

LORAIN-MEDINA RURAL ELECTRIC COOPERATIVE 2022 ANNUAL REPORT

LMRE 
LORAIN-MEDINA
Rural Electric Cooperative
Your Touchstone Energy Cooperative 



THE CO-OP DIFFERE

While 2022 finally started to feel a little more “normal” following two years of learning how to adapt during COVID-19, cooperatives everywhere, Lorain-Medina Rural Electric included, were still feeling the effects of a pandemic-driven world. We’re pleased to report that LMRE met these challenges head on and remained dedicated to providing the same level of expected service to our membership as we always have.

Service reliability remained a top priority for LMRE, but 2022 saw the co-op facing unprecedented challenges in both cost and availability of critical supplies like transformers, and in the transmission and distribution of electricity. The co-op worked hard to combat these costs and delays, purchasing extra materials to keep on hand and closely monitoring shifts in power generation and delivery costs.

Our efforts seem to have paid off, as LMRE once again received high marks regarding member satisfaction. Receiving a score of 85 on the American Customer Satisfaction Index survey provided to members in June, the co-op remained in line with other Ohio electric cooperatives and much higher than investor-owned and municipal utility scores.

Additionally, by taking extra care to monitor economic changes, LMRE was able to give back more than \$2.2 million to current and past members in capital credits for another year. Receiving these credits yearly is one of the most unique and rewarding parts of being a co-op member.

LMRE members also welcomed two new representatives to the board of trustees after longtime representatives Kathy Fox and Dick Indoe retired in July. Rick Dumperth, District 9, joined the board following the 2022 LMRE Annual Meeting after winning the majority of votes in the election. District 3 Trustee Ken Diedrick was appointed by the remaining board representatives after no District 3 members submitted a valid trustee nomination form prior to the election. Both have spent the last year embracing their new roles as two of nine members representing you.

The cooperative also continues to work on ways to potentially grow through economic development, partnering with local governments and other

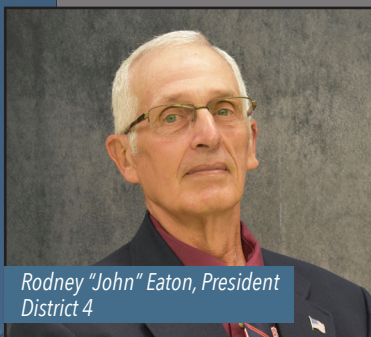
companies to figure out ways to bring more businesses into the service territory. Doing this not only provides our communities with increased job opportunities and revenue, but also helps the cooperative spread out the cost of providing electric service, helping to keep rates and other charges as low as possible.

This work also includes the announcement of a broadband partnership with Medina Fiber to bring high-speed internet to LMRE members in Medina County, a need that grew exponentially during the COVID-19 pandemic.

We understand that without the support of you - our members - the cooperative would not exist. We look forward to making 2023 another successful year of service and growth, and thank you for your membership and continued trust in Lorain-Medina Rural Electric.



LMRE BOARD OF TRUSTEES & GENERAL MANAGER



*Rodney "John" Eaton, President
District 4*



*Gary Rowland, Vice President
District 1*



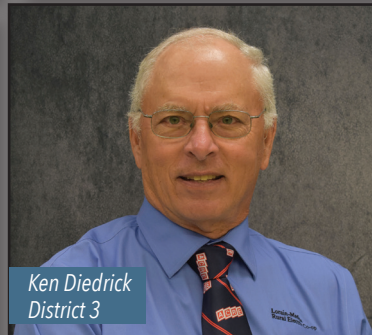
*Brenda Wolfe, Secretary
District 7*



*Keith Lowe, Treasurer
District 8*



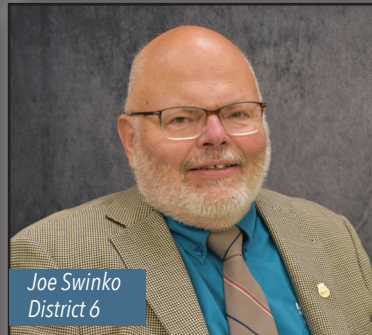
*Jim McConnell
District 2*



*Ken Diedrick
District 3*



*Judy Pickworth
District 5*



*Joe Swinko
District 6*



*Rick Dumperth
District 9*



*Ed VanHoose
LMRE General Manager*



AT THE COOPERATIVE...

