

**UNITED ELECTRIC COOPERATIVE SERVICES, INC.**

**MONTHLY BOARD MEETING  
MONDAY, JANUARY 23, 2023**

A regular meeting of the Board of Directors of United Electric Cooperative Services, Inc. (“UCS”, “Cooperative” or “United”) was held at the Cooperative’s offices at 2601 S. Burleson Blvd., Burleson, Texas on Monday, January 23, 2023.

Patsy Dumas, President, presided and acted as Chairman of the meeting. Ms. Dumas called the meeting to order at 9:35 AM. Harry Thompson acted as Secretary.

The following Directors were present, representing a quorum:

Clifford Deal	Tommy Cantrell
John Jones	Patsy Dumas
Harry Thompson	Ed Cardin
Mark Castleberry	

Also present were; Cameron Smallwood, General Manager/CEO; Lindsey Mobley, Executive Assistant; Rick Sorenson, Attorney; Marty Haught, Assistant General Manager/COO; Blake Beavers, Vice President of Member Services & Power Supply; Russell Young, Senior Vice President of Accounting and Finance; Jared Wennermark, Senior Vice President of Planning and Procurement; Quentin Howard, Senior Vice President of System Engineering; Robert Bernhoft, Senior Vice President of Information Services and Security; Marcellus Nixon, Vice President of Internet Services; Kevin Keesee, Vice President of Human Resources and Safety; and Jeff Pannell, Vice President of Business and Community Development.

Russell Young provided the invocation for the meeting.

The following procedures were had (all action being first duly moved and seconded and all action being upon the unanimous vote of the board members present and without dissenting vote or abstention unless otherwise noted):

**MINUTES  
APPROVED**

President Dumas presented the minutes of the December 19, 2022 Board Meeting as well as the December Board Meeting summary. Director Thompson made a motion, seconded by Director Cardin, to approve the minutes and summary. The motion was adopted.

**PRESIDENT’S  
REPORT**

**Recognize Member  
Requests for Board  
Meeting Attendance**

President Dumas recognized that for January 2023 there were no member requests to attend the board meeting.

**February Board Meeting**

President Dumas reminded everyone that the February 2023 Board Meeting is currently planned to be held at United's Burluson office on February 27, 2023 at 9:30 AM.

**Review TEC Directors Conference**

President Dumas stated that several of the directors attended the TEC Directors Conference in Austin, TX on January 16-18, 2023. Director Cantrell stated that the meeting was good, with a virtual reality (VR) safety training session that was interesting. Director Cardin discussed a session on the statistics of the recent election.

**Election of NRECA Voting Delegate and Alternate Voting Delegate**

President Dumas conducted the election of the Voting Delegate and Alternate Voting Delegate for the National Rural Electric Cooperative Association ("NRECA") Business Meeting to be held on March 7, 2023 during the NRECA PowerXchange Conference. Director Cantrell made a motion, seconded by Director Jones, to elect Director Cardin as the Voting Delegate and Cameron Smallwood as the Alternate Voting Delegate for the NRECA Business Meeting. The motion was adopted.

**Election of NRTC Voting Delegate and Alternate Voting Delegate**

President Dumas conducted the election of the Voting Delegate and Alternate Voting Delegate for the National Rural Telecommunications Cooperation ("NRTC") Annual Meeting to be held on March 7, 2023 during the NRECA PowerXchange Conference. Director Cantrell made a motion, seconded by Director Jones, to elect Cameron Smallwood as the Voting Delegate and Marty Haught as the Alternate Voting Delegate for the NRTC Annual Meeting. The motion was adopted.

