



ANNUAL MEETING MINUTES

April 22, 2023

The morning of April 22, 2023, was blustery and cold. However, 223 members and their families gathered at the Albert Lea High School to participate in the 86th Annual Meeting of Freeborn Mower Electric Cooperative. Member-owners started the morning with a full breakfast served by HyVee, assisted by Cub Scout Pack #105.

Employees interacted with members at several displays, games, and information booths. Prior to the business meeting, many member families also enjoyed playing bingo in the auditorium.

Following the Pledge of Allegiance, District 7 Board Chair Jack Korman called the meeting to order at 10:00 a.m. He welcomed those in attendance and introduced the following FMEC Board of Directors. Additionally, he acknowledged the FMEC employees, John Carr from Dairyland Power Cooperative and FMEC Attorney Steve Hovey.

Dennis Anderson, District 1

Richard Schaufler, District 4

Bill Trygstad, District 8

Jay Neitzell, District 2

Frank Fryer, District 5

Larry Irvine, District 9

Steve Garbisch, District 3

Joe Pacovsky, District 6 (Absent)

Pastor Shane Koepke from Grace Lutheran Church provided an Invocation. Holly Babcock, Executive Director for the Albert Lea Convention & Visitor's Bureau, warmly welcomed attendees, saying, "I applaud FMEC for being a partner in the community."

Board Secretary Frank Fryer stated that the Notice of Meeting was printed in the March publication of County Lines, and the 2022 Annual Report was mailed to every member of the cooperative on

March 31, 2023. According to Article 2, Section 5 of our bylaws, the presence of 50 registered members constitutes a quorum for a meeting of the members. At the start of the meeting, we had exceeded that number; therefore, a quorum was present to conduct the general business of the cooperative.

Chair Korman then proceeded with the directors' seating for districts 3, 6, and 9. Steve Garbisch in District 3, Matt Maras in District 6, and Larry Irvine in District 9 were all seated to a three-year term. Joe Pacovsky was thanked for his time and contributions in previously representing members of District 6.

The next item of business was the consideration of the 2022 annual meeting minutes. A motion was made and seconded that the reading of the minutes from the 2022 Annual Meeting be dispensed with and approved as presented.

President & CEO Jim Krueger was introduced and addressed those in attendance with a recap of 2022.

Krueger began by honoring four recent retirees. Brad Wood, Natalie Nelson, Deb Kolling, and Larry Underdahl. Their total combined service exceeded 130 years. He also welcomed the employees that joined FMEC within the last year.

During his report, President & CEO Jim Krueger delved into the changing legislative landscape and how it is impacting the electric utility industry and FMEC. He explained that FMEC has two suppliers of wholesale power, Alliant Energy and Dairyland Power Cooperative (DPC). Each provides about half of FMEC's wholesale energy purchases. FMEC is a member-owner of DPC and has representation on its board of directors. He noted, In 2025, all of our wholesale power supply will come from DPC and that high natural gas prices and reduced availability of generation capacity are troubling. While FMEC ended the year within its financial targets, it had also absorbed about \$400,000 in wholesale power costs to reduce the impact on retail electric rates. Even though fuel prices have dropped, they are still higher than two years ago. Additionally, increasing interest rates can become an issue for funding capital needs.

Minnesota legislative targets are to be 60% carbon-free by 2030, 90% by 2035, and 100% by 2040. Being utilities build infrastructure to last 30-plus years, baseload power plants will have to remain part of the mix. Krueger stated he believes we will also need to discuss nuclear energy in Minnesota as we all want to do the right thing and move forward.

As FMEC moves forward, there will be smaller, incremental rate increases as mid-2025 will be when all residential rates become aligned. FMEC has managed two rate schedules for several years since the acquisition of Alliant Service territory.

In 2022 the Cooperative also finalized its strategic plan for the next three years. Our efforts will focus on six specific strategic priorities.

- Financial Strength
- Operational Excellence
- Growth through Economic Development
- Technological Advancements
- Employee and Member Engagement
- Good Governance

Krueger ended his message on a positive note with an acknowledgment of the cooperative's Operation Round Up Program. In the third quarter of 2022, the program surpassed the \$1 million mark in donations given since its inception in 2003. A special thank you was expressed to members who contributed to the Operation Round Up Program. That small change does make a big difference. The program's Board of Trustees were also thanked for their time and dedication to spending those dollars wisely.

Chairman Korman then called for any old or new business and asked for any questions from the floor.

Twelve area students were awarded each a \$1,000 Luck of the Draw Scholarship towards their post-high school education. These scholarships are funded from forfeited capital credits in accordance with MN statutes.

It was also announced that Jaylee Waters would represent FMEC in Washington, D.C., as our Electric Cooperative Youth Tour delegate in June. She attends Albert Lea High School.

The event ended with a variety of prize drawings.

Chairman Jack Korman then asked for a motion to adjourn the meeting. A motion was made and seconded with adjournment recorded at 10:50 a.m.

Frank Fryer, Secretary