

Teletownhall annual meeting

June 13, 2023 at 7:00 p.m.

Logan County Electric Cooperative is excited to connect with our members on June 13 at 7:00 p.m. during the 87th annual meeting of members.

This meeting will be conducted as a teletownhall meeting, and we value your attendance at this event. In 2021, over 500 members attended the meeting. In 2022, over 600 members attended.

Teletownhall annual meeting

A teletownhall meeting is a meeting where cooperative members receive a call from the cooperative and will hear a recorded message from Director of Communications Michael Wilson. You will be asked to hold on the line while the other members are called. Within a few minutes the teletownhall annual meeting will begin.

Contact Information

Before this event, please be sure the phone number listed on your cooperative account is current so that you don't miss this meeting. Not sure? Look on SmartHub, send us an email, or call the office and update your contact information.

Caller Id

The caller-id for the meeting will show "Logan Co-op" or "937-565-4216".

Toll-free access

If you miss the call, or if your phone drops the call, you can still participate in the annual meeting. Gain direct access to the live event by calling 1-888-886-6603.

Event Reporting

After the event, the cooperative will receive a report that includes a list of participants, poll results, and a quality recording of the entire teletownhall meeting.

Member Bill Credit

This report will list how many minutes each participant stayed on the call. Members who stay on the call for at least twenty (20) minutes will receive a \$20 bill credit.

Please keep this packet of information to reference during the annual meeting.

Agenda: 87th annual meeting

7 p.m. Receive a call from Logan County Electric Cooperative @ 937-565-4216

Dropped the call? Don't worry - reconnect with us @ 1-888-886-6603

I. Welcome

A. Called to order

- Board of Trustees Chairman Scott Hall

II. Business meeting

A. Reading of official notice of annual meeting

B. Minutes of 2022 annual meeting p. 3 — 5

- Minutes to be affirmed by membership

C. 2023 nominating committee report p. 6

D. 2023 Trustee election results

E. Administer Oath of Office

- Doug Smith, Attorney at Smith, Smith, Montgomery & Chamberlain

F. 2024 nominating committee p. 6

- To be affirmed by membership

III. Management Reports

A. 2022 Financial Report p. 7 — 10

Tiffany Stoner, Vice President of Finance and Administration

B. President's Report:

Tim Street, President/General Manager

III. Conclusion

2022 ANNUAL MEETING MINUTES

ANNUAL MEETING OF THE ASSOCIATION MEMBERS LOGAN COUNTY COOPERATIVE POWER & LIGHT ASSOCIATION, INC.

June 14, 2022

The 86th Annual Meeting of the members of the Logan County Cooperative Power & Light Association, Inc. was held on Tuesday, June 14, 2022 at 7:00 p.m. in the form of a telephone townhall meeting, pursuant to notice duly given to all members.

The meeting was called to order by Chairman Scott Hall, who presided and who welcomed the members, and declared that a quorum was present.

Upon motion, duly seconded and carried, the reading of the Minutes of the Annual Meeting of June 8, 2021 was dispensed with. The Chairman then called for any additions or corrections to the Minutes and, there being none, upon motion, duly seconded and carried, the Minutes of the Annual Meeting of June 8, 2021 were accepted as presented and distributed prior to the meeting.

The Chairman then introduced Mr. Michael Wilson, Director of Communications, who introduced the members of the Nominating Committee as follows: Kevin Knief - District 1; Scott Risner - District 2; David Evans - District 3; Jay Ackley - District 4; Greg Krisher - District 5; Tim Jenkins - District 6; and Janet Detrick - District 7. Mr. Wilson reported that the Nominating Committee met on January 11 and January 20 to interview the ten members who submitted Trustee Interest Cards for District 5, District 6, and District 7. He thanked the candidates for volunteering to be on the ballot and introduced them as follows: District 5 - Jerry Cline and Rod Hager; District 6 - Scott Hall and Deb Anderson; District 7 - Warren Taylor and Kevin Barth.

Mr. Douglas M. Smith of Smith, Smith, Montgomery & Chamberlain, LLC was then called upon to announce the results of the election as tallied and certified by Diamond Communications Solutions. Mr. Smith reported that there were 760 ballots cast in the election, representing approximately 19% of the eligible voting members, and that Jerry Cline was elected as District 5 Trustee, Scott Hall was elected as District 6 Trustee; and Warren Taylor was elected as District 7 Trustee. Mr. Smith congratulated Mr. Cline, Mr. Hall and Mr. Taylor and further advised that the oath of office would be administered to Mr. Cline, Mr. Hall and Mr. Taylor prior to the Reorganizational Meeting in July, at which time, Mr. Cline, Mr. Hall, and Mr. Taylor would be required to sign an oath of office, which oath would then be filed with the annual minutes.

