



LMRE

Lorain-Medina Rural Electric

2021 ANNUAL REPORT

THE COOPERATIVE SERVICE YOU DESERVE

For Lorain-Medina Rural Electric, 2021 started much the same as 2020 ended. Employees were working from home, there was increased pressure and concern on keeping everyone healthy as variants of COVID-19 began appearing, and we still needed to maintain the best possible service for our members each day.

Just like in the 1930s, the co-op embraced these challenges and came out stronger for it. We saw an increase in members willing to try things like SmartHub to pay their bills electronically and tuning in for virtual annual meetings, while employees continued to devise new ways for communicating and working together, even from separate locations. All these changes, and more, are working.

LMRE once again received high marks regarding member satisfaction, earning an American Customer Satisfaction Index score of 90 out of 100. We remained in line with other Ohio electric cooperatives and much higher than investor-owned and municipality scores.

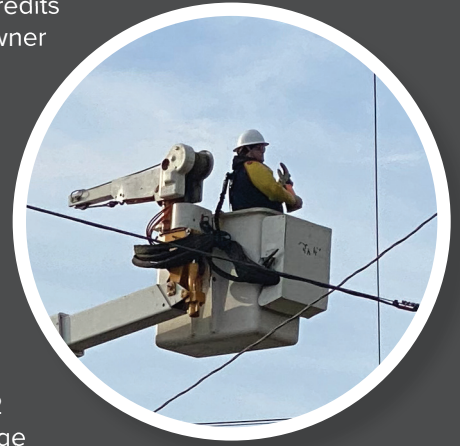
As a not-for-profit electric cooperative, we were also able to give back over \$2.3 million to current and past members in capital credits in 2021.

You received these credits because you're an owner of the cooperative. It's the most unique and rewarding part of being a co-op member.

One statistic we were pleased to see decrease in 2021 was our number of outages, which dropped to 412 with an average outage length of just over two hours.

Our operations department and line crews remain dedicated to updating equipment and focusing on preventive measures like line maintenance and right-of-way clearing to reduce outage times and occurrences wherever possible.

We understand that without the support of you — our members — the cooperative would not exist. We look forward to making 2022 another successful year of service and thank you for your membership and continued trust in LMRE.



District 1

Ruggles Township in Ashland County; Clarksfield, New London, and Wakeman townships in Huron County; and Brighton and Rochester townships in Lorain County

District 2

Florence Township in Erie County; Camden, Henriette, New Russia, and Pittsfield townships in Lorain County

District 3

Carlisle, Columbia, and Eaton townships in Lorain County

District 4

Huntington, Penfield, and Wellington townships in Lorain County

District 5

LaGrange Township in Lorain County

District 6

Grafton Township in Lorain County; Litchfield, Liverpool, and York townships in Medina County

District 7

Clear Creek, Jackson, Orange, Sullivan, and Troy townships in Ashland County

District 8

Homer and Spencer townships and Spencer Village in Medina County; Canaan and Congress townships in Wayne County

District 9

Chatham, Harrisville, Lafayette, and Westfield townships in Medina County



Current board trustees (top) Keith Lowe, Gary Rowland, Rodney "John" Eaton, and Richard Indoe; (bottom) Kathy Norton-Fox, Brenda Wolfe, Judy Pickworth, Jim McConnell, and Joe Swinko

LORAIN-MEDINA RURAL ELECTRIC BOARD OF TRUSTEES

Lorain-Medina Rural Electric is led by nine cooperative members who live and work in the same communities as the members they represent.

The board of trustees meets monthly with our general manager and management staff. They are responsible for setting the cooperative's policies and rates, approving contracts, and regularly reviewing the operating performance of the cooperative and its appointed management. As representatives of the rural community, they communicate the interests of the cooperative's membership.

Contact information for LMRE board members is available on the co-op's website.

