

A REGULAR MEETING OF THE ONTONAGON COUNTY R.E.A.
BOARD OF DIRECTORS WILL BE HELD AT 500 JAMES K PAUL STREET
ONTONAGON MICHIGAN

MINUTES

July 21, 2023 9:30 A.M.

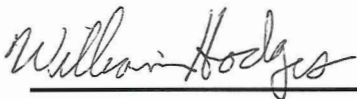
1. The meeting was called to order at 9:30 and turned over to Attorney Pat Greeley to run the Nomination and Election of Officers. Attorney Greeley, called for nominations for president. William Hodges and Calvin Koski were both nominated for president. Each gave a presentation followed by a secret ballot. Hodges was elected President with five votes and Koski agreed to be the Vice-President after receiving two votes. **M/S Lehto/Gaunt** to accept Hodges and Koski as President and Vice President, respectively, all in favor, motion passed. **M/S Myhren/Hodges** for Gasperich as Secretary, there were no other nominations, all in favor, motion passed. **M/S Gasperich/Lehto** for Myhren as Treasurer, there were no other nominations, all in favor, motion passed. Attorney Greeley turned the meeting over to the President.
2. Roll Call – All districts represented: Hodges, Koski, Gasperich, Myhren, Urbis, Gaunt and Lehto.
3. Member comment session -- none
4. Approval of the Agenda **M/S Lehto/Gaunt** to approve the agenda with the correction of the date for the June regular board meeting changed to the 16th. Motion passed.
5. Executive Session -- None
6. **M/S Gaunt/Lehto** to approve Minutes of the June 16 Board Meeting, motion passed.
7. Attorney Greeley reported a letter was sent to the commercial account in arrears and a payment was received at the office for the balance due. He will be reviewing the By-Laws and a few township ordinances regarding collector pole placement for the next meeting.
8. Metering Update – A total of 20 collectors are out, 17 are fully functioning and three are in process of being initiated. Work continues to move north.
9. Line Superintendent's Report – Brad Hanson officially retired after 31 years of service on July 3rd, 2023. Paraphrasing his parting words, I never thought, in a million years that we would be where we are right now. I love watching the excitement that has come back to REA with this young and determined bunch of guys. Thank you, Brad, for your wonderful service, carry on! The complete report is attached.
10. The July Managers' Report was presented and discussed. He encourages the staff to suggest ways to reduce expenses or increase revenues. A cost study was completed on 'new construction' the amount REA expends on hooking up a new customer service vs the amount charged. The increases, effective July 1, will help to offset the expenses incurred. The complete managers' report is attached.
11. Financial Report
 - 11.1 Financial Statements for period ended 05/31/2023
 - 11.2 PSCR Over/Under Collection for period ended 06/30/2023
 - 11.3 List of Bills – June 2023
 - 11.4 Special Equipment Summary for period ended 6/30/2023 for \$66,778.76
 - 11.5 RUS Form 219 Inventory of Work Orders for period ended 4/30/2023 for \$17,222.54
 - 11.6 **M/S Myhren/Gaunt** to accept the report of the Attorney, Line Superintendent, Manager, and Financial Reports, all in favor, motion passed.
12. Business Requiring Board Action
 - 12.1 Board Signatures for 2018 Annual Meeting Minutes **M/S Lehto/Myhren** the minutes were approved at the Annual meeting and will now be signed by the current board, all in favor, motion passed.
13. Other Business
 - 13.1 Gasperich, Gaunt, Lehto, Myhren and Urbis will all attend the Credentialed Cooperative Director (CCD) Training to be held in Marquette in October. The 40-hour class is highly recommended for all coop directors in the US. Hodges and Koski have already completed the CCD.

- 13.2 Board Policy Update (Mike, Jack) – currently working on the harassment section.
- 13.3 2023 Annual Meeting Post Review was a round table discussion. Everyone was pleased a quorum was present, the food was less than stellar, maybe appetizers next time, again talked about changing the time and location. Need to have better recycle receptacles, a timer person in the back to alert the speaker to the minutes remaining countdown, maybe serve food and do the Q&A while eating. Overall, a great meeting!

