

Utilities District of Western Indiana REMC  
Regular Meeting of the Board of Directors  
Minutes for February 27, 2023

The Board of Directors of the Utilities District of Western Indiana Rural Electric Membership Corporation met at the office of the corporation, Bloomfield, Indiana, at 6:30 p.m. on February 27, 2023.

Vice President W. Edward Cullison called the meeting to order at 6:30 p.m.

CEO Doug Childs gave the invocation.

The following directors reported present:

Todd Carpenter  
Shawn Dugan

Dax Collins  
Sophie Haywood

W. Edward Cullison

Also present were CEO Doug Childs, COO Shane Smith, CFO Michael Sullivan, Office Manager Lydia Campbell, CFC Regional Vice President Brian Stavish, and member Richard Nichols.

Mr. Cullison called for a motion to excuse the absence of Mr. Burger and Mr. Royal. A motion was made by Mr. Williams and seconded by Mr. Collins. The motion carried.

Mr. Cullison called for additions or corrections to the meeting agenda. Hearing none, Ms. Haywood made a motion to approve the agenda. Mr. Carpenter seconded and all approved. The motion carried.

Mr. Cullison also called for additions or corrections to the minutes of the January 30, 2023, regular session board meeting. Hearing none, Mr. Collins made a motion to approve the minutes as written, Mr. Dugan seconded, and the motion carried.

Amanda Craft provided a report for the review of both traditional and social media communications. Her team continues to assist with monitoring and responding to member social media inquiries and posts. The team has been working on annual meeting materials and presentations. Ms. Craft highlighted a new social media campaign that will highlight local charities and non-profits.

Guest speaker, Brian Stavish, CFC Regional Vice President, presented the 2021 Key Ratio Trend Analysis (KRTA) report. Key takeaways for UDWI included:

- Industry trends that drive business are slower sales growth and steadily increasing costs, UDWI experienced similar trends in 2021.
- Customer growth has tracked with the industry trends and has grown over the last two years.
- Modified Debt Service Coverage (MDSC) has been consistently strong from 2017 to 2021 and well above the mortgage requirement. Equity has grown over the last 5 years from 62% to 73%. UDWI's equity is the 70th highest in the country out of 812 distribution systems reporting.

Michael Sullivan, Chief Financial Officer, presented the financial reports.

The January 2021 & 2022 Statement of Cash Flows, along with the December 2021 & 2022 Income Statement, was provided for review.

He highlighted figures on the December 2021 & 2022 Balance Sheet. Net Electric Plant has increased by \$1.8 million. Other Assets are down due to \$1.1 million of retired patronage from Hoosier Energy, and a \$700,000 return on investment from HHM, LLC. UDWI has not borrowed funds since 2015. The co-op is using available loan proceeds to fund capital improvements.

The YTD revenue trends on the Financial Highlights report showed a significant increase from January 2021 to January 2022 due to the rise in the Hoosier Energy tracker. Two new graphs were added - Times Interest Earned Ratio (TIER) and Modified Debt Service Coverage (MDSC).

Mr. Sullivan also provided the 4th quarter Capital Budget and Variance Report updates. He emphasized two categories from the Capital Budget. New Construction increased as a direct result of member requests. Vehicle category is also over budget due to motor replacement in a service truck. Eighty-four percent (84%) of the total capital budget was expended for the year 2022.

The Variance Report showed multiple categories over budget - maintenance (building & grounds), maintenance & software support agreements, postage, and vehicle maintenance. However, tree trimming was \$500,000 under budget due to the current workforce count.

Operating Margins were down \$684,000 compared to 2021 with 50% of the difference due to a \$2 per MWh rate reduction in July. Current margins are above 2022 budget figures but under when compared with 2021.

Shane Smith, Chief Operating Officer, presented the Operations Department reports. The Operations & Engineering highlighted specific department activity. An Apprentice Lineman Maxwell Hinchman resigned this month. We will need to hire for two apprentice positions.

The Building & Equipment Committee met on February 7, 2023 to deliberate on the underground contractor bids. Five inquiries were made within and three total bids were received. Two were extremely close in price. The committee awarded Clark Excavating the contract.

