

# Lake Region Electric Cooperative

## 2021 Annual Meeting



Thursday, June 3<sup>rd</sup>, 2021

### 2021 Annual Meeting Agenda

- ◆ Welcome
- ◆ Invocation
- ◆ Call to Order
- ◆ Establish Quorum
- ◆ Appoint Recording Secretary
- ◆ Adopt Agenda/Approve Minutes
- ◆ Election Process
- ◆ Board Chair Report, Tom Jennen
- ◆ CEO Report, Tim Thompson
- ◆ Guest Speaker: Great River Energy
- ◆ Election Results
- ◆ Questions/Adjourn/Draw Prizes\*

\*PRIZES INCLUDE A STIHL LEAF BLOWER, STIHL WEED TRIMMER, TWO IPADS, ROOMBA ROBOTIC VACUUM, WYZE INDOOR/OUTDOOR MOTION CAMERAS.

### Minutes of the Annual Meeting of Members of Lake Region Electric Cooperative • June 4<sup>th</sup>, 2020

#### WELCOME AND INVOCATION

The Annual Meeting of Members of Lake Region Electric Cooperative was convened at Lake Region Electric Cooperative, Minnesota at 6:00 p.m. on June 4, 2020 via YouTube live. Chairman Charles Kvare welcomed those watching our live streaming meeting. Employees of the cooperative recited the Pledge of Allegiance and Director Sid Wisness provided the Invocation.

#### CALL TO ORDER

Chairman Kvare called the meeting to order at 6:00 p.m.

#### APPOINTMENTS, QUORUM, AND DOCUMENTS

Secretary Valley certified that the official Notice of the Annual Meeting and the Proof of Mailing to the members of the Cooperative was mailed the week of May 4<sup>th</sup>, 2020 in the cooperative's newsletter.

Secretary Valley announced that the cooperative's bylaws state that members present constitute a quorum. We have received over 50 mail-in and electronic ballots.

The Chairman appointed Cynthia Brosowske, Executive Assistant, to serve as the recording secretary and asked that a motion be made to adopt the agenda.

Therefore on motion made and seconded:

*"To adopt the agenda members received as they registered as the official order of the day."*

MOTION CARRIED

The Chairman appointed Cynthia Brosowske, Executive Assistant, to serve as the recording secretary and asked that a motion be made to adopt the agenda.

On motion made and seconded:

*"To adopt the agenda members received as they registered as the official order of the day."*

MOTION CARRIED

#### MINUTES

The Secretary noted that the Minutes of the 2019 Annual Meeting were made available on the cooperative website.

On motion made and seconded:

*"To approve the 2019 Annual Meeting Minutes as presented"*

MOTION CARRIED

#### ELECTION OF DIRECTORS

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

#### DISTRICT 8

- ▶ Sid Wisness

Felstul placed in nomination the contested election in:

#### DISTRICT 2

- ▶ Cecil "Bud" Hensel
- ▶ Les Christianson

#### DISTRICT 5

- ▶ Patrick Meyers
- ▶ Ron Bratlie

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 925, and total number of electronic ballots were 217.

#### BOARD CHAIR REPORT

LREC Board Chair Charles Kvare addressed ways LREC remains focused on meeting its members' needs even during the challenges posed by COVID-19. He discussed some of the innovative ways the co-op is using technology and how important the strategic planning process is in maintaining a focus on goals. Kvare noted that LREC had set a goal of maintaining member equity at 40 percent and in 2019 was close to reaching 45 percent. LREC now serves approximately 27,000 members across 5,700 miles of power lines.

#### CEO'S REPORT

Tim Thompson, LREC CEO, reported on the cooperative's response plan and thanked employees and members for their support during this time. Thompson mentioned how overall member satisfaction continues to rise due in large part to maintaining rate stability, improving system reliability and the forward thinking of the cooperative. He provided updates on the success of the LRES natural gas business as it enters its third financial year, the residential standby generator program and he shared details about LREC's other upcoming projects.

#### GUEST SPEAKER

The virtual annual meeting also included a presentation from special guest Mark Fagan, Great River Energy's (GRE) vice president and chief corporate and member services officer. Fagan discussed GRE's evolving generation portfolio that seeks to deliver reliable and affordable energy in harmony with the environment. GRE plans to retire the Coal Creek Station in 2022 and add 1100 megawatts of wind energy by the end of 2023 which will make its power supply resources more than 95% carbon dioxide free, virtually eliminating carbon risk.

#### ELECTION RESULTS

The Chair invited Attorney Chad Felstul back up to announce the results of the election.

#### THE RESULTS IN DISTRICT 2:

- ▶ Cecil "Bud" Hensel with 289 votes.
- ▶ Les Christiansen with 187 votes.

#### THE RESULTS IN DISTRICT 5:

- ▶ Patrick Meyers with 419 votes.
- ▶ Ron Bratlie with 217 votes.

Survey and Ballot Systems certifies that this is a true and accurate statement of the election results.

#### QUESTIONS

The meeting was open for questions which will be followed by prize drawing.

#### MEETING ADJOURNED

The meeting was adjourned at 7:15 p.m.