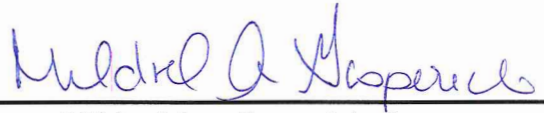
14. Around the Table Discussion – Gasperich, quite happy with all that is going on with the coop and how Eugene and his crew are doing. Budget time is coming up again and she asked that the Board get the outlook for 2024 as soon as possible. Urbis suggested we, as a board, recognize Brad for his years of service and dedication to the Coop. Gaunt reminded all that he and Lehto have been on the board for one year, and it has been a transitional period with staffing and board changes. He sees us as a solid and stable operation. Lehto remarked there were two brief supplier outages, which were known and service announcements were made by the other provider. He wondered if our coop was given any advance notice to those outages, or if notice was only provided to UPPCO. Hodges commended Lehto and Gaunt for their thorough review of the documents and willingness to persevere through the remaining policies. He also provided a direct thank you to Manager Eugene Soumis for all of his work and the great job he is doing.

15. Next Meeting Date: August 18, 2023

16. Motion to adjourn by Myhren at 11.48, sine die.

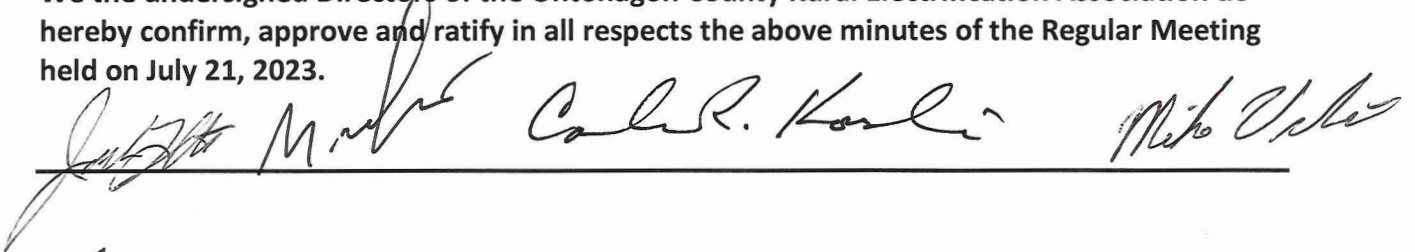
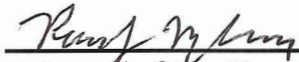


William Hodges, President



Mildred Ann Gasperich, Secretary

We the undersigned Directors of the Ontonagon County Rural Electrification Association do hereby confirm, approve and ratify in all respects the above minutes of the Regular Meeting held on July 21, 2023.

Being, all of the Directors of the Ontonagon County Rural Electrification Association



THE ONTONAGON COUNTY RURAL ELECTRIFICATION ASSOCIATION

2023 July Manager's Report

1. Audit Update – Final Report Received and Distributed.
2. Rate Study Update
 - 2.1 Planning to have all documents submitted by July 20.
 - 2.2 Final CFC Proposal tentatively set for September/October.
 - 2.3 Rate Notice Meeting for Members November/December.
 - 2.4 Implement Rate Increase January 2024.
3. Metering Project Schedule Update
 - 3.1 See Updated Gantt Chart Schedule
4. Installation of the new office security system completion is on target by the end of July.
5. Investigating Pros and Cons of Continuing Net Metering Program. We are currently past the required limit. Per the rate book, The Cooperative's Net Metering Program is available on a first come, first serve basis until the nameplate capacity of all participating generators is equal to the maximum program limit of 1% of the Cooperative's peak load for the preceding calendar year. Peak Load is approximately \$5,500 KW. Total Net Metering KW is more than 100 KW.
6. Waiting on quote for a 500 KW Solar installation from Ben Schimpf with Peninsula Solar out of Marquette. A possibility is to do a solar install at each of our 12 substations (6 MW Total).
7. Waiting for Proposal from Michael Larson Energy Innovations Collaborative. Expected proposal near the end of July. Targeting to have new contract by end of 2023. This is to investigate options to eliminate WPPI (middle man) and work directly with Energy Innovations Collaborative. WPPI contract is \$95,950 annually. Should be able to get much cheaper contract with EIC.
8. Cooperative News
 - 8.1 July Billing – Tree Trimming Notice
9. Energy Innovations Collaborative - \$900.00 in rebates claimed in June.
10. Raised the service fees for new construction 25% beginning July 1. Examples of some changes include raising overhead primary line from \$6.00 per foot to \$8.00 per foot. Raising cable plowing from \$2.50 per foot to \$3.00 per foot.
11. Brad Hanson, Ontonagon Lineman, retired after 31 years of service. A celebration lunch was held at the office. Brad's last day of work was on Monday, June 3.



