

December 2018 Board Meeting Summary

The Lake Region Electric Cooperative (LREC) Board of Directors met at 9 a.m. on Thursday, December 20, 2018 at the cooperative headquarters in Pelican Rapids, MN. The Board of Directors approved the minutes of the November 19, 2018 board meeting. Approval was also given to the consent agenda items of expense statements, disbursements, new memberships, and capital credit retirements to estates.

CEO Report: CEO Tim Thompson will be doing a podcast with Lake Life WKND out of Perham. The podcast will discuss the history of LREC, what is currently happening at the cooperative, and the progress of renewable energy projects.

Randy Kvidt gave an update on the solar/wind hybrid project. He provided statistics on the turbine structure and the solar array. The next step will be the commissioning of the project. The board was also shown an article about the hybrid project that will appear in RE Magazine.

Budget: CFO Lloyd Nelson walked through the budget adjustment summary put together after November's board meeting. Staff reviewed the overall budget as presented after feedback from the Board of Directors and identified areas within the controllable expenses that could be cut or deferred to reduce the expense budget by 1.2 percent. The 2019 Budget was then approved as presented.

Financial Report: Nelson reported that the cooperative had a solid financial performance for the month of November. The financial report was accepted for the period ending November 30, 2018.

The Board of Directors decided to defer \$400,000 of the extraordinary revenue in future years beginning in 2019. The decision was made in the best interest of the membership for long-term rate stability.

Human Resources: Theresa Halverson reviewed the minutes from the last quarterly meeting of the Safety and Health Committee. She also went over results from the 2018 member survey.

Lake Region Energy Services: The income statement/balance sheet for November 2018 was approved. Record sales were reported for the month of November.

The board reviewed and approved the LRES 2019 Natural Gas Budget. Profitability is projected for full year operations in 2019.

Great River Energy (GRE): Board Member Ken Hendrickx reported on GRE's most recent board meeting. CEO Tim Thompson reported on the member managers meeting, sharing highlights from a presentation on indoor agriculture.