

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

The regular meeting of the Board of Directors of REA Energy Cooperative, Inc. (the “Cooperative”) was held Tuesday, January 26, 2021, via teleconference and via Zoom. A few employees and one Director attended in-person in the Boardroom at the Cooperative’s headquarters office located at 75 Airport Road in Indiana, Pennsylvania.

Call to Order

Board Chairman called the meeting to order at 5:25 p.m. An invocation was given and the Board recited the Pledge of Allegiance.

Roll Call

Board of Directors were present, including the Cooperative’s attorney, President & CEO, IT Supervisor, Financial Analyst and Executive Assistant.

Reading of Cooperative’s Core Values

The Cooperative’s President & CEO read aloud number eight of the Cooperative’s Core Values.

Approval of Minutes

A motion was made and seconded to approve the minutes of the December 22, 2020 regular board meeting. Motion carried.

Additions to Agenda

The Cooperative’s President & CEO requested moving the Data Center Infrastructure before the Trucks presentation under Special Presentations.

The Board Chairman requested adding an announcement before the Special Presentations.

A Board of Director asked to add discussion at the next Board Meeting on payment options on electric bills.

A motion was made and seconded to approve the revised agenda as amended. Motion carried.

Board Chairman congratulated the Cooperative's President & CEO on being appointed the Chairman of PREA's Managers Advisory Committee.

Special Presentations

Data Center Infrastructure

The Cooperative's IT Supervisor presented the bid results for the system change at the Cooperative. He showed the comparisons between various companies. The new system will save money and provide other opportunities for data storage. He answered questions about the new hardware and licensing.

Bid results & awarding – Trucks

The Cooperative's President & CEO provided information on recent bids received for a new bucket truck, digger truck and track machine. Discussion continued on the difference between manufactures and models of trucks. He answered questions from the Board.

Track machine

The Cooperative's President & CEO spoke about the need to purchase another Track machine. Discussion continued about the budget and rotating equipment.

A motion was made and seconded to approve purchasing a track machine from Custom Truck. Motion carried.

Legal Update

The Cooperative's attorney updated the Board on the status of the RUS loan. He also reviewed the revisions to Bylaw Article III and the creation of Policy B-40. These changes are to be reviewed by Directors and will be presented at the February Board meeting for a vote. Discussion continued on Act 98 that deals with Broadband service. The Act was passed and allows rural electric Cooperatives to utilize their existing Right-of-Way to install Broadband and other communications equipment.

Special Presentations

New Board Software

The Cooperative's IT Supervisor presented an overview of new software the Cooperative will be using for future Board meetings. The Boardable program has more user-friendly features and other options not found in the OnBoard software. Training will be scheduled soon. Training videos are also available on the Boardable website.

Capital Credit Retirement Smoothing

The Cooperative's Financial Analyst presented a report on Capital Credit retirement. He reviewed forecasted costs, equity, tier loan profiles and General fund levels. He spoke about the funds and the current Capital Credit retirement cycle.

The IT Supervisor and Financial Analyst were dismissed from the meeting at 6:28 p.m.

President & CEO Report

The Cooperative's President & CEO spoke about the Covid-19 vaccine. Pennsylvania's governor has changed the classification for utility workers. We have been moved to a lower grade. He will look to give incentives to employees who choose to get the vaccine.

The President & CEO gave an update on the truck purchased from Altec. He also highlighted a Generation & Transmission capital credit in December from Allegheny Electric Cooperative. He explained the unfunded Capital Credits and how they are causing the Cooperative to have record Tier and record Margins.

A Strategic Planning session is scheduled in June. The President & CEO is looking to change from the SEDC program currently in use and moving to NISC.

Lastly, he spoke about taking online classes and answered questions from the Board about Broadband.

New Business

Bad Debt Write-Offs

The Cooperative's President & CEO explained Bad Debt Write-offs. He noted the great job done by the ladies in the Billing department. One Board of Director mentioned that past amounts were much higher.

A motion was made and seconded to accept the Bad Debt Write-offs. Motion carried.

Disposition of Equipment & Scrap

The 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.

BWB Audit Engagement letter

The President & CEO reminded the Board that BWB has been the Cooperative's auditor for three years and this is a fourth-year extension. Next year there will be discussion on the possibility of hiring a new auditor. This year's meeting with the auditors and the Audit Committee will be held virtually.

A motion was made and seconded to approve the Audit Engagement letter. Motion carried.

Policy Committee

A Board of Director spoke about the changes to a Bylaw and Policy B-40.

Continuing Business

Memberships

A motion was made and seconded to accept 56 new members for the month of December 2020. Motion carried.

Secretary/Treasurer Report

The Secretary/Treasurer's Report was reviewed.

PREA Board Meeting

An update on the latest PREA Board meeting was given.

Allegheny Board Meeting

An update on the latest Allegheny Board meeting was given.

Travel

The Cooperative's President & CEO pointed out with Covid restrictions and more online meetings, PREA isn't having any travel through June 2021. There are no face-to-face Section meetings scheduled. He is helping to set up meetings and promoting online meetings with other managers.

Reports

The Board heard and discussed various business and activity reports.

A motion was made and seconded to approve summary minutes of the November 24, 2020 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 Memo

2021 PREA/Allegheny Calendar of Events

Adjourn

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

Board Chairman adjourned the meeting at 7:08 p.m.