



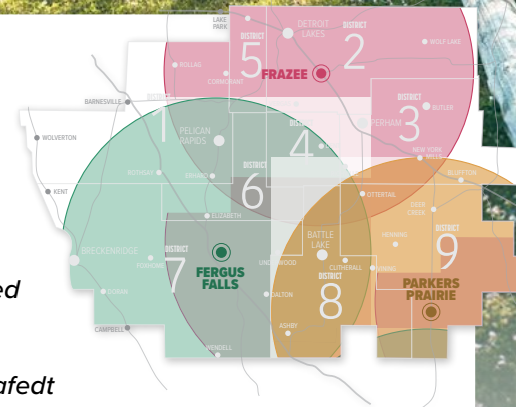
88th Annual Meeting

THURSDAY,
APRIL 24
2025



2025 Annual Meeting Agenda

- * Registration/Meal
- * Live music by Tim Eggebraaten
- ◆ Welcome // 6:30 p.m.
- ◆ Invocation
- ◆ Call to Order
- ◆ Establish Quorum
- ◆ Appoint Recording Secretary
- ◆ Adopt Agenda/Approve Minutes
- ◆ Election Process
- ◆ Board Chair Report: *Tom Jennen*
- ◆ Presentation:
 - ▶ Finance/Operations: *Tom Jennen*
 - ▶ Interim CEO Introduction: *Dan Husted*
 - ▶ Reliability: *Alan Fazio*
 - ▶ Member Satisfaction/Solar: *Dylan Aafedt*
- ◆ Election Results
- ◆ Questions
- ◆ Adjourn
- * Pre-meeting ◆ Business Meeting



Primary Location

Fergus Falls at Life Church

Satellite Locations

Frazee at Frazee Community Center

Parkers Prairie at Prairie Event Center

Summary of Consolidated Financial Statements

STATEMENT OF OPERATIONS

December 31st, 2024 and 2023

Operating Revenues

	Dec. 31, 2024	Dec. 31, 2023
Electric	\$57,324,175	\$54,209,273
Natural Gas	\$1,656,596	\$1,783,870
Total Operating Revenues	58,980,771	55,993,143

Operating Expenses

Cost of Energy	36,525,632	35,506,676
Distribution Expense - Operations	3,371,184	3,117,011
Distribution Expense - Maintenance	4,617,221	4,146,745
Consumer Account Expense	1,492,272	1,370,560
Customer Service and Information Expense	840,350	897,047
Administrative and General Expense	2,979,165	2,822,566
Depreciation	5,086,657	4,920,016
Interest on Long-Term Debt	2,144,666	1,969,697
Taxes & Other	342,360	364,901
Total Operating Expenses	57,399,507	55,115,219

Operating Margins After Fixed Charges	1,581,264	877,924
Generation, Transmission, and Other Capital Credits	1,401,719	2,175,919
Net Operating Margins	2,982,983	3,053,843

Interest Income	243,461	261,866
Other Non-Operating Income	229,141	419,305
Total Non-Operating Margins	472,602	681,171

Net Margins	\$3,455,585	\$3,735,014
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BALANCE SHEET

December 31st, 2024 and 2023

Assets

	Dec. 31, 2024	Dec. 31, 2023
Utility Plant		
Electric Plant in Service	\$168,363,936	\$160,085,860
Natural Gas Plant in Service	5,717,690	5,670,465
Construction Work in Progress	1,478,774	2,777,240
Total Utility Plant	175,560,400	168,533,565
Less Accumulated Provision for Depreciation	64,695,964	61,959,419
Net Utility Plant	110,864,436	106,574,146

Other Assets and Investments

Investments in Associated Organizations	31,280,794	30,721,637
Other Investments	1,994,597	2,830,958
Total Other Assets and Investments	33,275,391	33,552,595

