

The Ontonagon County Rural Electrification Association
The Regular Meeting of the Board of Directors
At 500 James K Paul Street, Ontonagon, MI

On Friday, August 27, 2019, at 9:00 a.m.

The meeting commenced at 9:04 a.m. pursuant to call.

Directors present:

Wayne Heikkinen, Bill Hodges, Paul Koski, Jim Moore, George Rajala,
Frances Wiideman, and Calvin Koski. A quorum was present.

Others present:

Debbie Miles, General Manager and Pat Greeley, Counsel.

Mark Urbis, Line Superintendent (for his report).

No members appeared for the Member Comment Session.

A motion to approve the agenda was made by Rajala seconded by Heikkinen. On a voice vote the motion passed, all ayes.

A motion by Rajala, seconded by Paul Koski to approve the minutes of the July 19, 2019 meeting; on a voice vote the motion passed, all ayes.

Aaron Stallings of CFC, one of our lenders, gave a presentation using statistics from 2018 for our coop versus a subset of similar coops; from a database of 800+ tracked coops

Some interesting notes:

- Total Kwh sales decreasing all across nation primarily due to energy optimization
- Debt Load/service user is \$3,320
- Median line loss is 5%; ours often exceeds 10%
- Too many idle services (11%)

The CFC not only assists REAs financially but is available for consultation on best business practices of running a coop. The Board has accepted the offer of a CFC-moderated strategic planning session, ideally before the end of the year.

Break from 10:12 – 10:21.

Attorney Greeley reported:

- The transparency statement attracted some comments from board members
- Spoke with Menge attorney – no change
- Working with Miles on status of local government utility franchises
- Checking on right-of-way liability; eliminate worst first
- Looking into personal property tax levies in our service area.

The implementation of an in-house brushing crew was discussed, with a motion by Rajala, seconded by Heikkinen, "To hire the people and equipment ASAP". The vote on this motion was (6) AYE and (1) NAY: Moore. Moore complained that this was a rushed decision; so rushed that the board never asked Manager Miles about the funding of this major investment in line maintenance, an increase from \$125,000/year to approximately \$300,000/year. Miles said that this year's increased expense can be covered but following years may require a rate increase.

A motion to approve both the Line Superintendent's and Manager's Reports was made by Heikkinen, seconded by Rajala; on a voice vote the motion passed, all ayes.

A motion by Rajala and seconded by Moore to approve the following:

- A. Approval of Form 219 Inventory of Work Orders for period ended 06/30/2019 in the amount of \$157,262.69.
- B. Approval of Special Equipment Summary for period ended June 30, 2019 in the amount of \$36,900.95.

On a voice vote the motion passed, all ayes.

The Corporate Transparency Policy was approved, will be posted on the website, a copy sent to Sarah Green as a courtesy.

A motion to approve the list of Bills and the Financial Report was made by Heikkinen and seconded by Rajala. On a voice vote the motion passed, all ayes.

UPPCO update: Miles talked to Dan Crane with some progress made.

Miles attended a meeting with the MPSC at Alger Delta about cybersecurity: we should have an assessment.

Board committees

- Personnel: Rajala, Calvin Koski
- Financial: Hodges, Heikkinen
- Policy & Procedures: Wiideman, Moore, Paul Koski

Miles requested approval to purchase a "Call Capture/IVR System" which would enable members to pay bills via the phone with less interaction with coop staff. Expensive. After some discussion, Moore made the motion, Heikkinen supported, that the coop eliminate the option of on-line payments over the telephone. On a voice vote the motion passed, all ayes. Miles will pick an effective date for this policy and communicate the change to the members.

The next Board Meeting will be held on Wednesday, September 25, 2019 at 9:00 a.m.

There being no further business to come before the Board, President Koski adjourned the meeting at 12:00 a.m.

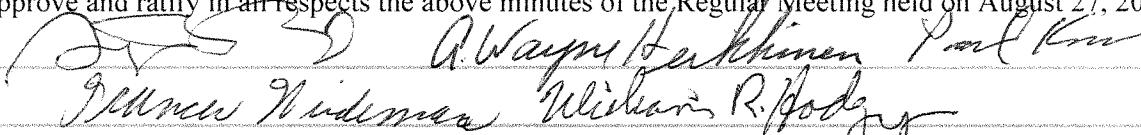


Calvin Koski, President



James Moore, 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 August 27, 2019.



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