

STEARNS ELECTRIC ASSOCIATION BOARD OF DIRECTORS MINUTES

MARCH 2021

The regular meeting of the Board of Directors of Stearns Electric Association was called to order on March 25, 2021, at 12:55 p.m. at the St. Joseph office of Stearns Electric Association.

Manager of Finance Cindy Anderson reviewed the February 2021 financial statement. Year-to-date gross margin is above budget primarily due to lower power cost rates. There was a lengthy discussion about the Great River Energy PCA (power cost adjustment) charges due to the February polar vortex and its effect on member billing. Discussion followed on how members will see this adjustment on their bill.

Miranda Wendlandt presented the results of the 2020 CliftonLarsonAllen financial statement audit. Ms. Wendlandt explained the risk-based approach used for the audit including procedures such as confirmations, test counts on inventory, analytics, board minute review and employee and management interviews. This is an unmodified (clean) opinion on the financial statements with no adjustments and no disagreements with management. Ms. Wendlandt indicated the RUS management letter is clean and added that this was a very clean audit overall.

A presentation on the upcoming replacement of Demand Response Units was given. The value of demand programs includes cost savings, promoting beneficial electrification, member savings and preparation for the future. Although the replacement cost is approximately \$7 million, it is estimated to take less than two years to recover those costs. All units need to be exchanged by year-end 2025 as the current technology will no longer be supported.

VP of Engineering and Operations Matt O'Shea introduced the 2021 RUS system construction contracts for Skyline Utilities (pole replacement) and Integrity Contracting, Inc. (underground replacement). He also provided a review of the progress on a recent single-phase to three-phase conversion, along with infrared inspections. The frequency of outages remains low according to the Reliability report.

Next Meeting: June 24, 2021

