

Utilities District of Western Indiana REMC
Regular Meeting of the Board of Directors
Minutes for October 23, 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 October 23, 2023.

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

Melinda Hendrix gave the invocation.

The following directors reported present:

Todd Carpenter	Dax Collins	W. Edward Cullison
Shawn Dugan	Sophie Haywood	Melinda Hendrix
Michael Williams		

Others present were CEO Doug Childs; COO Shane Smith; CFO Michael Sullivan; Office Manager Lydia Campbell; Amanda Craft; Henry Cano, NRECA (virtual); Brian Stavish, CFC; and member Richard Nichols.

Ms. Haywood motioned to excuse the absence of Mr. Kirkling. Mr. Collins seconded the motion and all approved.

Next, Mr. Cullison called for additions or corrections to the meeting agenda. Hearing none, Mr. Williams made a motion to approve the agenda. Mr. Dugan seconded, and the motion carried.

Mr. Cullison also called for additions or corrections to the minutes of the September 25, 2023, regular session board meeting. Some clarification was needed on the IEC director nomination and voting delegate section. Ms. Haywood made a motion to accept the minutes with corrections. Ms. Hendrix seconded, and the motion carried. The Board elected Todd Carpenter as the voting delegate, retained Mr. Childs as the voting alternate, retained Mr. Williams as the IEC Board Representative, and elected Mr. Childs as the alternate representative.

Ms. Craft provided a report for the review of both traditional and social media communications. Her team continues to assist with newsletter creation and social media inquiries and posts. Per Mr. Collins' request, her team created and added new graphs containing website and social media statistics/analytics.

Brian Stavish, CFC Regional Vice President, presented the 2022 Key Ratio Trend Analysis (KRTA) report. He shared 10 ratios specific to UDWI. Key takeaways include:

- Power costs have slowly increased year to year with 2022 being the highest yet.
- Although highly residential-based, UDWI's customer growth has increased over the last 5 years with 1% overall in 2022.
- UDWI continues to return equity in the form of capital credits.
- Modified Debt Service Coverage (MDSC) has been consistently strong from 2017 to 2022. UDWI's equity is the 61st highest in the country and over 73%.

For the next installment of the Board Education Series, Mr. Henry Cano, a representative of NRECA, attended virtually to present the UDWI REMC Technology Plan. Mr. Cano, along with a couple of colleagues, visited the cooperative in June and July. Their team held individual sessions with UDWI employees to gather knowledge pertaining to the co-op's current technology plans and needs. Mr. Cano discussed the plan objectives. Then he shared the assessment conclusions. Strategy groups have been created to ensure the objectives are measured and achieved according to a time frame set forth by UDWI management teams.

Mr. Sullivan presented the cooperative monthly/quarterly financial reports. The regular reports, Statement of Cash Flows, Income Statement, Balance Sheet, and Financial Highlights, all stood as presented.

The 3rd Quarter Capital Budget report was reviewed. New Construction costs were on target as budgeted. Pole replacements were over budget due to many failed pole tests and storm damage. The Construction Work Plan was below budget due to outside contractors being utilized for fiber projects versus new construction projects. Transformer prices continue to rise and meter base costs were up because of advance purchases to keep with demand. A new Ford pickup truck was received for engineering services. The budgeted forklift will not arrive until next year. The co-op spent 60% of the \$6.8 million capital budget during quarter three.

The 3rd Quarter Variance Report was also reviewed. Revenue was below budget due to lower sales volumes. Wages and Salaries were over budget due to a 20% increase in outage restoration overtime hours. Higher overtime amounts also drove up payroll taxes. Member Relations expenses were over budget because of a refund given to a member for a multiplier billing error. Tree Trimming Contractor costs were over due to the addition of two new contractors, additional right-of-way mowing by Lone Tree, and an increase in HHM staffing. The Non-Operating Income and Interest Income was significantly higher than the budgeted amount due to higher interest rates on power bill prepayments.

The Cooperative is requesting approval of the disbursement of capital credits for the years of 1974 through 1977 totaling the sum of \$834,559.79. This will be the second-largest sum returned to members in the history of the cooperative. The accounting department is working toward a November 13th check mailing date. Mr. Sullivan requested approval to release the credits as presented. Ms. Haywood motioned to approve the retirement of the four years. Mr. Collins seconded and all approved.