Current Assets

Cash and Cash Equivalents	939,283	1,829,088
Accounts Receivable, Net	6,286,775	5,860,850
Materials and Supplies Inventory – Electric	2,690,548	2,211,818
Materials and Supplies Inventory – Natural Gas	345,548	209,181
Prepaid Expenses	432,278	348,305
Total Current Assets	10,694,432	10,459,242

Deferred Debits

	1,096,041	1,261,496
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Total Assets	\$155,930,300	\$151,847,479
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Equities and Liabilities

	Dec. 31, 2024	Dec. 31, 2023
Equities		
Patronage Capital	\$59,319,211	\$58,147,285
Other Equities	11,698,232	11,011,348
Total Equities	71,017,443	69,158,633

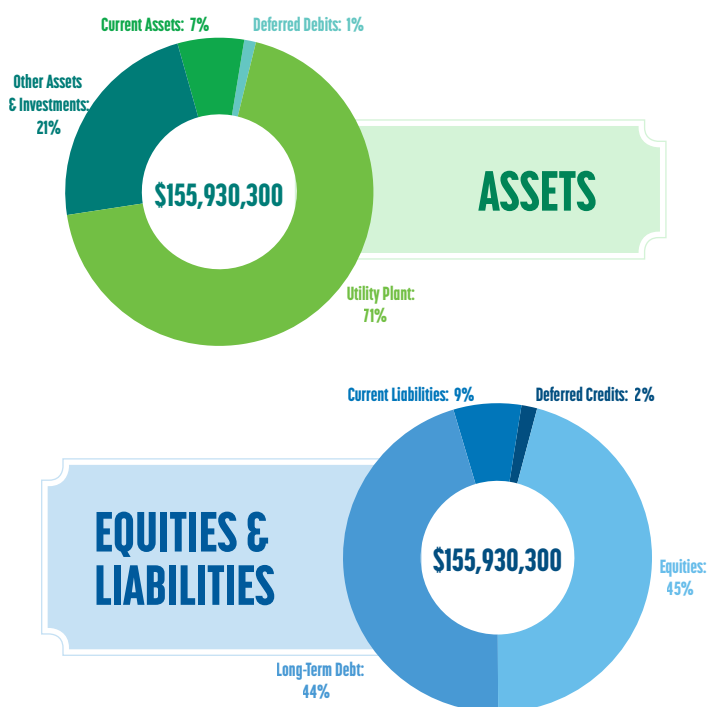
Long-Term Debt	68,510,774	67,608,879
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Current Liabilities

Line of Credit	500,000	-
Current Maturities of Long-Term Debt	3,071,000	2,920,000
Accounts Payable - General	1,349,154	642,673
Accounts Payable - Billed Power Costs	6,495,670	5,594,558
Consumer Deposits	350,881	361,407
Other Current and Accrued Liabilities	1,742,939	1,590,775
Total Current Liabilities	13,509,644	11,109,413

Deferred Credits	2,892,439	3,970,554
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Total Equities and Liabilities	\$155,930,300	\$151,847,479
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Above are the consolidated financial statements of **Lake Region Electric Cooperative** (*electric*) and **Lake Region Energy Services** (*natural gas*).

Minutes of the Annual Meeting of Members of Lake Region Electric Cooperative • April 18, 2024

WELCOME AND INVOCATION

The Annual Meeting of Members of Lake Region Electric Cooperative (LREC) was convened at Life Church, located in Fergus Falls, Minnesota at 6:30 p.m. on April 18, 2024. Chairman Tom Jennen thanked everyone for joining the annual meeting and requested that those in attendance stand for the Pledge of Allegiance. Director Jim Gronbeck provided the Invocation.

CALL TO ORDER

Chairman Jennen called the meeting to order at 6:32 p.m.

APPOINTMENTS, QUORUM, AND DOCUMENTS

LREC Board Secretary Cecil "Bud" Hensel certified the official Notice of the Annual Meeting was published in the cooperative's newsletter. Secretary Hensel informed the members that the cooperative's bylaws state that 50 members constitute a quorum. Secretary Hensel declared that a quorum for the meeting had been established.