As a cooperative, Lorain-Medina Rural Electric places safety, reliability, and affordability of electric service above all else. System maintenance, right-of-way clearing, employee training, and consistent safety inspections help our employees and board maintain the high quality of service our members have come to expect over the years.

Between keeping outages low, welcoming new members, and maintaining nearly 1,600 miles of electric line in five Ohio counties, we keep ourselves busy. This wouldn't be possible without the cooperative employees who show up every day to put you, our members, first. They understand the importance of keeping the power on, and how much our membership values safe, reliable, and at-cost service all the time.



623
NEW MEMBERS

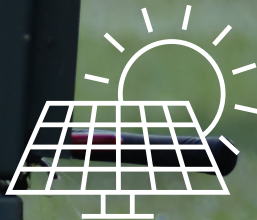


16,748
METERS ON
CO-OP LINES

13,849 MEMBERS

85,878 kWh

TOTAL OUTPUT PRODUCED
BY THE OURSOLAR
PROGRAM PANELS IN 2022



1,573
miles of electric
line powering
the LMRE
service territory



417 OUTAGES

Birds and animals were the
leading cause of outages to
LMRE members in 2022

SERVICE ACROSS
5 COUNTIES

- Lorain
- Medina
- Ashland
- Huron
- Wayne



\$111,069.94

Given to local community organizations in 2022 thanks to the LMRE People Fund

THROUGH 27 GRANTS

\$55,805.93

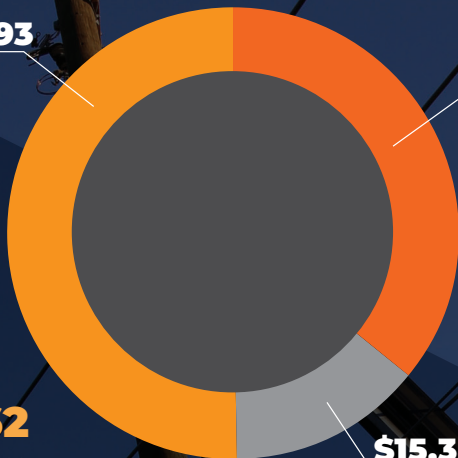
Community Organizations

\$39,877.80

Public Safety Services

\$1,886,162

AWARDED SINCE 1999



\$15,386.21

Youth Initiatives

For LMRE, our community service is just as important as our electric service, and we're pleased with the good we were able to accomplish in 2022. Over \$143,000 was put back into our communities through the LMRE People Fund, matching grants in partnership with CoBank, and college scholarships to local students.

Efforts also remained steady in economic development, advocacy, energy efficiency and innovation, and member satisfaction to help our service continue to grow for the benefit of all our local communities.

At the end of the day, the cooperative wouldn't exist without you all. The people of our communities helped build us 87 years ago, and it is our desire to keep the places we call home moving forward for years and years to come.



\$12,000

Given in scholarships to 6 LMRE high school seniors



2022 MEMBER
SATISFACTION SCORE

85
out of 100

\$20,000

GIVEN IN PARTNERSHIP WITH COBANK
to promote the continued health and growth of our local communities