Rodney "John" Eaton, President

District 4

reaton@fesco-oh.org

Gary Rowland, Vice President

District 1

growland@fesco-oh.org

Brenda Wolfe, Secretary

District 7

bwolfe@fesco-oh.org

Keith Lowe, Treasurer

District 8

klowe@fesco-oh.org

James McConnell

District 2

jmccconnell@fesco-oh.org

Kathy Norton-Fox

District 3

kfox@fesco-oh.org

Judy Pickworth

District 5

jpickworth@fesco-oh.org

Joe Swinko

District 6

jswinko@fesco-oh.org

Richard Indoe

District 9

rindoe@fesco-oh.org

SEEING THE *Cooperative* DIFFERENCE

LMRE may have a small membership compared to investor-owned utilities, but our impact on the local communities is huge. In 2021 alone, the co-op gave more than \$84,000 back to our communities through the LMRE People Fund, matching grants in partnership with CoBank, and college scholarships.

To give back around the holidays, LMRE employees collected nonperishable food items during the month of December as part of WOBL's Holiday Cheer Campaign to support Second Harvest Food Bank. Over 200 items were donated in just over a week, including canned soups and vegetables, chicken and tuna, various cereals, and lots of peanut butter.

LMRE remained active in legislative matters on behalf of our members, hosting the first in-person ACRE Co-op Owners for Political Action meeting since 2019. In candid conversations with local and state legislators, our members were able to share their concerns and opinions on energy policy decisions affecting rural America — quite literally their own backyard — with the support of their co-op behind them.

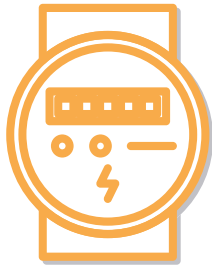
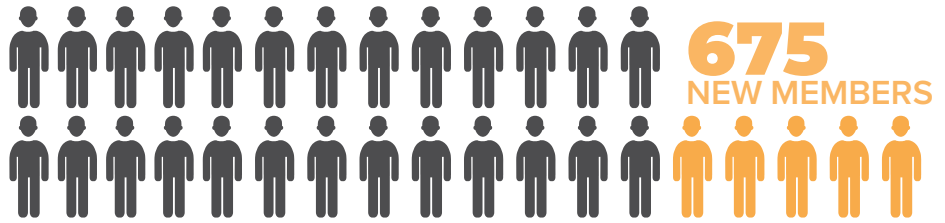
LMRE also assisted other cooperatives, in both Ohio and other parts of the country, who faced large-scale system outages following storms. Even though we're locally owned and operated, part of the co-op difference is providing aid to other cooperatives and their members when called upon. Our linemen meet these challenges head-on and serve as great representatives of our local communities.

Perhaps most importantly, the co-op continued helping our commercial and residential members through rebates and incentives to increase their energy efficiency to lower monthly electric bills. As your electric co-op, we strive to be your trusted source for information ranging from electrical safety and reliability to solar realities in northern Ohio.

The cooperative difference is our foundation, and it is supported and maintained by the same communities that helped build the cooperative 86 years ago.



13,825 MEMBERS



16,671 METERS ON CO-OP LINES

\$58,967.40 THROUGH 13 GRANTS

to local community organizations and individuals in 2021 thanks to the LMRE People Fund