Chairman Jennen appointed Greg Larson, LREC's Manager of Corporate Services, to serve as the recording secretary.

Chairman Jennen asked whether there was a motion to adopt the agenda as the official order for the meeting.

Motion made to approve the agenda as the official order for the meeting, said motion was seconded, the members voted to approve said agenda and the MOTION CARRIED.

MINUTES

Secretary Hensel stated the *Minutes of the 2023 Annual Meeting* had been made available (1) in the handout received by the members at the meeting; (2) on LREC's website; and (3) by a link provided to those live-streaming the meeting.

Secretary Hensel made a motion to adopt the 2023 Annual Meeting minutes as written. Said motion was seconded. Upon said motion being seconded, the members voted to approve the said motion, and the MOTION CARRIED.

ELECTION OF DIRECTORS

Attorney Chad Felstul described the procedure for the election of directors. Felstul presented the candidates elected by acclamation as unopposed candidates and no voting was required:

- ▶ Kurt Krueger – District 1
- ▶ Tom Jennen – District 7

Felstul placed in nomination the contested election in:

DISTRICT 4

- ▶ Lee Mindemann
- ▶ David Pawlowski

Felstul stated that the members of the credentials and elections committee are Amy Strom, Nicki Stetz and himself, appointed by the LREC Board of Directors.

This year, the ballots were all submitted to *Survey & Ballot Systems* who counted all the mailed-in ballots and the electronic ballots. Total number of mailed-in ballots were 375, and total number of electronic ballots were 152. There were also 3 walk-in ballots collected by the credentials and elections committee.

BOARD CHAIR REPORT

Chairman Jennen expressed his gratefulness for serving on the LREC Board elected by the Members. Jennen stated the purpose of the board is to make sure the cooperative is healthy and functioning well, and the co-op exists for the benefit of its members and members always come first. Jennen reported that Lake Region members have had rate stability for several years, seeing only two general service rate increases in the last twelve years due to the strategic actions taken by the co-op. The September 2023 monthly facility charge increase to \$39 was also a focus of the chairman's report.

Jennen also expressed his appreciation for LREC's employees and introduced the rest of the Board of Directors, thanking Earl Rydell for the years he served on the Board.

CEO REPORT

Tim Thompson, LREC's CEO, welcomed members and expressed his appreciation for everyone participating in the Annual Meeting and highlighted our meeting model with in-person satellite locations at the Frazee Event Center in Frazee and the Prairie Event Center in Parkers Prairie. Thompson reported on the preliminary attendance numbers of 1,265 this year, and stated records have been broken for attendance every year. Thompson highlighted the importance of member engagement with events like district meetings and spoke to engagement and communication updates such as the Energy Forum and Energy Corner. Also highlighted were the multiple upcoming events including Member

Appreciation Day on August 8th. Thompson spoke about the 2023 member satisfaction survey and the meaningful comments received. Thompson shared LREC's mission of prioritizing reliability and the downward trend of hours members were without power and highlighted recent transmission upgrades and projects that have improved reliability for LREC members. Thompson highlighted LREC's *Distribution Grid Improvement Program* utilizing new technology (such as AI Dash and Exactor), innovation, and enhanced employee engagement to prevent outages, noting more tree clearing now than there's ever been. Thompson reflected upon rate strategies, with only two rate changes over the last 12 years. Thompson compared our rates to other MN co-ops with LREC being the lowest ranked co-op in our peer group. Thompson celebrated the over 14,000 members on our load control programs and their engagement in helping to reduce costs.

Thompson spoke to the LREC rate forecast and LREC's rate stabilization plan that included LRES, Carr's Tree Service, standby generator business and the wind/solar hybrid facility, all of which result in positive rate benefits to LREC members. Thompson expressed the co-op's interest in applying for a USDA grant program, the dollars of which would be invested in solar and battery storage. Thompson highlighted LREC's engagement in the community. Thompson reported on the financial strength of LREC and the payout of over \$1.5M of capital credits in 2023, and since 1958, LREC has paid over \$39,000,000 to members. Thompson expressed his appreciation of the Operation Round Up program and the \$712,700 that has been awarded by the program to area organizations since 2007.