THE ONTONAGON COUNTY RURAL ELECTRIFICATION ASSOCIATION

12. Received proposal to get on state emergency radio system.
 - 12.1 State is now giving a high estimate to join their system \$800K+.
 - 12.2 Checking with Mike Kocker to see if there are any grants available.
 - 12.3 Waiting for State Proposal Details and Feasibility.

13. MECA Monthly CEO Update – July
 - 13.1 Ontonagon County REA renewed MECA safety contract for 2024 through 2026.
 - 13.2 Outage Credit Ruling passed in our favor to avoid paying the \$35.00 outage credit.

14. Update on Ontonagon REA Department of Energy Grant Concept Paper for 5 MW Wind and Solar Generation. The following was received from the Department of Energy (DOE): “Based on DOE’s review of your Concept Paper, DOE discourages you from submitting a Full Application under this announcement. While you are not prohibited from submitting a Full Application, based on the Concept Paper review, your application is unlikely to be selected for funding.”

15. CFC Strategic Planning Session
 - 15.1 Aaron Stallings with CFC is available in December. Session is tentatively planned for December 5 and 6.

16. Credentialed Cooperative Director (CCD) Training
 - 16.1 Scheduled at the Marquette, MI Landmark Inn.
 - 16.2 Training Dates: Monday, October 2 through Friday, October 5.
 - 16.3 Registration Deadline: August 30.

17. Times Interest Earned Ratio (TIER) and Margins Update (Working on getting Target Ranges from CFC).

17.1 TIER – Operating Range	Target Range: >1.1	Actual: 1.00
17.2 TIER – Net	Target Range: >1.25	Actual: 1.39
17.3 TIER – Modified	Target Range: >1.35	Actual: 1.11
17.4 Current Assets To Current Liabilities	Target Range: 1 to 1	Actual: 2.41 to 1
17.5 Margins and Equities To Total Assets	Target Range: > 27%	Actual: 28.22%
17.6 Long-Term Debt To Total Utility Plant	Target Range: > 50%	Actual: 50.85%

LINE SUPERINTENDENT'S REPORT TO BOARD

July 21st 2023

SAFETY:

We have 0 accident and 0 near misses to report on in June. Next MECA meeting topic will be the importance of staying hydrated and knowing the sign of heat stroke.

TRUCKS AND EQUIPMENT

We have received the new Gooseneck trailer. That still leaves Houghton's Digger to be replaced. We still have several vendors working on finding the right one for us.

SERVICE INTERRUPTIONS:

Total of 14 service interruptions in June. This computes to .5 minutes/members for the month and 2.54 minutes/members YTD for 2023.

VEGETATION MANAGEMENT:

Tree Crew # 1 Mowed 120 spans = 4.5 Miles/ Trimmed 8 Spans = .3 Miles. Removed 531 Danger Trees. Completed 6 Member Reported Tree Tickets. Tree crew 1 is in Misery Bay for the month July and Aug.

Tree Crew # 2 Mowed 30 spans = 1.4 Miles/ Trimmed 53 Spans = 2 Miles Removed 364 Danger Trees. Completed 9 Member Reported Tree Tickets. Tree Crew 2 is still in the Green area, they are going to finish that before they head north. This line has been trouble in the past, so this will absolutely help with the outages in that area.

MISC ITEMS:

All crews are working in their areas and very busy with new services that we have received payments on. We have several that we are still waiting on member payments before we can start construction. Crew 2 is also deploying meters when they are not working on services.

I would also like to add that Brad Hanson said his retirement good byes on July 3rd. He did mention when he was leaving the shop, he never thought in a million years that we would be where we are right now. He said he loved watching the excitement that has come back to REA with this young and determined bunch of guys. They came walking in the door, he said we all taught him somethings and we also learned a ton from Brad.

METERING SYSTEM:

The crew has finished up their part of Herman, Aura and Keweenaw Bay collectors. They will continue working north with crew 2 running the power to each collector. When this is done, I will go out and communicate with vision to get these collectors online. The crew is finishing up in Arvon now and that will complete Baraga/Lanse for metering poles.