

## October 2019 Board Meeting Summary

The Lake Region Electric Cooperative (LREC) Board of Directors met at 9 a.m. on Thursday, October 31, 2019 at the cooperative headquarters in Pelican Rapids, MN. The Board of Directors approved the minutes of the September 26, 2019 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 went over the third quarter report. Highlighted items included the reliability improvement project (study period was from first quarter 2017 through second quarter 2018), rate stabilization (new revenue streams and lower costs), and the third quarter dashboard. Also provided was a trend of kWh sales, average wholesale power cost, and new electric services.

Thompson also discussed LREC's succession planning. The cooperative has 29 new employees since 2012.

**2020 Preliminary Budget:** Thompson began the presentation by thanking the staff members who were involved for their effort in putting the 2020 budget together. The executive summary showed that LREC is finishing strong for 2019, including: record revenue, record margin, record capital credit retirements, projected profitability of the natural gas company for 2019, a positive financial position going into 2020, and no rate increase for 2020.

Staff walked through 2020 labor and benefits, department expenses, 2020 IT, accounting and customer relations, engineering/operations, communications/energy management outlook, and the budgeted financial summary. Thompson wrapped up the budget presentation by going over the 2020 balance sheet, controllable costs and expenses, power cost totals, equity percentage of total assets, long-term debt, and the income statement.

**Financial Report:** September 2019 financials were approved as presented. Revenue for the month was ahead of budget. Power cost and controllable expenses for the month were under budget. The hybrid project generated 650,078 kWh from wind production and 26,595 kWh from solar production.

**Future Events:** Director Informational Meetings were set as follows: District 5 – Dec. 7, 2019 at 2 p.m. at Lake Eunice Free Church; and District 2 – Dec. 10, 2019 at 6:30 p.m. at Frazee Event Center.

The 2020 District Meeting Schedule is as follows: District 2 Meeting – Feb. 6, 2020 at 2 p.m. at Frazee Event Center; District 8 Meeting – Feb. 6, 2020 at 6:30 p.m. at Battle Lake Community Center; and District 5 Meeting – Feb. 8, 2020 at 10 a.m. at St. Mary's of the Lake.

**Lake Region Energy Services:** The income statement/balance sheet for September 2019 was approved. A profitable operating margin for 2019 year-end is currently forecasted.

**Great River Energy (GRE):** Board Member Denny Tollefson reported on GRE's most recent board meeting. Guest director for the November 4<sup>th</sup>-5<sup>th</sup> board meeting will be Mike Brasel.

CEO Tim Thompson reported on the member managers meeting. Thompson shared with the board a slide on rate re-design team recommendation and the member impacts.