1,543

MEMBERS AND
FAMILIES WHO
ATTENDED
MEMBER
APPRECIATION
DAY IN 2022



...AND IN THE COMMUNITY

BALANCE SHEET

	2022	2021
ASSETS		
UTILITY PLANT IN SERVICE, NET	\$ 66,417,613	\$ 62,814,221
INVESTMENTS	24,022,388	25,342,239
DEFERRED CHARGES, less current portion	-	46,636
CURRENT ASSETS		
Cash and cash equivalents	1,883,953	9,387,360
Restricted cash	8,118,319	8,354,073
Accounts receivable, consumer, less reserve of \$17,196 for 2022 and \$15,865 for 2021	4,662,146	4,102,237
Materials and supplies and inventories	1,111,810	655,086
Current portion of deferred charges	46,637	183,329
Prepaid expenses	206,255	199,041
TOTAL CURRENT ASSETS	16,029,120	22,881,126
TOTAL ASSETS	\$ 106,469,121	\$ 111,084,222
EQUITIES AND LIABILITIES		
LONG-TERM DEBT, less current portion	\$ 32,989,993	\$ 34,616,408
ACCUMULATED POST RETIREMENT BENEFIT	1,704,033	1,713,210
CUSTOMER DEPOSITS	543,585	549,565
DEFERRED CREDIT	427,511	283,399
PATRONAGE CAPITAL/RETAINED EARNINGS	63,963,952	58,860,977
CURRENT LIABILITIES		
Accounts payable	3,076,638	2,939,076
Accrued expenses	2,692,222	2,523,767
Current portion of long-term debt	1,604,699	1,682,702
TOTAL CURRENT LIABILITIES	7,373,559	7,145,545
TOTAL EQUITIES AND LIABILITIES	\$ 107,002,633	\$ 103,169,104

STATEMENT OF REVENUE AND EXPENSES

	2022	2021
REVENUES	\$ 46,696,978	\$ 41,621,701
OPERATING EXPENSES		
Purchased power	26,382,543	24,939,196
Operations	2,673,387	2,938,922
Maintenance	2,212,512	1,916,830
Consumer accounting expense	788,574	600,348
Consumer service and sales expense	192,944	201,947
Administrative expense	3,162,834	2,408,240
Depreciation	2,931,773	2,795,799
Taxes	1,436,539	1,432,837
TOTAL OPERATING EXPENSES	39,781,106	37,234,119
OPERATING MARGINS BEFORE OTHER ITEMS	6,915,872	4,387,582
OTHER OPERATING ITEMS, NET		
Patronage revenue	1,374,720	1,066,104
Interest expense	(1,215,984)	(1,284,748)
TOTAL OTHER OPERATING ITEMS, NET	158,736	(218,644)
OPERATING MARGINS	7,074,608	4,168,938
NON-OPERATING ITEMS, NET		
Interest and dividend revenue	240,401	65,203
All other, net	48,452	750,603
TOTAL NON-OPERATING ITEMS, NET	288,853	815,806
NET MARGINS	\$ 7,363,461	\$ 4,984,744

LMRE is proud to be a not-for-profit organization. As a member and part-owner of the cooperative, you're entitled to receive money back through capital credits every year.

The LMRE board of trustees approved to return

\$2,298,636

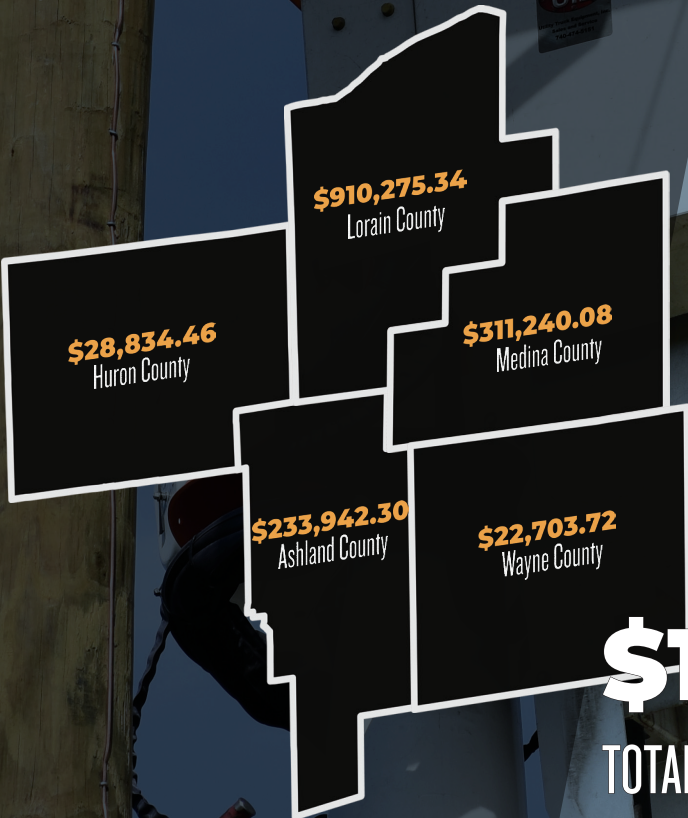
in 2022 to our members, applied to December bills or provided to former members via check.