**STAFF REPORT**

**FINANCE AND ACCOUNTING**

**Financial Report-Electric**

Russell Young, Sr. Vice President of Finance and Accounting, updated the board on the current financial position of the Cooperative. End of the year unaudited financials are included in this month's report. The financials do not include the unbilled revenue and unbilled power cost accruals since sales from January 2023 are needed to calculate the accruals. Total kWh sales for 2022 increased 10.5% from the previous year compared to a budgeted projection of a 2.5% increase. Residential (10.0%), irrigation (92.4%), small commercial (10.8%) and large commercial sales (10.3%) all increased compared to 2021. The gross margin per kWh is 28.6 mills for 2022 compared to a budget of 28.9 mills. Controllable expenses (total operation and maintenance expenses without power cost) and fixed expenses combined are 0.3% above budget. The power cost recovery balance is a payable of \$17,192,000. The Cooperative's equity is 35.6%. Operating margins are \$10,073,314. Net margins, which include internet losses and patronage from cooperative

partners (CFC, TEC, NRTC, CoBank), are \$8,215,456. There was no Brazos Electric Power Cooperative, Inc. (“Brazos”) patronage allocated in 2022. TIER is 2.08 and with only operating margins, Operating TIER is 2.33. 2021’s TIER and Operating TIER were 3.61 and 1.74, respectively. A motion was made by Director Thompson and seconded by Director Cantrell to approve the December 2022 Electric Financial Report. The motion was adopted. A copy of the December 2022 Electric Financial Report accompanies these minutes.

**Financial Report-  
Internet**

Mr. Young reported on the internet financials. Construction, vegetation management and make-ready work continued on Phase One of the high-speed internet project in December. The high-speed internet subscriber count for December was 15,326. The 12-month growth rate is 74% and includes 471 new activations during the last month. Progress continues with VoIP (Voice over Internet Protocol) phone service activations as 783 members are now subscribed. Year-to-date revenues are \$10,868,000. Mr. Young reported that net margins were a loss of \$3,349,000 compared to the budgeted loss of \$3,300,000. Total backbone cost to date is approximately \$46,100,000. Total distribution/smart grid cost to date is approximately \$86,600,000, and total drop cost is approximately \$25,500,000. To date, United has closed over \$30,500,000 of backbone work orders and over \$54,100,000 of distribution/smart grid work orders and over \$7,300,000 of drop work orders. The current take rate, calculated as subscribers as a percent of homes passed with fiber or fixed wireless, is 42.2%. The EPP (Executable Project Plan) model forecasted the take rate would be 40.9% by the end of 2022. A motion was made by Director Thompson and seconded by Director Cardin to approve the December 2022 Internet Financial Report. The motion was adopted. A copy of the December 2022 Internet Financial Report accompanies these minutes.

**Work Orders**

Mr. Young presented the November 2022 Work Orders amount of \$5,177,833.21 for the G8 loan for approval by the board. A motion was made by Director Cantrell and seconded by Director Jones to approve the November 2022 Work Orders amounts as presented. The motion was adopted.

**Checks Over \$1000-  
Electric**

The December 2022 Checks Over \$1,000-Electric report was presented to and reviewed by the board.

**Checks Over \$1000-  
Internet**

The December 2022 Checks Over \$1,000-Internet report was presented to and reviewed by the board.

**Review Status of  
Professional Services**

Mr. Young provided the board with an overview of the professional fees being incurred by the Cooperative this year with the majority being spent with McDonald Sanders, and Bonds Ellis Eppich Schaffer Jones, and United’s financial advisor, Ankura. Increases

over historical norms are primarily attributable to the additional workload related to the February 2021 winter event and the related Brazos Electric Power Cooperative, Inc. (“Brazos”) bankruptcy. Mr. Young discussed that the securitization process reimbursed some of the professional fees which resulted in the actual professional fee expenses being under budget for 2022.

**Review Director  
Expense Update for  
2022**

Mr. Young discussed with the board the 2022 annual directors’ expenses information which was forwarded to the board members prior to the board meeting for review.

**Review Power Cost  
Forecast for 2023**

Mr. Young reported to the board on the power cost forecast from Brazos Electric Power Cooperative for 2023. He reviewed the projected power cost for 2022 and the actual power cost for 2022 and compared that information to the forecasted power cost for 2023. Using the forecast data for 2023, Mr. Young reported that the projected estimated annual cost for a member using 2,000 kWh per month in 2023 is \$3,455.

**Securitization  
Flow/Use of Funds**

Mr. Young reported that the securitization transaction closed on December 14. In coordination with Jefferies, Bank of New York Mellon and Brazos, with funds sourced and transferred as summarized within the Securitization Funds Sources and Uses report presented to the board and as outlined in prior discussions with the board and the Financing Order adopted August 22, 2022. A copy of the Securitization Funds Sources and Uses report presented accompanies these minutes.