Last, Mr. Sullivan presented the board with a terms of engagement letter from BHM CPA Group, Inc. for the annual financial audit for the 2023 year-end. The firm will begin the fieldwork as soon as approved. The total cost of audit services is offered at \$28,500, an increase of \$1,000 from the previous year. Mr. Collins made a motion to approve BHM to perform the audit for this period and to authorize President Cullison to sign the letter. Mr. Williams seconded the motion. All present agreed and approved. The motion carried. With this being the third year with BHM, the Board discussed continuing with a 3-year auditor rotation cycle. They suggested informing BHM of the change for next year.

Mr. Smith briefly reviewed the operations department reports. The Operations and Engineering Report shows specific department activity. Curtis Hasler topped out on apprenticeship hours, he is now officially a journeyman lineman and graduates the HEATS program on October 27th.

The Outage Report showed vegetation issues to be the main cause of outages. Mr. Smith stated that 2023 has been a terrible storm year with multiple tornadoes and also the derecho in June.

The Vegetation Management Report was reviewed. The addition of extra contractors was noted in the report. The graph now shows figures for weekly targets which have stayed relatively consistent since adding the additional contractors.

Mr. Childs presented the Manager's Reports. First, he reported on HHM business. The Board of Directors met on October 18, 2023. The 2024 Operations Budget was approved, including the new \$145,000 skid steer with mower head. Crews remain steady with 19 positions budgeted. Also, the additional contractors, Asplundh and Townsend, were built into the 2024 budget.

The September 2023 Hoosier Energy invoice was provided for review. This was another extremely high billing month at \$93.63 per MWH.

Copies of the Conflict-of-Interest Certification and Disclosure Form Appendix A were distributed to all directors and UDWI REMC executive team members for completion. The form affirms they understand and comply with Board Policy No. 200.2 which discloses all family and business relationships within the co-op. Each recipient is to sign the forms truthfully and submit them to the Board President for signature.

Lastly, Mr. Childs acknowledged recent employee accomplishments and shared comments from members. He shared a note from a member commending Tom Sparks for his "eagle eye" in spotting tree limbs on their lines while driving by. A general note was also shared from a member thanking the cooperative for the outage texting capabilities and the ease of the service.

Mr. Cullison called for Director Committee reports. Ms. Haywood reported, the Community Fund Board of Trustees met on September 18, 2023. The group approved and funded nine (9) requests for a total of \$15,600.00.

District 2 Director Todd Carpenter reported on updates and events at Hoosier Energy. The Board of Directors met on October 9, 2023. The 2024 budget was approved. Mr. Carpenter and Mr. Childs also met with Donna Walker to discuss the current contract and other issues.

Treasurer Michael Williams reported on updates and events at Indiana Electric Cooperative (IEC). The Board met on October 18, 2023. The main presenter spoke on electric vehicles. The directors discussed the pros and cons of adding an EV charging station as an employee benefit.

Mr. Cullison offered reminders for upcoming training and meetings. The HEATS Graduation ceremony, along with dinner, will be held on October 27, 2023, at the French Lick Springs Hotel.

Ms. Hendrix and Mr. Kirkling will be attending the next CCD course on November 17, 2023, at IEC.

Indiana Electric Cooperative will host its annual Appreciation Dinner on November 20, 2023, at Ruth's Chris Steakhouse in Indianapolis. The reception will begin at 6:00 p.m. with dinner starting at 7:00 p.m. Mr. Childs and Mr. Williams will attend this year.

Indiana Electric Cooperatives 2023 Annual Meeting is scheduled for December 4-5, 2023, at the Indianapolis Marriott Downtown hotel. The Recognition Banquet will be held on Monday (4th) at 6:30 p.m. Ms. Campbell received notification that Mr. Williams will be recognized for five (5) years of service to IEC. After a brief discussion, Mr. Carpenter, Mr. Williams, and Mr. Childs will attend this year.

The next three UDWI REMC board meetings were approved and scheduled for November 27, 2023, December 18, 2023, and January 22, 2024.

With no further business presented, Mr. Cullison adjourned the regular session meeting at 9:04 p.m. to convene into an executive session. The session included Mr. Childs, Mr. Smith, Mr. Sullivan, Ms. Craft, and all directors in attendance. Mr. Cullison officially adjourned the meeting at 9:26 p.m.

APPROVED:

W. Edward Cullison, President

Sophie Haywood, Secretary