

**REA ENERGY COOPERATIVE, INC.**  
**SUMMARY MINUTES OF REGULAR BOARD MEETING**  
**November 1, 2022**

The regular meeting of the Board of Directors of REA Energy Cooperative, Inc. (the “Cooperative”) was held Tuesday, November 1, 2022, in the boardroom 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 5:19 p.m. A Director gave the invocation and led the Board in the Pledge of Allegiance.

*Roll Call*

Eight Board of Directors were present with one being absent. Also in attendance were the Cooperative’s President & CEO, Attorney, HR Administrator, Financial Analyst and Executive Assistant.

*Reading Coop Core Values*

The Cooperative’s President & CEO read aloud Coop Core Value #10.

*Approval of Minutes*

A motion was made and seconded to approve the minutes of the September 20, 2022 regular Board meeting. Motion carried.

*Additions to Agenda*

There were no additions to the agenda.

**Special Presentation**

*Draft Budget*

The Cooperative’s Financial Analyst presented the preliminary budget for 2023. He reviewed the Operating Revenue, Cost of Power, projected rate increase from Allegheny,

Maintenance Expenses and other items. He highlighted interest rates, income and Non-Operating Margins as well. The Cooperative's rate increase will be taking effect in February. He answered questions from the Board and continued his presentation by reviewing the Balance Sheet, Cash Flow statement, Operating Margins and Depreciation.

Discussion continued about insurance money received for damage to the gas pumps at the Indiana office. Management is looking to get a natural gas generator installed at the Indiana office. The Cooperative's President & CEO spoke about the cost of trucks increasing significantly. He answered a few questions from the Board. He also asked the Directors to review the proposed budget and any questions should be directed to him or the Cooperative's Financial Analyst. There will be an agenda item at next month's Board meeting for budget approval.

### *Rate Study*

The Cooperative's Financial Analyst told the Board that the full rate study from CFC won't be available until February 2024. He used the last rate study as a model in his calculations. Final numbers from Allegheny are expected next week. Using estimated charges from Allegheny, the Cooperative's Financial Analyst looked at kilowatt usage, fixed charges and revenue and came up with a likely increase in rates at 14.99%. He will have a more definite percentage after the final numbers from Allegheny are received. He answered questions from Directors.

The Cooperative's President & CEO spoke about the G&T cost increase as well as cost for equipment, poles and conductors. He said the Cooperative has prepared the best they could for this increase. The Cooperative may have to change the structure of bills also to include the G&T costs separate from REA's distribution costs. Discussion continued about the average usage and what other Pennsylvania Cooperatives charge for their fixed rate.

A motion was made and seconded to approve the rate increase with the ability to move it up or down depending on Allegheny's final numbers. All Board of Directors voted yes to the motion except one, who voted no. Motion carried.

The Cooperative's Financial Analyst was dismissed from the meeting at 6:07 p.m.

### *Compensation Committee Report*

The Cooperative's HR Administrator spoke about the 2023 Salary Plan. She pulled data from NRECA and compensation studies. She looked at job categories and compared those with other Cooperatives. REA Energy is a little on the low side in each job category. The Cooperative's President & CEO is seeking approval for an Executive Assistant position who would be focused on grant writing. He said there is a lot of funding out there and the

Cooperative could use the help in the grant writing process. He answered questions from Directors.

The Cooperative's HR Administrator continued speaking about the proposed pay adjustments. She requested a pool of money for pay adjustments and potential bonuses based on performance appraisals, storm work and the new Executive Assistant position.

A motion was made and seconded to approve the request for pool of money as discussed. Motion carried.

The Cooperative's HR Administrator was dismissed from the meeting at 6:28 p.m.

Board Chairman declared a brief break at 6:29 p.m.

The meeting reconvened at 6:39 p.m.

### **Executive Session**

Board Chairman called for an Executive Session at 6:40 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 6:40 p.m.

The Cooperative's President & CEO was excused from the meeting at 7:13 p.m.

The Cooperative's President & CEO returned to the meeting at 7:28 p.m.

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

Executive Session ended at 7:44 p.m.

The Cooperative's Attorney and Executive Assistant returned to the meeting at 7:44 p.m.

A motion was made and seconded to approve the decisions made in Executive Session. Motion carried.

## **New Business**

### *2023 Annual Meeting Date*

The Board of Directors and the Cooperative's President & CEO checked their schedules and chose Thursday, September 21<sup>st</sup>, 2023 for next year's Annual Meeting. If the venue is unavailable on September 21<sup>st</sup>, the meeting will be held on Thursday, September 14<sup>th</sup>, 2023.