The cooperative retains annual margins to provide working capital for new construction, equipment, and system improvements throughout our service area. If LMRE's revenues exceed expenses for the year, the excess allocates back to the members in the form of capital credits.

The amount credited to members is determined by how much electricity a member purchases during the year, and the rate at which the member is billed.

\$34,281,381

IN CAPITAL CREDITS HAS BEEN ISSUED TO MEMBERS SINCE 1980



\$1,506,995.90

TOTAL PROPERTY TAX PAID IN 2022

LORAIN-MEDINA RURAL ELECTRIC COOPERATIVE

2023 VIRTUAL ANNUAL MEETING OF MEMBERS

OFFICIAL NOTICE

In accordance with the regulations of Lorain-Medina Rural Electric Cooperative, the board of trustees hereby gives notice that the cooperative will hold its 87th Annual Meeting of Members on July 11, 2023, at 6 p.m. via Zoom.

Members are encouraged to participate in this year's annual meeting through one of two options: 1) viewing the annual meeting livestream through their computer, tablet, or smartphone using the link provided after registration; or 2) calling a specially designated phone number to listen in via the audio-only option.

Registration for the annual meeting is available now on the cooperative's website, and all registered members who attend the meeting will receive a \$25 bill credit. Only one credit will be given per member account. It's important to remember that if your registration does not match your login information, there could be a delay in receiving your bill credit after the annual meeting. Further instructions on how to register for and attend the annual meeting, as well as a meeting agenda, are available on page 20H of this annual report.

Along with receiving updates on the current happenings at the cooperative, LMRE will also announce the results of the voting conducted

regarding the Code of Regulations changes proposed to the membership. All four issues were voted on by the membership in June via paper or online ballot, in an election conducted by Co-op Ballot.

The annual meeting, and our members' participation in it, is part of what makes the cooperative different. We hope to see another large turnout at this year's meeting and encourage questions for the general manager and board president either prior to or during the meeting.

All registered members who attend the annual meeting on July 11 will receive a \$25 bill credit.

If you have any questions about the annual meeting or its process, please contact the LMRE office at 440-647-2133 for additional information and assistance.

MEETING DETAILS

Date: July 11 Time: 6 p.m.

Location: Online or by phone

Join us online for this year's annual meeting and be a part of the cooperative difference! Receive an update on what's going on at your cooperative from Board President John Eaton and General Manager Ed VanHoose.

CODE OF REGULATIONS CHANGES

THE ISSUES YOU VOTED ON

In June, Lorain-Medina Rural Electric Cooperative members were asked to vote on four issues that would affect the language of the LMRE Code of Regulations. The results of this election will be announced during the annual meeting on July 11.

These issues encompassed four main areas, seen on the right, and were proposed to bring the document up to date and uphold governance best practices based on recommendations from our national organization, the National Rural Electric Cooperative Association (NRECA), and our statewide association, Ohio's Electric Cooperatives (OEC). Similar Code of Regulations changes have been made by cooperatives throughout the nation.

The Code of Regulations, also known as the cooperative's bylaws, is considered a living document and should be reviewed and updated regularly to ensure it serves the needs of cooperative members and meets all applicable laws.

It also contains the rules under which the cooperative operates, and addresses key issues such as memberships, annual and special meetings, board nominations and elections, corporate officers, patronage, mergers, indemnification rights, and more.

