

HEADQUARTERS PROJECT UPDATE

Dear Member:

MLEC recently received notification from a member that they were going to send a letter out to their neighbors encouraging them to contact their MLEC Board Member about how they felt about MLEC building a new facility. I would like to touch on a few of the member's concerns – but more importantly – I, too, encourage you all to contact your MLEC Board Member to let them know how you feel.

As I have indicated in the past, the current needs of Mille Lacs Energy Cooperative as a business have outgrown our current facility. The services we offer, the size of our staff, the technology necessary to run our business, the number and types of machines and vehicles, environmental requirements, and land rights have all changed to a point that we need to find a new location for our facility.

Determining the qualities and location for a new facility requires much thought about our membership needs for today; and, for the growth and foresight for the next 80 years. The diligence we have assumed has involved many steps. Steps that require the successful conclusion of all prior steps before moving on to the next. We are prudently working through these steps, sharing facts and information with all our members as it becomes available.

It is important to note that early in the discussion of a potential new facility, we hired the engineering firm, Widseth, to complete a feasibility study. Our goals for the feasibility study were to determine: a) can we stay in our existing facility with upgrades; b) can we rebuild a facility on our existing property; or c) should we build a new facility on a new property. Once again, I offer that this feasibility study is available to members should they wish to review it. This document is not online because it is a private work document for members only. The worldwide web is just that – worldwide. We will share it in our offices only.

We have been asked why we can't just move the solar panels and put a new building in their place. The answer is not that simple. There are multiple reasons this will not work, the least of which is determining where they will be relocated. It is easy to look at a snapshot of GoogleMaps and measure out what estimates of facility sizes could fit on our existing property; however, many other considerations come into play – things we have toiled with for over a year.

The wetlands on the current property, required percentages of impervious space, land capacity for storm water run-off and septic sizing, parking space requirements, building code requirements – these things that not a concern when a building was put on this property over 60 years ago.

We have also been asked why we can't deconstruct the existing facility in phases and rebuild a little bit at a time. Your MLEC staff works very hard to work efficiently and effectively to keep things running smoothly. We have a system in place that keeps lights on, takes in revenues, pays bills, and returns capital credits to our membership. Please do not underestimate the impacts a multi-year rebuild-in-place construction project will have on the efficient day-to-day operations of MLEC, let alone the potential for increased response times in the event of a major outage or storm.

There is a saying in the electric cooperative industry, "if you've seen one co-op, you've seen one co-op." The number of consumers, miles of line, outposts, employee count, unions,



Sarah Cron
CEO

terrain, board members, cooperative philosophy, ancillary services offered, management style, local government agencies, even the current political climate, all impact how an electric cooperative is run. To ask how one cooperative built their facility and assume we could or should do it the same way is like asking why an orange does not taste like an apple. We are defining the needs of our members, our employees, and our fleet. It is our obligation to you, our member, to design a facility that will meet those needs now and into the future.

We are still many steps from completing our process. Know that our decision will be made only after a complete analysis of our needs, with recommendations from professional engineers and architects that know building codes, land requirements, required setbacks, and efficient workflows has been made. MLEC serves seven districts that include Aitkin, Crow Wing, and Mille Lacs Counties. Our board members and leadership team are keeping the needs of our entire membership at the forefront of all discussions. If and when we move forward, we intend to launch a section of our website dedicated to information about the facility project. If and until that time comes, I do not have any further details to give.

Again, I encourage you to contact your MLEC Board Member to share your thoughts about the potential project.

Until next month,