**Review and Approve  
Updated Bank  
Resolution**

Mr. Young presented a bank resolution which listed the Cooperative’s bank accounts, including authorized signatures, and related personnel and title changes (the “United Bank Resolution”). A motion was made by Director Cantrell and seconded by Director Thompson to approve the United Bank Resolution as presented. The motion was adopted. A copy of the United Bank Resolution, including the copy indicating the changes being implemented, accompanies these minutes.

**POWER SUPPLY**

**Monthly Report on  
Energy Innovation**

Blake Beavers, Vice President of Member Services and Power Supply, presented the report on Energy Innovation Programs. Mr. Beavers indicated that 79 in-home energy audits were conducted in December 2022 totaling 1,797 year to date. Distributed Energy Resources (DERs) that have been interconnected with United total 1,152 with a total capacity of 16,406 kW. In December, United had 93 members connect a DER to United’s system, consisting of mainly rooftop solar and some battery storage, for a total of 1,369 kW of newly connected DERs. Mr. Beavers reported that the total number

of energy innovation rebates to United members YTD (through December) in 2022 is 4,483 and that 110 energy innovation grants were awarded in December. Mr. Beavers reported that United's Community Solar Program, in December, had 3,727 members with 2 kW subscriptions and 6,173 members with 4 kW subscriptions, totaling 9,900 total subscriptions from 6,814 total members, with a total year-to-date annual savings of \$477.62 per 2 kW subscription and \$955.24 for two subscriptions.

### **Monthly Power Supply Report**

Mr. Beavers reported that Brazos Electric Power Cooperative, Inc. ("Brazos") billed all Brazos members under the Tiered Resource Rate Methodology ("TRRM"), with billing categories of Load, Tier 1 Resources, Tier 2 Resources, and Tier 2 Member-Directed Resources. The December 2022 Brazos budget for Power Supply charges was \$23,046,744.00 for an estimated 222,897,000 kWh, resulting in an average rate of \$0.1034/kWh. The actual December 2022 billing from Brazos was \$27,796,042.33 for 212,052,389 kWh, resulting in an average actual rate of \$0.13108/kWh.

Mr. Beavers also reported that estimates from Brazos projections as to the December 24 and 25 cold spell indicated that Brazos still didn't have United's load covered, so United, pursuant to United's Power Supply Management Policy (Policy No. 2200), executed two hedge purchases for on-peak energy of 50 MW for both days at a cost of \$360,000 to help to ensure that United would not come up short in energy during those time periods.

Mr. Beavers shared with the board a letter received from RUS (Rural Utilities Service) informing United that United has received Administrative approval of the Confirmation Power Supply Agreement between United and Constellation Energy Generation, LLC (Constellation). Mr. Smallwood stated that RUS had previously indicated that approval from RUS would not be required due to the length of the agreement, so the language in the letter was a bit surprising. Regardless, RUS has documented its Administrative approval of the new power supply arrangement with Constellation.

### **Electric Market Rate Comparison**

Mr. Beavers reported on the January 2023 rate comparison in the Texas-Co-op Power magazine which shows United's average rate for 2,000 kWh is 15.89 cents/kWh and the Oncor REP (Retail Electric Provider) average rate for the same usage is 14.62 cents/kWh. The mid-January review of the same information shows United's average rate for 2,000 kWh is 15.89 cents/kWh and the Oncor REP average rate for the same usage is 13.69 cents/kWh.

### **United DG Report**

Mr. Beavers gave an overview to the board on the Cooperative's Distributed Generation Learning Lab, providing energy production and efficiency data for United's DG facilities. Final production from

United's distributed generation solar and wind systems for 2022 totaled 29,462 kWh.

**DG Over-Production Report**

Mr. Beavers shared that in 2022, 268 of United's members with DG systems had a credit on their account for over production. This credit does not carry over into the new year, so each of the 268 members will receive a check for the overproduction they have accumulated in 2022. The total dollar amount for the over production credit for the 268 accounts in 2022 is \$66,822.94. In 2021, United had 162 accounts that received a credit for a total dollar amount of \$24,344.19. United has witnessed a steady increase of Solar DG systems being interconnected. Mr. Beavers reported that another trend United is witnessing is the average size of the systems has increased resulting in more members over producing. Today, the members' approximate average solar PV (photovoltaic) system is 13 kW; in 2016 the average was 7.76 kW.