Mr. Smith reviewed both the Outage Report and Vegetation Management Report in detail. He explained each category separately and answered questions and inquiries. The Outage Report continued to show vegetation as the main cause of outages. The "All-Other" category holds second place, which includes a combination of weather, wrecks, animals, and faulty equipment.

Doug Childs, Chief Executive Officer, presented the Manager's Reports. First, he reported on HHM business. The February meeting was held on the 15<sup>th</sup>. Billing rates have increased as well as equipment, fuel, and O&M costs.

The January 2023 Hoosier Energy purchased energy invoice was provided for review. Due to mild winter weather, the invoice showed a lower cost per MWh than the previous month.

The Cooperative Response Center (CRC) is the company that UDWI REMC utilizes to assist with overflow calls. Their Annual Membership Meeting is scheduled for Sunday, June 18, 2023. Although we will not have representation at the meeting, the board discussed and elected to retain the same delegates from 2021. Ms. Haywood made a motion for Mr. Dugan to remain as the voting delegate with Mr. Cullison as the alternate. Mr. Collins seconded, and the motion passed. Per the delegation form, if no change in voting delegates is desired, the form need not be returned, previous delegate info will be retained.

According to the cooperative Bylaws, Article III Section 7, in the event there are any nominations by petition received and certified by the Secretary of the Board, it shall become necessary for the Board of Directors to appoint an Election Committee. Mr. Childs, Mr. Carpenter, and Ms. Campbell submitted and secured volunteers. From District 4 Connie Huffine, District 5 Connie Burris, and District 7 Perry Robinson. Mr. Williams made a motion to accept the three to serve on the committee. Ms. Haywood seconded the motion. The vote passed.

A redlined copy of the Service Rules and Regulations, reviewed by the co-op attorney, was presented. The content in the document may contain actual policy terminology. This could potentially eliminate a few board policies and allow for a more streamlined process and all-inclusive policy. The co-op executive

management team and attorney will review the document at length. Recommendations and suggestions will be brought to the Board.

Lastly, Mr. Childs acknowledged recent employee accomplishments and shared comments from members. Lineman Tom Sparks was praised by a member for his service, visiting their location twice in one day. Also, Cory Lutz received praise from a member after an on-site visit to test the meter.

Mr. Cullison called for Director Committee reports. No committee met in the last four weeks.

District 2 Director Todd Carpenter reported on updates and events at Hoosier Energy. Mr. Carpenter attended the monthly Board of Directors meeting on February 13, 2023. Those in attendance reviewed many annual reports and discussed member co-op flexibility.

Mr. Williams reported on updates and events at Indiana Electric Cooperatives (IEC). The co-op discussed and deliberated on two CEO candidates. Mr. John Cassidy, former Wabash Valley Power Association lobbyist, was voted in as the next Chief Executive Officer of IEC. Mr. Williams stated he voted for Mr. Cassidy as he has more ties in Indiana. Member co-ops should expect a visit from Mr. Cassidy soon. He plans to visit all co-ops in his first 90 days of employment.

Mr. Burger offered reminders for upcoming training and meetings. A list of board education opportunities for the 2023 calendar year was provided.

The 2023 NRECA Annual Meeting (PowerXchange) is scheduled for March 5-8, 2023, in Nashville, TN.

The Hoosier Energy Annual Meeting is scheduled for April 5, 2023 at the French Lick Resort.

The 2023 UDWI REMC Annual Meeting of Members is scheduled for April 18, 2023. The meeting will again be held in the headquarters' main garage. Doors open at 5:00 p.m. with the business meeting beginning at 6:00 p.m.

IEC will be hosting an Electric Cooperative Director's Retreat on July 29-30, 2023. The official Save the Date notice was sent out. More information and details will be sent in March.

The next three UDWI REMC board meetings were approved and scheduled for March 27, 2023, April 24, 2023, and May 22, 2023.

With no further business presented, Mr. Cullison adjourned the regular session meeting at 8:17 p.m. to convene into an executive session. The session included Mr. Childs, all present directors in attendance, and Ms. Craft. Mr. Cullison officially adjourned the meeting at 8:50 p.m.

APPROVED:

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David L. Burger, President

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Sophie Haywood, Secretary