

REA ENERGY COOPERATIVE, INC.
SUMMARY MINUTES OF REGULAR BOARD MEETING
October 26, 2021

The regular meeting of the Board of Directors of REA Energy Cooperative, Inc. (the “Cooperative”) was held Tuesday, October 26, 2021, in the Board room of the Cooperative’s headquarters office located at 75 Airport Road in Indiana, Pennsylvania.

Call to Order

Board Chairman called the meeting to order at 5:09 p.m. A Director gave the invocation and led the Board in the Pledge of Allegiance.

Roll Call

All Board of Directors were present, attending virtually, including the Cooperative’s President & CEO, Attorney, Financial Analyst, HR Administrator and Executive Assistant.

Reading of Rochdale Principle #5

The Cooperative’s President & CEO read aloud the Rochdale Principle #5.

Approval of Minutes

A motion was made and seconded to approve the minutes of the September 21, 2021 regular board meeting. Motion carried.

Additions to Agenda

There were no additions to the Agenda.

Special Presentation

Draft Budget

The Cooperative’s Financial Analyst reviewed the 2021 Projected Budget and the proposed 2022 Budget. He spoke about Tier, Income statement and cash flow. He answered questions from the Board of Directors. More details will be covered at the November Board Meeting. Directors were asked if they have any other questions about the Budget to contact the Cooperative’s President & CEO or Financial Analyst.

Capital Credit Scenario

The Cooperative’s President & CEO spoke about possible scenarios to pay Capital Credits. Three scenarios were reviewed. Models for a forty-, thirty-five- or thirty-year Capital Credit cycling along with the impact on KRTAs were given. The Cooperative’s Financial Analyst answered a few questions.

The Cooperative’s President & CEO talked about past years and the current 40-year cycle the Coop is using. He also explained Tier, cash flow, loans and equity. He spoke about upcoming projects and the need to pay Capital Credits from 1981. The decision to stay on a 40-year cycle or not will be discussed further at future Board Meetings.

A motion was made and seconded to continue the 40-year cycle and proceed with payments of Capital Credits from 1981. Motion carried.

The Cooperative's Financial Analyst was dismissed from the meeting at 5:59 p.m.

Compensation Committee Report

The Cooperative's HR Administrator spoke about the process of employee compensation at the Cooperative and using data from NRECA's nationwide average of job categories. She said there are no new job positions for 2022. There have been open positions due to resignations and retirements. She presented the current payroll and the proposed payroll for 2022. The Compensation Committee made a motion to approve a three percent payroll increase, along with performance and storm work bonuses. The Committee also seconded that motion and asked for a vote by the Board of Directors. All Board of Directors voted yes. The motion was carried.

The Cooperative's HR Administrator was dismissed at 6:04 p.m.

Executive Session

The Board Chairman called for an Executive Session at 6:05 p.m.

A motion was made and seconded to go into Executive Session. Motion carried.

The Cooperative's Attorney and Executive Assistant were excused from the meeting at 6:05 p.m.

A motion was made and seconded to adjourn the Executive Session. Motion carried.

Executive Session ended at 7:11 p.m.

The Cooperative's Attorney and Executive Assistant returned to the meeting at 7:11 p.m.

A motion was made and seconded to approve compensation of the Board of Directors as discussed. Motion carried.

A motion was made and seconded to approve the compensation of the Cooperative's President & CEO as discussed. Motion carried.

Board Chairman declared a brief break at 6:05 p.m.

The meeting reconvened at 7:20 p.m.

New Business

Truck Bid

The Cooperative's President & CEO presented the information from bids received for a new Bucket truck and Digger truck. Versalift won both bids. He spoke about how trucks are

outfitted by an after-market outfitter, which saves money. He answered a few questions from the Board.

ROW Bid

The Cooperative's President & CEO presented the bid amounts from various companies for the 2-Year Right-of-Way contract. Penn Lines won the bid.

A motion was made and seconded to approve Penn Lines as the Cooperative's Right-of-Way contractor. Motion carried.

2022 Annual Meeting Date

Discussion was held on the date for the Cooperative's 2022 Annual Meeting. A date will be set soon.

Staffing & Organization Changes

The Cooperative's President & CEO announced a new staking engineer has been hired, a current engineer has been promoted to a the Senior Staker and a new engineer has also been hired. Three employees have announced their retirement by the end of the year. The Operations Assistant and Marketing Specialist positions are open. Interviews were held for Groundhands. Two linemen apprentices will be graduating from the apprentice program in 2022. The Cooperative's President & CEO answered questions about the apprentice program.

PREA / AEC Winter Meeting format

The Cooperative's President & CEO talked about the next PREA and AEC Winter Meeting. There will be in-person attendance November 8th through the 10th. On November 17th, the Winter Meeting will be a virtual meeting. The Boardroom at the Cooperative's Indiana office will be made available for Directors who would like to attend and have poor internet service at home. More details to be e-mailed later.

Wreaths for Indiana County Veterans

Board Chairman spoke about this annual event. Last year the Cooperative donated \$300.

A motion was made and seconded to donate \$300 to the Indiana County Veterans Committee for their Wreath for Veterans program. Motion carried.

Christmas Choice

Board Chairman reminded the Directors to turn in their Christmas Choice form by the end of the Board meeting.

Legal Update

The Cooperative's Attorney attended a hearing in Westmoreland County for a Right-of-Way case. He spoke with the member's lawyer. The judge in this case deferred opinion and gave 60 days to work on a resolution. The Cooperative's Attorney is also working on a Right-of-Way issue involving a lumber company. He will keep the Board of Directors and the

Cooperative's President & CEO informed.

President & CEO Report

The Cooperative's President & CEO announced the Cooperative has earned 5-star status with NRECA's Co-Ops Vote program.

He spoke about a new product called Stinger that is applied to switches on our lines and at substations. When a switch has ceased up, this lubricant can be sprayed on the equipment and after an hour or so the switch is loose and working normally. The cost of this lubricant and the spray gun is much less than the cost to change out switches. Purchasing will move forward with ordering this product.

Lastly, he told the Board that Capital Credits given three years ago will be posted on our website instead of being publishing in PennLines magazine. Members can also call the office if they have questions. He answered questions from the Board.

Continuing Business

Memberships

A motion was made and seconded to accept 61 new members for the month of September 2021. Motion carried.

Secretary/Treasurer Report

The Secretary/Treasurer's Report was reviewed.

Committees 2022

Board Chairman provided a copy of the 2022 Committees for all Directors.

Reports

The Board heard and discussed various business and activity reports.

A motion was made and seconded to approve the Summary minutes of August 24, 2021 Board meeting. Motion carried.

A motion was made and seconded to approve the reports as presented. Motion carried.

Miscellaneous

The following were reviewed by the Board of Directors:

NRECA letter to Secretary Granholm

Electric Research & Manufacturing Coop – Capital Credit Certificate

Thank you letter

Adjourn

A motion was made and seconded to adjourn the meeting. Motion carried.

Board Chairman adjourned the meeting at 8:03 p.m.