**Review and Approve 2023 Demand Response and Energy Efficiency Rebate Programs**

Mr. Beavers reviewed with the board that in the past, staff would seek board approval for United's participation in the Brazos sponsored Optional Member Energy Efficiency Program (OMEET) and Optional Member Demand Response Program (OMDRP). The purpose of the OMEET and OMDRP programs is to support United's Energy Efficiency (EE) rebate programs and Demand Response (DR) program. Due to Brazos bankruptcy and Brazos no longer being United's Power Supplier, the OMEET and OMDRP programs of Brazos have been terminated. Mr. Beavers reported that even though Brazos will not manage this program, United's intent is to continue to operate the programs and have related charges flow through power supply charges. Due to the changes in United's power supply, staff has an objective this year to hire a third-party consultant to evaluate all EE (Rebates & Grants) and DR programs to see if the programs are still beneficial. Due to the study taking place this year, staff has decided to not make any changes to the current programs. Depending on the outcome of the study many of the current programs could be eliminated or the incentive amount could be adjusted, but any such resulting changes would not be anticipated to go into effect until 2024. The schedule of the 2023 energy efficiency and demand response program budget is \$757,500 and this is inclusive of the energy efficiency rebate programs, demand response program (AutoGrid cost and incentives), and the hiring of a third-party consultant to perform the related studies. This year's budget for all the energy efficiency rebate programs is \$602,500. The HVAC tune-up program (\$425,000) is 71% of the total energy efficiency budget. The HVAC Tune-up program has been the most popular rebate since the inception of the program. This year's budget for United's demand response program is \$105,000. This is for the cost associated to manage and operate United's thermostat program, on which United uses AutoGrid as its Distributed Energy Resource

Management (DERM) provider, and the incentives United provides to the members that participate in the program. This year's budget also includes \$50,000 to hire a third-party consultant to perform a cost benefit analysis of United's current energy efficiency and demand response programs. The net impact of the 2023 energy efficiency and demand response budget to United's rates is a projected \$0.000268/kWh for a total cost of \$0.5361 at 2,000 kWh usage. A motion was made by Director Jones and seconded by Director Cardin to continue internally at United OMEEP and OMDRP programs to support United's Energy Efficiency (EE) rebate programs and Demand Response (DR) program, through related power supply charges and to approve the 2023 Energy Efficiency and Demand Response Budget at \$757,500 as presented. The motion was adopted. A copy of the 2023 Energy Efficiency and Demand Response Budget as presented accompanies these minutes.

### **Report on Lapetus Solar Status**

Mr. Beavers reviewed with the board that Duke Energy Renewables initiated communications with Brazos in June 2022 regarding the distressed financial condition of Duke Energy Renewables Lapetus Energy Project that occurred during storm Uri as well as the basis differential that can occur between the Lapetus node price (west zone) compared to the North Hub delivery point. Duke Energy Renewables asked if Brazos and the participating Lapetus Members would consider any concessions or termination of the Lapetus Energy Project, LLC's PPA #2. In December, the Brazos Board authorized the termination of power-purchase agreements # 2 between Brazos and Lapetus Energy Project, LLC ("Lapetus"). Lapetus "PPA #2" has been terminated and, on December 30, 2022, Brazos received payment for termination. Instead of taking the settlement for United of \$5,743,500 into United's general fund, United has moved those funds to the Brazos prepayment program where it is earning 5.25%. United's staff will be doing several studies on the next steps relating to adding more solar to the United Community Solar program and these funds are anticipated to be available for United's related use. Mr. Beavers reported that the staff would present a review of these options with the board for future consideration later in 2023.

### **SAFETY AND HUMAN RESOURCES**

#### **Personnel Report**

Kevin Keesee, Vice President of Human Resources and Safety, reported to the board on recent hires, transfers, promotions, and retirements, as well as currently open positions at the Cooperative. Mr. Keesee reported that United currently has 207 employees, 1 intern and 3 current openings.