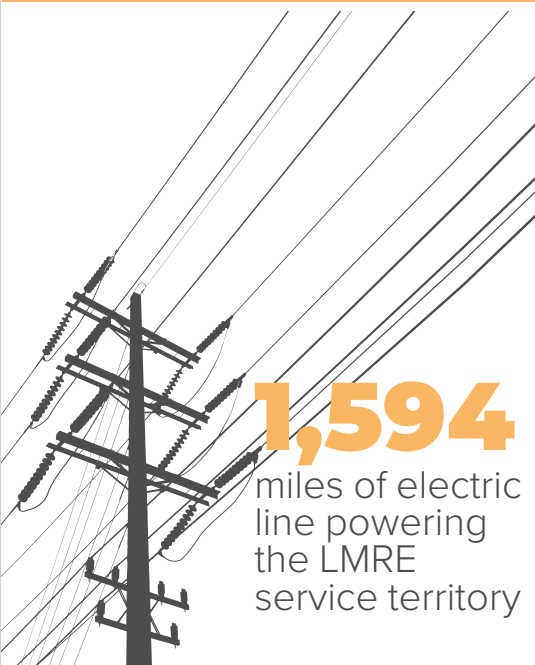
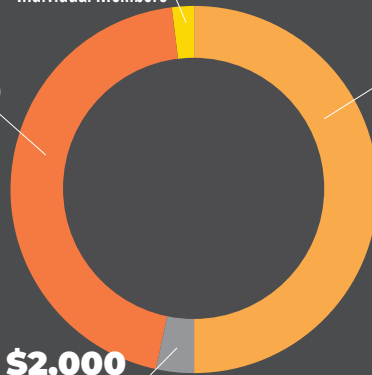
\$1,000
Individual Members

\$24,919
Public Safety Services

\$27,941.90
Community Organizations

\$2,000
Local Schools

\$1,779,734
AWARDED SINCE 1999



1,594 miles of electric line powering the LMRE service territory



2021 MEMBER SATISFACTION SCORE

90

out of 100

\$12,700

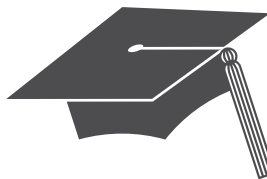
IN PARTNERSHIP WITH COBANK

to promote the continued health and growth of our local communities



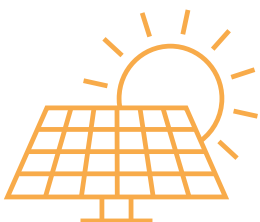
\$13,000

in scholarships to 10 LMRE high school seniors



412 OUTAGES

The average outage time for our members was **two hours** in 2021, a decrease of over an hour compared to the year before.