# Summary of Consolidated Financial Statements

## STATEMENT OF OPERATIONS

December 31<sup>st</sup>, 2020 and 2019

### Operating Revenues

	Dec. 31, 2020	Dec. 31, 2019
Sale of Electric Energy	\$52,935,968	\$52,149,877
Other Operating Revenues	1,679,371	1,532,580
<b>Total Operating Revenues</b>	<b>54,615,339</b>	<b>53,682,457</b>

### Operating Expenses

	Dec. 31, 2020	Dec. 31, 2019
Cost of Power	32,134,380	32,157,739
Distribution Expense - Operations	2,992,641	2,954,718
Distribution Expense - Maintenance	3,481,193	2,603,204
Consumer Account Expense	2,002,525	1,248,865
Customer Service and Information Expense	1,061,306	973,853
Administrative and General Expense	3,005,458	2,946,389
Depreciation	4,206,968	4,307,599
Interest on Long-Term Debt	2,225,660	2,696,940
Taxes	417,741	389,375
<b>Total Operating Expenses</b>	<b>51,527,872</b>	<b>50,278,682</b>

Operating Margins After Fixed Charges	3,087,467	3,403,775
Generation, Transmission, and Other Capital Credits	959,232	1,081,694
<b>Net Operating Margins</b>	<b>4,046,699</b>	<b>4,485,469</b>

Interest Income	483,977	830,907
Other Non-Operating Income	2,088,109	342,153
<b>Total Non-Operating Margins</b>	<b>2,572,086</b>	<b>1,173,060</b>

<b>Net Margins</b>	<b>\$6,618,785</b>	<b>\$5,658,529</b>
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## BALANCE SHEET

December 31<sup>st</sup>, 2020 and 2019

### Assets

	Dec. 31, 2020	Dec. 31, 2019
<b>Utility Plant</b>		
Electric Plant in Service	\$143,067,649	\$137,362,455
Natural Gas Plant in Service	3,994,831	3,365,568
Construction Work in Progress	867,814	2,102,594
<b>Total Utility Plant</b>	<b>147,930,294</b>	<b>142,830,617</b>
Less Accumulated Provision for Depreciation	53,003,197	50,520,221
<b>Net Utility Plant</b>	<b>94,927,097</b>	<b>92,310,396</b>

### Other Assets and Investments

Investments in Associated Organizations	28,032,106	25,380,703
Other Investments	5,942,766	614,309
Notes Receivable, Net	20,000	60,000
<b>Total Other Assets and Investments</b>	<b>33,994,872</b>	<b>26,055,012</b>

### Current Assets

Cash and Cash Equivalents	5,365,356	6,275,931
Accounts Receivable, Net	5,239,278	6,137,952
Materials and Supplies Inventory – Electric	1,478,006	1,343,035
Materials and Supplies Inventory – Natural Gas	180,434	187,934
Prepaid Expenses	422,376	219,967
Accrued Assets	222,731	-
Current Portion of Other Investments	40,000	40,000
<b>Total Current Assets</b>	<b>12,948,181</b>	<b>14,204,819</b>

Deferred Debits	2,038,780	1,658,729
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<b>Total Assets</b>	<b>\$143,908,930</b>	<b>\$134,228,956</b>
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### Equities and Liabilities

	Dec. 31 <sup>st</sup> , 2020	Dec. 31 <sup>st</sup> , 2019
<b>Equities</b>		
Patronage Capital	\$57,146,853	\$38,246,493
Other Equities	5,573,957	19,999,227
<b>Total Equities</b>	<b>62,720,810</b>	<b>58,245,720</b>

<b>Long-Term Debt <sup>1</sup></b>	<b>68,250,293</b>	<b>62,253,268</b>
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### Current Liabilities

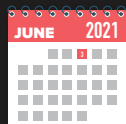
Current Maturities of Long-Term Debt	2,217,727	2,569,881
Accounts Payable - General	773,229	412,777
Accounts Payable - Billed Power Costs	5,304,297	5,938,231
Other Current and Accrued Liabilities	1,605,653	1,538,311
<b>Total Current Liabilities</b>	<b>9,900,906</b>	<b>10,459,200</b>

Deferred Credits	3,036,921	3,270,768
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<b>Total Equities and Liabilities</b>	<b>\$143,908,930</b>	<b>\$134,228,956</b>
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Find us on 

@LakeRegionElectricCoop



## Join Us for Our Virtual Annual Meeting

**WHEN:** Thursday, June 3<sup>rd</sup>, at 6 p.m.

**WHERE:** [www.lrec.coop/annualmeeting](http://www.lrec.coop/annualmeeting)

**BILL CREDIT:** \$10 bill credit for attending virtual meeting.

For the safety of our members and employees due to the ongoing pandemic conditions, the 2021 LREC Annual Meeting will be held virtually again this year on **Thursday, June 3<sup>rd</sup> at 6 p.m.** (there will not be an in-person meeting). Visit [www.lrec.coop/annualmeeting](http://www.lrec.coop/annualmeeting) for more information on how to participate virtually.