## **Safety Report**

Mr. Keesee reviewed with the board the January 2023 safety report and reported that United's consecutive hours with no lost time accidents through December 16, 2022 is 1,063,639.10. Two monthly safety meetings were held in December with discussions on hypothermia, fire extinguishers, aerial lifts and qualified employees. The safety department held 15 weekly safety meetings, with operations employees in attendance.

## **Review and Approve Consultant to Perform Annual Wage and Salary Assessment**

Mr. Keesee reported to the board with respect to consideration of retention of MDF HR Consulting as the wage and salary consultant to assist management of the Cooperative and the board in conjunction with wage and salary matters in 2023, including management's implementation of the Cooperative's Policy No. 3610, Subject: Wage and Salary Policy. Policy No. 3610 includes as one of its objectives, "To establish salaries that will attract and retain qualified personnel and encourage strong performance, growth and development." Mr. Keesee reported that in conjunction with the implementation of this policy, the Cooperative has historically engaged a third party wage and salary consultant to provide data-based recommendations for achieving market-based compensation, and has utilized the services of MDF HR Consulting, and its principal, Michael Frizzell, each year since 2004, with the exception of 2016. Mr. Keesee reported that management continues to consider MDF HR Consulting and Michael Frizzell's consulting work with United to be of high quality and recommends that MDF HR Consulting be engaged as the Cooperative's third party compensation consultant for 2023. Mr. Keesee reviewed with the board the MDF HR Consulting's Statement of Work, and the experience of MDF HR Consulting, including MDF HR Consulting having indicated it has more than two dozen cooperative clients in Texas and 114 electric cooperatives in other states. The total project fees as indicated by the statement of work and fee quote from MDF HR Consulting for 2023 is \$7,600 which includes \$5,600 for updating of compensation model and \$2,000 for a board presentation. A motion was made by Director Cantrell and seconded by Director Thompson to approve MDF HR Consulting to be the 2023 Wage Consultant. The motion was adopted.

The board took a break for lunch at 11:56 a.m. and reconvened at 12:45 p.m.

## **SYSTEM ENGINEERING**

### **Construction Projects and Contractors Report**

Quentin Howard, Sr. Vice President of System Engineering, reviewed with the board the list of major residential and commercial projects and developments with which UCS is involved, and which are in varying stages of planning, design, and construction. The



report also included information on Copper Changeout, Pole Replacement, and Powerline Safety Act (PLSA) projects. Mr. Howard presented an updated report that shows the number of outside contractors that United is currently utilizing including a more detailed breakdown of Construction Contractors. As of December 2022, United is utilizing 128 outside crews consisting of 437 contractor personnel.

## **PLANNING, PROCUREMENT AND FACILITIES**

### **Outage Report**

The year-to-date report on outages was received by the board in the Boardpaq distributed prior to the meeting and included the recent storms and the related outages increase experienced. The report included an updated 2022 rolling 12 month average, and five year average graphic depictions of the Customer Average Interruption Duration Index (CAIDI) and System Average Interruption Duration Index (SAIDI).

### **Facilities Update**

Jared Wennermark, Senior Vice President of Planning and Procurement, updated the board on the status of several of United's facilities projects. The Mansfield office is expected to have permit approval from the City of Mansfield in January. A kickoff meeting was held on January 5<sup>th</sup> and the site walk was January 10<sup>th</sup>. An ATT fiber box was discovered in the proposed drive entrance on 2<sup>nd</sup> Avenue (outside property) and there is also ATT fiber along Klein Blvd. in the easement. Yates's construction trailer will be set by the end of January and a camera will be mounted on a pole for time-lapse photos of the construction of the office. A groundbreaking is scheduled for January 26<sup>th</sup>, 2023 at 2:00PM. Mr. Wennermark reported that there have been additional solicitations since the last round on the possible sale of United's Mansfield remaining property in excess of that to be utilized for United's Mansfield construction project. It was discussed for United to contact several real estate brokers to assist United in its consideration of a possible sale and determine a possible listing price. Information will be collected and discussed with the board at a future meeting. For United's Cleburne office project, an internal meeting was held on December 21<sup>st</sup> to evaluate the current design. Mr. Wennermark reported that staff has from updating review recognized that an additional build of an additional 5,300 sq. ft. is anticipated to be necessary to accommodate future growth. This expansion from initial plans would add 13 offices and 15 workstations. The Cleburne facilities project is currently estimated to be 60,300 sq. ft. total (44,300 sq. ft. of office space and 16,000 of warehouse/shop). The schematic design (SD) restart meeting with the architects, BBP, was held on January 9<sup>th</sup>, 2023 to add the expansion and provide other updates. The updated