**A COMPLETE ISSUE LIST, RED
LINE DOCUMENTS, AND ELECTION
INFORMATION IS AVAILABLE ON
THE LMRE WEBSITE AT
LMRE.ORG/2023-CODE-CHANGES**

ISSUE 1

Updates to terms and language, removal of membership certificates, and approval of memberships

ISSUE 2

Board Governance
Rules and Terminology

ISSUE 3

Annual meeting, board compensation, elections, and capital credits

ISSUE 4

Joint Membership definition



2023 VIRTUAL ANNUAL MEETING

HOW TO REGISTER & ATTEND

Haven't registered for this year's annual meeting yet? There's still time! Visit the co-op's website at www.lmre.org/annual-meeting to register online or call us at 440-647-2133 if you require some additional assistance.

Registration for the meeting will close 15 minutes before the scheduled start time of 6 p.m. on July 11. Please be aware that if your registration doesn't match the information you log in with, there could be a delay in receiving your \$25 bill credit.



JOIN VIA COMPUTER

After registering, you will receive an email confirming your registration with a link to view the annual meeting. You will use this link to join the video broadcast of the annual meeting. We'd suggest joining around 15 minutes prior to the 6 p.m. start time.

JOIN VIA TELEPHONE

If you do not have access to a computer to register, please call the office at 440-647-2133 and someone will assist you with the registration process and provide you with a phone number and passcode to listen in to the annual meeting. You do not need to call in any sooner than 5 minutes prior to the 6 p.m. start time.



ANNUAL MEETING AGENDA

- *Presentation of colors and call to order - President John Eaton, District 4*
- *Invocation - Manager of Communications Justis Clifford*
- *Proof of mailing - Brenda Wolfe, District 7*
- *Approval of minutes and board introductions - John Eaton*
- *Election and voting results - Attorney Heather Niedermieier Heyman*
- *President's report - John Eaton*
- *Buckeye Power update*
- *General manager's report - General Manager Ed VanHoose*
- *Questions and answers - John Eaton & Ed VanHoose*
- *Unfinished business - John Eaton*
- *New business - John Eaton*
- *Adjournment - John Eaton*

2022 ANNUAL MEETING MINUTES

JULY 12, 2022

The regular Annual meeting of the members of Lorain-Medina Rural Electric Cooperative, Inc. (LMRE) was held on the 12th day of July 2022, virtually at 6:00 p.m. in accordance with the Code of Regulations of the Cooperative.

The invocation was given by Director of Communications Justis Clifford.

The meeting was called to order by John Eaton, president of the cooperative, who presided. Assistant Secretary Val Darling kept the minutes thereof.

Board Secretary Brenda Wolfe, shared a true copy of the notice of the meeting, together with the proof of the mailing thereof to all members of the Cooperative. The President directed these to be annexed to the minutes of the meeting.

President Eaton reported that 661 members registered for the meeting with 508 members being present virtually and that he had been furnished with a list of those members present, which list was directed by the president to be annexed to these minutes. He then advised the members that in accordance with the provisions of the Code of Regulations of LMRE those members present constituted a quorum of the members of the cooperative and that the meeting was ready to proceed with business.

The minutes of the 2021 annual meeting of the members of Lorain-Medina Rural Electric Cooperative, Inc. were approved without being read, upon motion made by Scott Key from Grafton Township, seconded by Eric Inn from Litchfield Township, and carried.

President Eaton introduced the current board of trustees: John Eaton – District 4, Gary Rowland – District 1, Brenda Wolfe – District 7, Keith Lowe – District 8, Jim McConnell – District 2, Judy Pickworth – District 5, and Joe Swinko – District 6.

President Eaton turned the meeting over to the cooperative's legal counsel, Attorney Heather Niedermier-Heyman, for the election and voting results.