85,757 kWh

TOTAL OUTPUT PRODUCED BY THE OURSOLAR PANELS IN 2021

FINANCIAL REPORTS

Balance Sheet

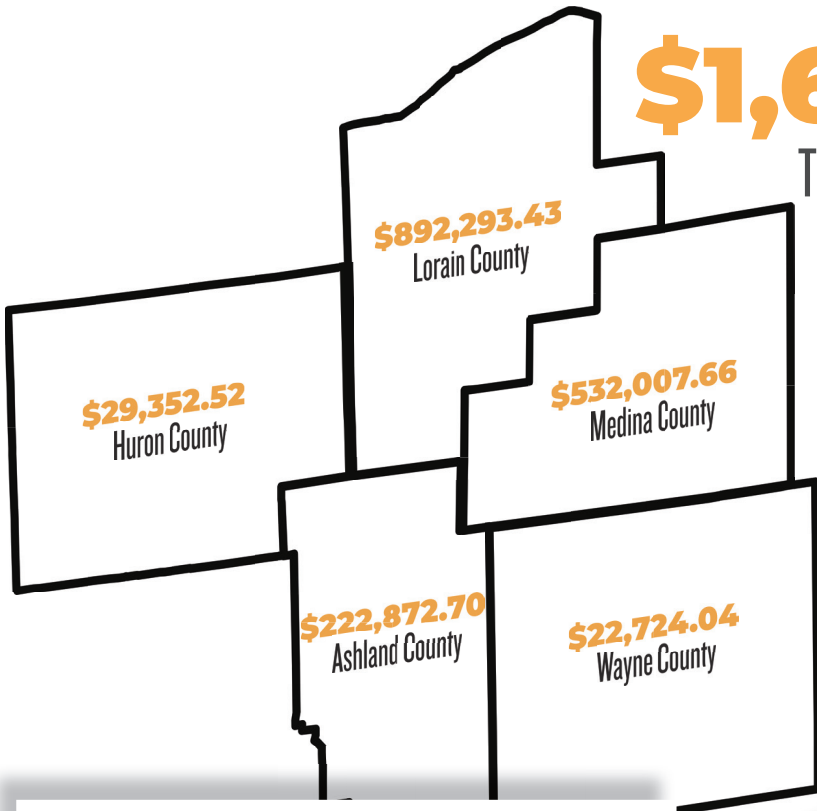
	<u>2021</u>	<u>2020</u>
ASSETS		
UTILITY PLANT IN SERVICE, NET	\$ 62,814,221	\$ 60,378,434
INVESTMENTS	25,835,453	23,168,267
DEFERRED CHARGES, less current portion	46,636	229,965
CURRENT ASSETS		
Cash and cash equivalents	925,876	997,649
Restricted cash	8,354,073	11,346,812
Accounts receivable, consumer, less reserve of \$15,865 for 2021 and \$73,073 for 2020	3,989,679	4,451,224
Materials and supplies and inventories	655,086	456,782
Current portion of deferred charges	183,329	178,284
Prepaid expenses	199,041	191,844
TOTAL CURRENT ASSETS	<u>14,307,084</u>	<u>17,622,595</u>
TOTAL ASSETS	<u><u>\$ 103,003,394</u></u>	<u><u>\$ 101,399,261</u></u>
EQUITIES AND LIABILITIES		
LONG-TERM DEBT, less current portion	\$ 34,454,662	\$ 36,138,805
ACCUMULATED POST RETIREMENT BENEFIT	1,713,210	1,727,627
CUSTOMER DEPOSITS	549,565	590,005
DEFERRED CREDIT	283,399	(43)
PATRONAGE CAPITAL/RETAINED EARNINGS	58,857,013	56,058,683
CURRENT LIABILITIES		
Accounts payable	2,939,076	2,612,973
Accrued expenses	2,523,767	2,016,810
Current portion of long-term debt	1,682,702	2,254,401
TOTAL CURRENT LIABILITIES	<u>7,145,545</u>	<u>6,884,184</u>
TOTAL EQUITIES AND LIABILITIES	<u><u>\$ 103,003,394</u></u>	<u><u>\$ 101,399,261</u></u>

Statement of Revenue and Expenses

	<u>2021</u>	<u>2020</u>
REVENUES	<u>\$ 41,607,709</u>	<u>\$ 38,901,510</u>
OPERATING EXPENSES		
Purchased power	24,939,196	22,906,023
Operations	2,938,922	2,393,118
Maintenance	1,916,830	2,454,594
Consumer accounting expense	600,348	600,402
Consumer service and sales expense	201,947	180,736
Administrative expense	2,407,924	2,495,050
Depreciation	2,795,799	2,715,933
Taxes	1,417,499	1,391,418
TOTAL OPERATING EXPENSES	<u>37,218,465</u>	<u>35,137,274</u>
OPERATING MARGINS BEFORE OTHER ITEMS	<u>4,389,244</u>	<u>3,764,236</u>
OTHER OPERATING ITEMS, NET		
Patronage revenue	1,064,939	1,257,786
Interest expense	(1,272,075)	(1,310,325)
TOTAL OTHER OPERATING ITEMS, NET	<u>(207,136)</u>	<u>(52,539)</u>
OPERATING MARGINS	<u>4,182,108</u>	<u>3,711,697</u>
NON-OPERATING ITEMS, NET		
Interest and dividend revenue	65,203	108,643
All other, net	112,603	(67,973)
TOTAL NON-OPERATING ITEMS, NET	<u>177,806</u>	<u>40,670</u>
NET MARGINS	<u><u>\$ 4,359,914</u></u>	<u><u>\$ 3,752,367</u></u>

\$1,699,250.35

TOTAL PROPERTY TAX PAID IN 2021



LMRE is proud to be a not-for-profit organization that returns our profits back to our members. 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

\$2,306,854

in 2021 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.

