

REA ENERGY COOPERATIVE, INC.
SUMMARY MINUTES OF REGULAR BOARD MEETING
January 28, 2020

The regular meeting of the Board of Directors of REA Energy Cooperative, Inc. (the “Cooperative”) was held Tuesday, January 28, 2020, 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 5:08 p.m. An invocation was given and the Board said the Pledge of Allegiance.

Roll Call

Board of Directors were present including President & CEO, the Cooperative’s attorney, HR Administrator, Finance & Accounting Manager, Communications & Marketing Manager, Marketing Specialist and Executive Assistant. One Board of Director was absent.

Reading of Cooperative Core Value

Management read aloud the Cooperative Core Value # 4.

Approval of Minutes

A motion was made and seconded to approve the minutes of the December 17, 2019 regular Board meeting. Motion carried.

Additions to Agenda

There were no additions to the Agenda.

Special Presentations

Training

The Cooperative’s HR Administrator reviewed Board of Director training, requirements and scheduling. She explained how to obtain and maintain CCD, BLC and Gold certificates. Directors were given a copy of new NRECA Director training reports.

Actuary Study

The Cooperative’s Finance & Accounting Manager spoke about the Actuary Study recently completed to evaluate costs of offering health insurance to retirees. She announced the need to get liability expensed on balance sheet, which wasn’t being done in the past. Although the cost from this error was very high, the Cooperative still made Tier in December 2019. Total costs and projected costs were discussed.

A motion was made and seconded to approve the request to expense the full amount found from the Actuary Study in 2019. Motion carried.

ACRE

The Cooperative's HR Administrator spoke about ACRE and answered questions from Directors.

The HR Administrator was dismissed from the meeting at 5:44 p.m.

Broadband Survey & Focus Group Results

The Cooperative's Communications & Marketing Manager gave Board of Directors a copy of the Broadband Survey report. The Cooperative's Marketing Specialist presented results from Broadband surveys conducted by Touchstone, PREA, Tri-County Electric Cooperative, REA Cooperative's facebook page, mailed surveys and telephone calls. The results show that the majority of Cooperative members want other options in internet service and are willing to pay for it. Overall thoughts and views from members who participated in the two focus groups held in Cambria and Indiana counties were also presented. Those members added that they would like to have higher speed internet with better reliability. Discussion continued.

The Cooperative's President & CEO told the Board if they would like to pursue Broadband, the next step is to arrange for an engineering study. He explained that applying for grant money requires information from an engineering study and applying for grant money can take one to three years after the engineering study. Discussion followed.

A motion was made and seconded to approve moving forward with Broadband and to authorize the President & CEO to proceed with the engineering study, with the cost not to exceed \$120,000. Motion carried.

The Communications & Marketing Manager and the Marketing Specialist were dismissed from the meeting at 6:34 p.m.

New Business

Bad Debt Write-Offs

The Cooperative's Finance & Accounting Manager spoke about bad debt write-offs. She gave explanations and answered questions.

Disposition of Equipment & Scrap

The Cooperative's President & CEO reviewed and explained the disposition of equipment and scrap report.

A motion was made and seconded to accept the Bad Debt Write-Offs and to approve the disposition of equipment and scrap. Motion carried.

The Cooperative's Finance & Accounting Manager was dismissed from the meeting at 6:50 p.m.

Board Chairman declared a brief break at 6:50 p.m.

The meeting reconvened at 7:09 p.m.

Legal Update

The Cooperative's attorney had no continuing business to report. He has been working with the President & CEO about the Accounts Receivable report.

President & CEO Report

The Cooperative's President & CEO announced the Pennsylvania primary is scheduled the same time as this year's NRECA Legislative Event. Senators, Representatives, nor their aides will not be in Washington, D.C. The Cooperative's President & CEO and the Board agree no one will attend the 2020 NRECA Legislative event.

The Cooperative's President & CEO spoke about the upcoming NRECA's cyber security meeting. Three employees and one Board of Director will attend a CoBank meeting at the end of February.

The Cooperative's President & CEO gave an update on the OCR change out project. Engineering has designed two to three circuits. A Coordinated Protection study will also be done. He is also working with the IT department to have the Cooperative's Work Order process become paperless. Beginning this week, the option to sign up for membership online will be available on the Cooperative's website.

The Cooperative's President & CEO spoke about repair work at the Georgeville and Uniontown Substations. He also spoke about his recent presentation at the Indiana High School.

Continuing Business

Memberships

A motion was made and seconded to accept 48 new members for the month of December 2019. Motion carried.

Area Meeting Update – Districts 3 & 4

The Cooperative's President & CEO reminded the Board that Area Meetings will take place on Wednesday, March 25th for District 4 and Thursday, March 26th for District 3.

Secretary / Treasurer's Report

The Board Secretary reviewed the Secretary/Treasurer's report.

PREA Board Meeting Report

A Board of Director gave an update of what was discussed at the PREA Board Meeting.

Allegheny Board Meeting Report

Another Board of Director gave an update of what was discussed at the last Allegheny Board meeting.

CEO Section Update

The Cooperative's President & CEO gave an update on topics covered at the CEO Section meeting. He answered a few questions from the Board.

Rate increase

The Cooperative's President & CEO reports the Cooperative has not received many complaints about the rate increase. He believes the letter notifying members and the article in PennLines helped to explain why rates are going up in February.

Reports

The Board heard and discussed various business and activity reports.

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

Miscellaneous

The following were reviewed by the Board of Directors:

Holiday Drive 2019

Thank you note from Chevy Chase Center

ACRE Enrollment Form

Thank you note from Interfaith Community Food Pantry

Thank you note from Committee for Wreaths for Indiana County Veterans

Executive Session

Board Chairman called for an Executive Session at 7:54 p.m.

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

Executive Session ended at 8:13 p.m.

Motion was made and seconded to come out of Executive Session. Motion carried.

The Cooperative's President & CEO announced the plan to go paperless for future Board meetings and no longer offer a hardcopy of the Board Packet.

Adjourn

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

Board Chairman adjourned the meeting at 8:28 p.m.