Attorney Niedermier-Heyman reviewed the petition process for nominating candidates and the process for conducting elections by mail and electronic ballot, pursuant to the amendments to the Code of Regulations previously adopted by the membership. Attorney Niedermier-Heyman reported that Joe Swinko of District 6, and Rick Dumperth and William Montgomery of District 9, had filed nomination petitions per the cooperative's Code of Regulations. Attorney Niedermier-Heyman announced the winners: District 6 – Joe Swinko, and District 9 – Rick Dumperth. Attorney Niedermier-Heyman reported that District 3 seat was also up for election, however no LMRE members residing within that district completed a trustee petition by the required deadline. Following the annual meeting, the remaining board members will begin the process of appointing a qualified member to this empty seat. The cooperative will provide further information about this process and its results in the near future.

President Eaton reported on the new headquarters in Spencer, OH project. He gave an update of the LMRE People Fund program. President Eaton encouraged the members to be active in the ACRE program and announced the start of a member advisory committee. He also reported there would be some proposed code changes in the coming year to be considered by the membership.

General Manager Ed VanHoose gave an overview of the past several months progress at LMRE. He reported on the Broadband and the importance of energy efficiency. He then recognized the 2022 scholarship winners Haley Viskocil, Jared Bradford, Claire Anderson, Hunter Allen, Korban Cominsky, and Gunner Brennecke. General Manager VanHoose reported on the economic impact of the economy and the about the shortages of supply chain and rising cost of materials. He also gave an update on the solar energy problems within our membership.

Immediately following, there was a questions and answers session between the membership and General Manager VanHoose and President Eaton.

President Eaton called for any old business to come before the membership. There being no old business, President Eaton called for any new business. There being no new business to come before the meeting, President Eaton declared the LMRE Annual meeting of the members adjourned at 6:44 p.m.



BOARD MEETING HIGHLIGHTS

MAY 2023

To provide additional transparency to the membership, highlights of the board meetings each month will now be published in the monthly Ohio Cooperative Living (OCL) magazine. Due to the expansive number of topics and discussions, these are only the highlights. In accordance with the Code of Regulations, full meeting minutes are available to all members in-person at the co-op during regular business hours.

Call to Order

Meeting was called to order at 5:06 p.m.

Attendance

The trustees present were: President Rodney Eaton, Ken Diedrick, Keith Lowe, Jim McConnell, Judy Pickworth, Gary Rowland, Joe Swinko, and Brenda Wolfe, as well as legal counsel, general manager, and senior staff and legal counsel (or representative).

Auditor's Report

Reviewed the 2022 financial audit. A motion was made, seconded, and approved for the LMRE 2022 Auditor's Report as presented.

Approval of the Consent Agenda

Consent agenda consisting of prior meeting minutes, new members, collection report, delinquent graph, deceased estates, and outage reports.

Action Items

- Safety reports and Integrity Fund Contribution approved as presented.
- A motion was made and seconded to approve Administrative Policy 208, with edits.
- A combined motion was made and seconded to approve the selling of some investment stocks.

- Departmental Reports
- Monthly Financial, Operations, Key Accounts/Economic Development, Communications, IT, Weekly report, and Billing department reports reviewed.
- Power Point from the Scott Madden Management Consulting group about FESCO-membership benefits reviewed.
- GM VanHoose gave a report on the 2023 Strategic Technology Advisory Council meeting.
- HR Brown reviewed Organization Policy 111, Administrative Policies 205, 211, and 215 with no recommended changes. Brown also provided a policy tracking spreadsheet showing a timeline of when policies are reviewed and revised.
- CD Clifford gave the People Fund Board report and updated the Board members about the recent Member Advisory Committee meeting.

Legal

- NRECA Legal Reporting Service Bulletins reviewed.
- Association/Committee Reports
- Reviewed OEC Buckeye Power/President's report.
- Reviewed CFC Solutions report and Federated Open Lines newsletter.
- Vice President Rowland provided the minutes from the LMRE building committee meeting on May 5, 2023.
- A motion was made and seconded to approve the LMRE Building budget.

Board Training

- Reviewed 2023 Legislative Conference.

Adjournment

The meeting adjourned at 8:49 p.m.