### *2023 Area Meetings*

The Cooperative's President & CEO spoke about past costs for the Area Meetings and how the cost for food has increased significantly. Other ideas were discussed. After much consideration, the Board agreed to cancel the Area Meetings.

A motion was made and seconded to approve not having Area Meetings anymore. Motion carried.

### *Policy A-6*

The Cooperative's President & CEO gave an overview of the Equity Management policy. The main concern was setting the percentage level. Having a set range in the policy may not be the best because of uncertainties of possible future shortages or other pandemics. The policy committee decided that the percentage range will be determined during the budget process. Each year the Board will validate the range. Directors were asked to review Policy A-6. It will be an Action item on the agenda at next month's Board meeting.

### *Staffing & Organization Changes*

The Cooperative's President & CEO told the Board that there could be as many as five employees retiring next year. He briefly spoke about management always working to recruit qualified employees and keep each department well-staffed.

### *PREA / AEC Winter Meeting format*

The Cooperative's President & CEO gave a summary of events for the upcoming PREA/AEC Winter meeting. He gave recommendations on attire for the various days. He answered a few questions.

### *Christmas Choice*

Board Chairman reminded the Board to turn in their Christmas Choice form if they haven't done so already.

### *Move December's Board Meeting*

Due to a conflict with schedules, the December regular Board meeting needs to be moved. The Board reviewed what days they are available.

A motion was made and seconded to move December's regular Board meeting from Tuesday, December 27 to Tuesday, December 20. Motion carried.

### *CoBank Credit Agreement*

The Cooperative's President & CEO spoke about the revolving line of credit the Cooperative keeps with CoBank. The two-million-dollar credit, that the Cooperative has never used, is up for renewal. He asked the Board if they want to renew that revolving credit.

A motion was made and seconded to accept the revolving line of credit from CoBank. Motion carried.

### *Non-metered service*

The Cooperative's President & CEO spoke about a non-metered service with In the Stix. This short distance, small electric service is for a small receiver that uses about 24watts per day. He is considering creating non-metered accounts and calculate what the monthly fee will be. He answered questions from the Directors.

### *Tree Trimming*

The Cooperative's President & CEO said the tree contractors are finishing up this year's scheduled trimming. They will be moved to the Kenwood Substation and start sooner than expected. This will be better for the Cooperative since the costs from cutting Kenwood Substation will be put on this year's margins. Discussion continued on rising costs for tree trimming.

## **Legal Update**

The Board of Directors were given a summary of work completed by the Cooperative's attorney in the last month. He attended the CEO and Attorney Conference, with the Cooperative's President & CEO, in State College on October 25<sup>th</sup> and 26<sup>th</sup>. He said attending this meeting was very beneficial. He updated the Board on the Washington Substation property Agreement of Sale. REA Energy will have to go through a subdivision process with the county and have the land surveyed. Lastly, the Cooperative's attorney gave an update on a Right-of-Way case. He will keep the Board informed on further actions.

## **President & CEO Report**

The Cooperative's President & CEO gave a summary of topics discussed at the CEO meeting in State College. He then talked about an employee in REA Services retiring soon and that a job posting will be sent out. He continued to review topics such as Differed Revenue, rate increases and healthcare costs. He will keep working to get more funding through grants for broadband. Of course, with more grants, we can build a more robust ring network. The Cooperative's President & CEO and the HR Administrator will continue to work on a pre-apprenticeship program at the River Valley School District. During the Employee Day, gift bags were put together for cancer patients and those will be taken to the hospital next week.

The Cooperative's President & CEO also told the Board we will have a PR push about the new NISC system with automated calls, links on website and Facebook. We may also need to change the bill format, considering including the demand charge. The Cooperative's President & CEO answered questions from the Board and discussion continued about electric vehicles and their demand on the electric grid.

## **Continuing Business**

### *Memberships*

A motion was made and seconded to accept 76 new members for the month of September 2022. Motion carried.

### *Secretary / Treasurer's Report*

The Secretary and Treasurer's report was reviewed by the Board.

### *Committees 2023*

The list of committees was reviewed.

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

### **Reports**

The Board heard and discussed various business and activity reports.

A motion was made and seconded to approve the Summary minutes of August 23, 2022 Board meeting. Motion carried.

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

### **Miscellaneous**

ACRE Corner article was reviewed.

A letter from a Member was reviewed.

One Director told the Board about the Christmas Auction that will be at the Winter Meeting in Hershey. He encouraged the Board to consider donating an item to be auctioned off.

### **Adjourn**

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

Board Chairman adjourned the meeting at 8:30 p.m.