design/pre-con fees are to be determined and the first-run new guaranteed maximum price (GMP) estimate will be provided once the SD update is complete, ideally projected to be presented at the March board meeting.

## **INTERNET SERVICES**

### **Internet Services Update**

Marcellus Nixon, Vice President of Internet Services, updated the board on the internet services project. Mr. Nixon reported that United has 15,579 active internet subscribing members as of January 13, 2023. Mr. Nixon gave an update on the construction aspects of the internet project. The internet department has identified a preliminary list of the top 6 of 14 potential locations to serve non-member areas, including Keene, Pecan Plantation, Graford, Meridian, Dublin, and Crowley/N. Johnson County, but Mr. Nixon stated these areas are still being reviewed by staff. Mr. Nixon discussed how Member Serving Terminals (“MST”) work and the general design for fiber in the rural areas in response to questions recently received from board members.

### **Internet Outage Report**

Mr. Nixon reviewed with the board year-to-date internet outages and the related reports distributed to the board; a report including 12-month average graphic depictions of the Customer Average Interruption Duration Index (CAIDI) and System Average Interruption Duration Index (SAIDI) which was included in the Boardpaq distributed prior to the meeting.

## **OPERATIONS**

### **Annual Support for NRECA International Program**

Marty Haight, COO/Assistant General Manager, addressed the board on the topic of the NRECA (National Rural Electric Cooperative Association) International Program. Mr. Haight summarized for the board some of the programs of the NRECA International Foundation (“International Foundation”). For the last 50 years, the International Foundation has contributed assistance towards the providing of safe, reliable and affordable electricity to developing countries around the world. While helping to energize these areas so that the recipients of this assistance might realize greater comforts and viable economic opportunities is the primary objective, the International Foundation projects also help pave the way for NRECA and its contributing partners to share the cooperative business model with developing countries. Contributions from the cooperative network are key to the success of the International Foundation’s offering of these life-changing projects. UCS has been recognized as a consistent provider of funds necessary to assist in deploying these projects and the International Foundation, again, is seeking the Cooperative’s assistance. UCS has traditionally

contributed at the National Partner level, with a contribution of \$2,500. A motion was made by Director Jones, seconded by Director Cantrell, to contribute \$2,500 to the NRECA International Foundation in support of its projects in 2023. The motion was adopted.

### **United Securitization Communications**

Mr. Haught stated that United has always been committed to continual, transparent communications with the Cooperative's membership. As such, communication has been a constant throughout and in the aftermath of Winter Storm Uri in February 2021. Whether on the pages of Texas Co-op Power, social media platforms, the website or in-person or by telephone town hall meetings, United will continue to practice Cooperative Principle #5: Education and Information so that members can better understand the Cooperative and its activities. Making the complexity of the bankruptcy process and subsequent securitization something comprehensible for the membership is no small challenge. However, leading up to the securitization, the communications has been consistent and straightforward. In addition to the standard communications channels mentioned above, United employees have also been instrumental in the Cooperative's communications efforts. Through United's monthly employee meetings and talking points developed internally throughout the process, employees have been armed with the necessary information so that they can be knowledgeable about the process and, subsequently, share that information with the membership. Mr. Haught recapped an overview of some of the communications that have been shared with the membership regarding the bankruptcy and the securitization.

