

REA ENERGY COOPERATIVE, INC.
SUMMARY of MINUTES OF REGULAR BOARD MEETING
July 26, 2022

The regular meeting of the Board of Directors of REA Energy Cooperative, Inc. (the “Cooperative”) was held Tuesday, July 26, 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 5:06 p.m. A Director gave the invocation and led the Board in the Pledge of Allegiance.

Roll Call

All Board of Directors were present including the Cooperative’s President & CEO, the Cooperative’s attorney, Financial Analyst and Executive Assistant. One Director attended virtually via Zoom.

Reading Coop Core Values

The Cooperative’s President & CEO read aloud Coop Core Value #7.

Approval of Minutes

A motion was made and seconded to approve the minutes of the June 21, 2022 regular Board meeting. Motion carried.

Additions to Agenda

There were no additions to the agenda.

Special Presentation

Equity Review

The Cooperative's Financial Analyst gave a review of current Cash Flow, Capital Spending and Capital Credit payouts. He spoke about the different ranges to operate the Cooperative in with the current distribution equity. Discussion continued on what would be a good percentage range to keep the Cooperative. A recommendation was made to create an Equity Policy to establish a recommended range and what actions should be taken if costs get out of that range. The Cooperative's Financial Analyst and the President & CEO answered questions from the Directors.

A motion was made and seconded to approve setting the equity range at 39 percent to 46.5 percent. Motion carried.

The Cooperative's Financial Analyst finished his presentation by giving an overview of the second quarter financial reports for 2022. He answered some questions from Directors.

The Cooperative's Financial Analyst was dismissed from the meeting at 5:30 p.m.

New Business

Budget change

The Cooperative's President & CEO updated the Board about the status of equipment ordered for the Line Department. The original equipment budget for this year approved the purchase of a Ford F350, a Backyard machine, Digger Derrick and a 55' Boom truck. The Digger Derrick and 55' Boom truck are not available and have been put on back order. Those may be ready for 2024. In the meantime, the dealership with the Ford F350 notified the Cooperative that another F350 was available. The Cooperative's President & CEO and the Cooperative's Purchasing Manager decided to buy the second F350. Because the bigger trucks are unavailable, even though the second F350 was purchased, they stayed under budget.

Personnel Update

The Cooperative's President & CEO spoke about the number of linemen the Cooperative currently have and which apprentice linemen will be graduating from the apprentice program soon. One lineman from Local 126 has interviewed to work in the Ebsburg District shop. Two more linemen from another utility company may interview as well.

Key Ratio Trend Analysis (KRTA)

The Cooperative's President & CEO asked Directors to review the KRTA report and to let him know which ratios they want presented at September or October's Board meeting.

NRECA Pension and 401k Plans

A motion was made and seconded to approve the NRECA Pension and 401k plans. Motion carried.

September Board Meeting

Due to scheduling conflicts, the September Board Meeting needs to be moved.

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

Legal Update

The Cooperative's attorney announced the ITX operating agreement has been drafted. It will be finalized soon. He also updated the Board on the attempt to purchase additional property around Washington Substation. He answered questions from the Board.

President & CEO Report

The Cooperative's President & CEO reviewed a few topics discussed at the Strategic Planning Session. He announced the RUS audit was completed last month. He talked about the rate increase from one of the Cooperative's contractors and what the auditors said about that. That contractor will continue to work on the Cooperative's property until January.

The Cooperative's President & CEO also talked about a 5-year purchase agreement for trucks. He is looking to write a letter of intent that is non-binding. He wants to be put on the ordering schedule with truck vendors because the wait time for new trucks is still very long. He told the Board the new operating system, NISC is going live September 19th. Training is underway for all employees. He said there may be a delay in response to members' requests and questions until employees learn the new system. Lastly, the Cooperative's President & CEO pointed out that there are more member falling behind on their electric bills. He answered questions about the Members Sharing with Members program and Match assistance.

Continuing Business

Memberships

A motion was made and seconded to accept 68 new members for the month of June 2022. Motion carried.

Secretary / Treasurer's Report

The Secretary and Treasurer's report was reviewed.

PREA Board Report

A Director gave a recap of the last PREA Board meeting. He announced Steve Brame has been hired as the new CEO of PREA. He also highlighted the dates of upcoming events and meetings.

Allegheny Board Report

Another Director told the Board of future Allegheny meetings. He spoke about increased costs in the transmission rate and what's being done to help ease that increase.

ITX Update

The Cooperative's President & CEO asked the Directors who are serving on the Board for ITX to plan meeting on Monday, August 22nd at 4:00 p.m. in the Board Room at the Indiana office, to go over the operating agreement draft.

Reports

The Board heard and discussed various business and activity reports.

A motion was made and seconded to approve the Summary minutes of May 24, 2022 Board meeting. Motion carried.

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

Miscellaneous

Thank you notes from members were received and reviewed by Board of Directors.

Adjourn

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

Board Chairman adjourned the meeting at 6:30 p.m.