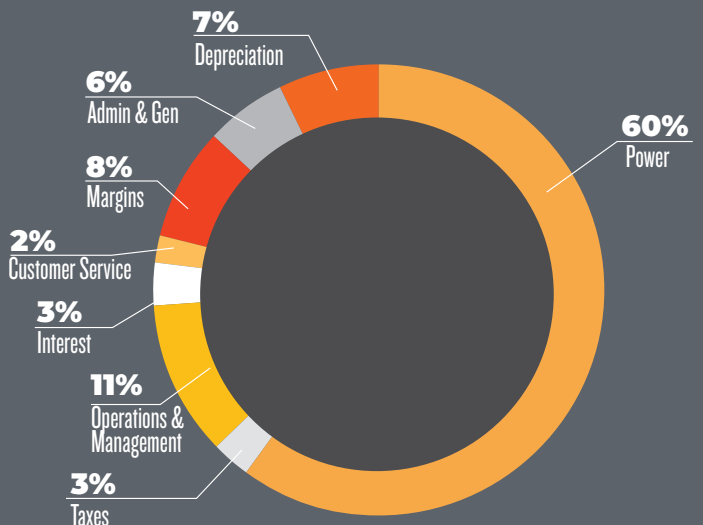
The amount credited to members is determined by how much electricity a member purchases during the year and the rate at which the member is billed.

\$31,982,745

IN CAPITAL CREDITS ISSUED TO MEMBERS SINCE 1980

WHERE YOUR PAYMENT GOES EACH MONTH

More than half of your monthly electric bill goes directly to the cost of wholesale power each month.



Lorain-Medina Rural Electric Cooperative

2022 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 86th Annual Meeting of Members on July 12, 2022, 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 winner of the District 9 election and welcome a new trustee onto the board. The District 9 seat was previously held by longtime trustee Dick

Indoe, who will retire from the position at the end of his term.

This will be the third annual meeting LMRE has held virtually, a change made due to concerns over COVID-19. However, the positive response and increased attendance numbers have encouraged the board to continue this format for another year to include the largest number of members possible.

All registered members who attend the annual meeting on July 12 will receive a \$25 bill credit.

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.

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 12 **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 Rodney (John) Eaton, LMRE's board president, and General Manager Ed VanHoose.

The winner of the District 9 election will also be announced during the meeting.



2022 BOARD OF TRUSTEES NOMINATIONS

Lorain-Medina Rural Electric Cooperative members will welcome a new trustee to the board at this year's annual meeting following the completion of this year's contested election.

In March, Rick Dumperth and William "Lonnie" Montgomery both submitted valid petitions to run for the District 9 seat.

Ballots for this election were mailed to all LMRE members within the territory. Voting opened on June 8, and the election closed on June 29. Members also had the option to cast their vote online.

Joe Swinko, representing District 6, remained unopposed. In accordance with LMRE's Code of Regulations, because there was no challenger in this district race, he will be automatically deemed elected to the board of trustees with a new term starting this month.

District 3, from which current board member Kathy Norton-Fox is retiring at the end of her term in July, received no nominating petitions for this year's election. The board is required to appoint someone to serve upon the vacancy of this seat after the elections are completed.

The winner of the District 9 election, along with Swinko, will officially be announced as trustees starting their new terms during the broadcast annual meeting.



DISTRICT 6



Joe Swinko

DISTRICT 9 CANDIDATES



Rick Dumperth



William "Lonnie"
Montgomery

2022 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 assistance.

Registration for the meeting will close 15 minutes before the scheduled start time of 6 p.m. on July 12. 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 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 we will assist you with the registration process and provide you with the phone number to listen in. You do not need to call in to the meeting any sooner than 10 minutes prior to the 6 p.m. start time.



