened the business meeting stating that the Board of Directors operates and has the final decision-making authority of the Cooperative. He also added that the purpose of the Annual Meeting was to give members an opportunity to ask questions by coming forward.

## UNFINISHED BUSINESS:

Attorney Dymoke stated that the Board of Directors had revisited the 2022 meeting request to reinstate term limits by amendment of the Cooperative Bylaws. After reviewing the matter, the Board of Directors decided not to ask the membership to bring term limits back. Scott Andreason stated that he would like to see term limits back in the Bylaws.

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