## **TECHNOLOGY**

### **Technology Report**

Robert Bernhoft, Sr. Vice President of Information Services and Security; discussed with the board the recent switch to the Invoice Cloud credit card processing company from the old service provider, Vantiv. He shared the reason for the switch was for more payment options as well as more integration with the existing Milsoft CIS system. Mr. Bernhoft reported that the bank draft information is more secure than before, but because the credit card numbers could not be downloaded from the old system due to security standards, the members with credit card draft set up on the old system have to reestablish the credit card draft on the new system. Emails and letters were sent out, and United has had some members get late notices and even some disconnected because they didn't realize they needed to update their information on the new system. Another issue is that some members are complaining about getting emails regarding payments due and payments being posted, when they didn't before. Mr. Bernhoft indicated that United is working with Milsoft and Invoice Cloud on a daily basis working through the several issues

since United switched to the new system. Mr. Bernhoft provided updates that on January 20<sup>th</sup> both Milsoft and Invoice Cloud were onsite to participate in a meeting with United. They are working hard to address all the issues mentioned above and several key issues are expected to be resolved and implemented into the live system the first week of February.

## **BUSINESS DEVELOPMENT**

### **Monthly Business and Community Development Update**

Jeff Pannell, Vice President of Business and Community Development, provided his monthly update to the board that included community events that United attended and/or sponsored, business development events in United's territory, and UCS's visits with current key accounts.

## **MANAGERS REPORT**

### **Legislative Update**

Cameron Smallwood, General Manager/CEO, discussed with the board several topics in this portion of the meeting including the Texas Legislative update. Mr. Smallwood displayed to the board NRECA's policy roadmap for 2023. He also discussed some noteworthy bills on the docket for the 2023 Texas Legislative Session.

### **CEO Conference**

Mr. Smallwood attended the NRECA CEO Close-up in January. He reviewed with the board that about 400 CEO's attended. Mr. Smallwood spoke on the design of United's broadband project, during a panel session. Mr. Smallwood discussed that many of the sessions focused on leadership, and that there were a lot of new CEOs present.

### **Brazos Bankruptcy Update**

Mr. Smallwood discussed with the board the status, developments, and steps ongoing in the recently closed Brazos bankruptcy, including an overview of related considerations, as well as related legal issues and potential impacts.

The adversary lawsuit with ERCOT within the bankruptcy has been dismissed and Brazos has exited bankruptcy. The sales process for Brazos' generation assets is beginning. All fee applications of professionals working in the bankruptcy have been filed and there has been some discussion as to the extreme nature of some of these invoices. Tri-County Electric Cooperative has requested in the bankruptcy exit process that a first right of refusal be given to them on the future sale of their substations, but Brazos has not taken any steps towards this yet. United has requested to be involved in any discussion regarding implementation of a first right of refusal for

future sale of substations.

An executive session was called by President Dumas at 3:02 p.m. In addition to the board, Mr. Smallwood, Mr. Haught, Mr. Beavers, Mr. Young, Mr. Sorenson, and Mrs. Mobley, were attending. Mr. Bernhoft, Mr. Wennermark, Mr. Nixon, Mr. Howard, Mr. Pannell, and Mr. Keesee exited the meeting. Following the executive session, the regular session of the board of directors reconvened at 3:27 p.m. Mr. Bernhoft, Mr. Wennermark, Mr. Nixon, Mr. Howard, Mr. Pannell, and Mr. Keesee reentered the meeting.

**Legal Report**

Rick Sorenson addressed the board on recent legal matters of the Cooperative on which his firm has been working to the extent not addressed in discussion of earlier agenda matters or addressed in executive session.

**Brazos Report**

Mr. Smallwood reported on the Brazos Electric Power Cooperative, Inc. (“Brazos”) Board Meeting December 21, 2022. Copies of the Brazos Board Minutes were attached to the board packet for review prior to the Board meeting.

**MEETINGS &  
CONFERENCES**

Lindsey Mobley, Executive Assistant, reviewed the upcoming meetings and conferences.

An executive session was called by President Dumas at 3:47 p.m. In addition to the board, Mr. Smallwood, Mr. Sorenson, Mr. Haught, Mr. Keesee, Mr. Wennermark, Mr. Howard and Mrs. Mobley attended the executive session. Following the executive session, the regular session of the board of directors reconvened at 3:52 p.m.

**ADJOURN**

There being no further business to come before the board, Director Thompson made a motion, seconded by Director Jones, to adjourn. The motion was adopted. The meeting adjourned at 3:53 p.m.

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Secretary

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President