ANNUAL MEETING AGENDA

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

2021 Annual Meeting Minutes

JULY 20, 2021

The regular annual meeting of the members of Lorain-Medina Rural Electric Cooperative, Inc. (LMRE) was held on the 20th day of July 2021 virtually at 6:00 p.m. in accordance with the Code of Regulations of the Cooperative.

The invocation was given by LMRE Meter Technician Dan Gallatin.

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.

Board President John Eaton reported that 661 members registered for the meeting with 413 members being present virtually and that the Secretary had been furnished with a list of those members present and was directed by the President to be annexed to these minutes. She 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 2020 annual meeting of the members of Lorain-Medina Rural Electric Cooperative, Inc. were approved without being read, upon motion made by Robert Storrow from Brighton Township, seconded by Melissa Clifford from Pittsfield 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, Kathy Norton Fox – District 3, Judy Pickworth – District 5, Joe Swinko – District 6, and Dick Indoe – District 9.

President Eaton turned the meeting over to the Cooperative's legal counsel Attorney Dave Harwood for the election and voting results.

Attorney Harwood 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 Harwood reported that Jim McConnell of District 2, Judy Pickworth and Kathy Duplaga of District 5, and Keith Lowe of District 8 had filed nomination petitions per the cooperative's Code of Regulations. Attorney Harwood announced the winners: District 2 – Jim McConnell, District 5 – Judy Pickworth, and District 8 – Keith Lowe.

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.

General Manager Ed VanHoose gave an overview of the past several months' progress at LMRE. He reported on broadband and the importance of energy efficiency. He then recognized the 2021 scholarship winners Molly Cordonnier, Brooks Powalie, Madalynn Aumend, Timothy Pozda, and additional \$500 scholarships to the remaining 6 top applicants due to the Youth Tour and Youth Day events not being held this year.

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, Mr. 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 6:42 p.m.

ON THE COVER: LMRE Lineman Luke Stone snapped this picture while assisting a fellow Ohio cooperative in repairing damage from a major ice storm.

May 2022 Board Meeting Highlights

To provide additional transparency to the membership, highlights of the board meetings each month will now be published in the monthly *Ohio Cooperative Living* 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 6:01 p.m.

Attendance

All trustees were present, as well as legal counsel, general manager, and senior staff.

Approval of the consent agenda

Discussion dealing with attorney replacement when there is a conflict of interest event added to agenda. Consent agenda consisting of prior meeting minutes, new members, collection report, delinquent graph, deceased estates, and outage reports approved.

Action items

- Executive session to discuss/review employee wage and salary benefits.
- Safety reports reviewed.
- New legal counsel identified in the event current counsel cannot represent the co-op due to a conflict of interest.

Departmental reports

- Monthly financial reports, weekly reports reviewed with the board.
- GM VanHoose reported on the legislative efforts to allow co-ops to utilize the kWh tax for co-op related items instead of going into the Ohio General Fund. Reported freight costs and lead times on materials

continue to grow and are projected to only increase. Reviewed progress report on strategic priority #2.

- Operations, IT, communications, key accounts/ economic development presented monthly reports.
- Special safety presentation given about identifying and recognizing poison hemlock.
- Administrative Policy AP 205, 211, 212, 213, and 215 and Organizational Policy OP 111 reviewed. No recommended changes at this time.
- Special report given on the PIPP program and how LMRE cannot participate because it is funded by private utilities and currently viewed as an unsustainable and costly program for the state.

Legal

- NRECA Legal Reporting Service Bulletins reviewed. Attorney reported on status of legal issue.

Association/committee reports

- Reviewed Buckeye Power/OEC President's report.
- Code of Regulations Committee reported review of code underway for potential recommendations and updates to be presented to membership.
- NRECA training and Legislative Conference reports given.

Miscellaneous

- Thank you notes received shared with all.
- Reported that Kathy Fox's (District 3) last meeting is tonight. Since no petitions were received, the board will need to appoint someone at the July meeting in accordance with the Code of Regulations.

Adjournment

The meeting adjourned at 9:57 p.m.