RESULTS OF THE ELECTION

Thompson's presentation concluded with a video highlighting the employees of LREC.

Attorney Chad Felstul reported on the voting results for the District 4 Director election. The results are as follows:

- 271 votes for Lee Mindemann
- 259 David Pawlowski

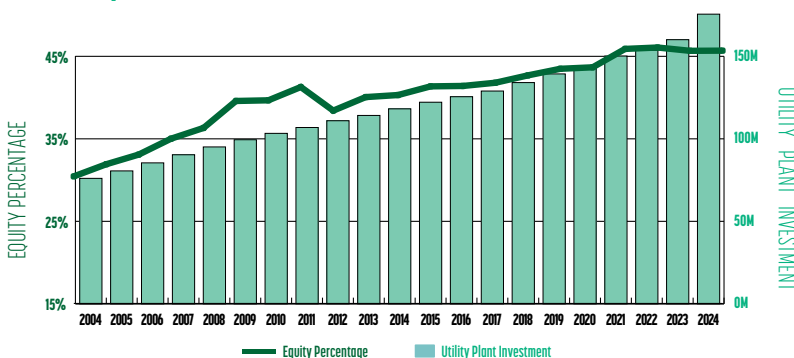
QUESTIONS

Tim Thompson and staff answered questions received during the meeting.

MEETING ADJOURNED

The meeting was adjourned at 7:45 p.m.

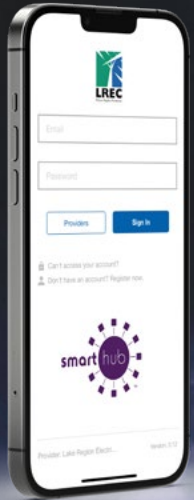
EQUITY & PLANT INVESTMENT



WHERE DOES YOUR DOLLAR GO?



Cost of Energy	\$0 . 64
Operations & Maintenance	\$0 . 14
Depreciation	\$0 . 09
Administrative & General	\$0 . 05
Interest on Long-Term Debt	\$0 . 04
Consumer Accounts	\$0 . 03
Customer Service & Information	\$0 . 01
Total	\$1 . 00



SmartHub

Stay in the know with your LREC account – report an outage or view your usage fast and easy!

SmartHub also allows you to:

- ✦ Receive alerts via text or email
- ✦ Pay your bill
- ✦ Sign up for AutoPay and paperless billing



Still need to sign up for SmartHub? Visit www.lrec.coop/smarthub or scan the QR code.

Sign Up in Mobile App

STEP 1

Updating Your Contact Methods

- 1) Open the *SmartHub* mobile app
- 2) Go to *Settings > Contact Methods > Add New Contact Method*
- 3) Input a mobile number, then turn *Receive Text Messages* on
- 4) Select *Accept* if you agree with the terms & conditions
- 5) Lastly, enter the verification code that you receive to verify and activate your mobile number

STEP 2

Manage Your Notifications

- 1) Open the *SmartHub* mobile app
- 2) Go to *Settings > Manage Notifications > Billing, Miscellaneous, Service & Usage*
- 3) Select the notification methods (*text or email*) you would like to be enrolled in for each notification type

Join Us At These Upcoming Events!

4TH ANNUAL ENERGY FORUM

JUNE 6TH
8:30AM-1:30PM THUMPER POND RESORT IN OTTERTAIL

Save the date for this FREE event!

- ✦ Diverse panel of industry experts
- ✦ Light lunch
- ✦ Energy Services Trade Show



LREC Member Appreciation Day



Join us on August 7th, 2025 at Phelps Mill Park from 3 to 7 p.m.

- ✦ Free Meal and Park Entry
- ✦ Ebikes and Vehicles
- ✦ Safety Demos