The Chairman then presented the 2023 Nominating Committee as appointed by the Board of Trustees and to be affirmed by the membership as follows: Lance Hill - District 1; Scott Risner - District 2; David Evans - District 3; Jay Ackley - District 4; Greg Krisher - District 5; Tim Jenkins - District 6; and Gary Ginter - District 7. Upon motion, duly seconded and carried, the 2023 Nominating Committee was affirmed.

The Chairman then introduced LCEC President and General Manager, Joe Waltz, to discuss the proposed changes to the Code of Regulations which proposed changes had been included in the

package of information provided to the members prior to the meeting. Mr. Waltz began the presentation by noting all three proposed changes would be to Article 4, Section 4 regarding the LCEC Board Nominating Process. Mr. Waltz reviewed the changes which were as follows: First, to delete the statement “no person shall serve on the Nominating Committee more than three consecutive years”; Second, to amend the date written petitions must be submitted from 45 days prior to the annual meeting to 90 days prior to the annual meeting; Third, to reduce the number of signatures required for a member to petition their way on to the ballot from 100 to 50 signatures. Regarding the first proposed change, Mr. Waltz advised that allowing members of the Nominating Committee to serve more than three consecutive years on the Committee would allow for more experience as the Committee reviews prospective Trustee candidates. Mr. Waltz further advised that proposed change Number 2 would allow petitioned candidates to be included in the Ohio Cooperative Living Magazine article with the other Trustee candidates who are chosen by the Nominating Committee. As to the third proposed change, Mr. Waltz advised that a reduction in the number of signatures would be necessary to allow the petitioning member to meet the 90 day deadline proposed as change number two. Upon motion, duly seconded and carried, the proposed changes to Article 4, Section 4 of the Code of Regulations were affirmed.

The Chairman then introduced the Director of Finance and Accounting, Tiffany Stoner, to present the 2021 Financial Highlights Report. Ms. Stoner reported \$20,787,068.00 in revenue (an increase of \$1,310,348.00 from 2020) and kilowatt sales of \$171,642,155.00 for 2021. Ms. Stoner noted a 7.7% reduction in kilowatt sales from 2020 to 2021 and indicated that the reduction was due, in part, to the interruption in commercial business due to Covid19. Regarding expenses, Ms. Stoner reported expenses for 2021 were up \$1,3046,651.00 from 2020; that of the \$20,114,923.00 in expenses for 2021, \$13,846,670.00 were related to costs of power, and represented 69% of the total expenses paid by the cooperative. Ms. Stoner also noted the remaining 31% of expenses were related to line maintenance, substation maintenance, tree trimming, consumer accounts, management, kilowatt taxes to the State of Ohio and interest on debt. Ms. Stoner also reported \$796,797.00 in patronage capital was retired in 2021 and that “life-to-date” patronage capital retirement stands at \$12,948,899.00.

Ms. Stoner provided a brief review of the independent auditor’s report prepared by Rea & Associates in March, 2022, noting Logan County Electric Cooperative received a “clean” opinion, which, Ms. Stoner explained, means the members and others who rely on the financial statements of Logan County Electric Cooperative can be assured that proper controls are in place to safeguard assets of the cooperative and that the financial statements can be relied upon.

The Chairman then introduced LCEC President and General Manager, Joe Waltz, to present his Annual Report. Mr. Waltz welcomed the members who are participating in the Annual Meeting and advised that, while the Annual Meeting was, once again, being conducted as a townhall event, the Co-Op planned to continue “in person” events, such as the Cardinal Plant Tour in September, Member Appreciation Day in October, and the Member Aware Meetings scheduled for October, 2022 and April, 2023. Mr. Waltz advised that, while 2021 marked another difficult year of continuing changes, the mission at Logan County Electric Cooperative remained the same: “we exist to serve members”. Mr. Waltz advised that despite the challenging business claimant and the lingering effects of Covid19 on the local economy, 2021 was a better-than-expected year for the Cooperative and the Cooperative continued to provide to the members the safest, most reliable and cost-based electric service. Mr.

2022 annual meeting minutes continued...

Waltz acknowledged that the Board of Trustees strategic direction and support over the last year provided conditions for LCEC to succeed today and into the future. Mr. Waltz advised that 2021 saw LCEC reach a 99.97% reliability rate due to the ongoing investments in the infrastructure of LCEC'S more than 800 miles of power lines. Mr. Waltz acknowledged that the strong equity position of LCEC which allowed the Board to approve the retirement of \$750,000.00 in capital credits in 2021. Mr. Waltz advised that the Cooperative continues to explore all opportunities to provide broadband to all of the members. Mr. Waltz advised that, in the current environment of electrification of vehicles, the Cooperative continues to evaluate the technology and the demand such vehicles will have on the Logan County Electric Cooperative's system. Mr. Waltz noted that, in order to better understand the affects charge of electric vehicles may have on the overall system, an EV charger was installed at the Cooperative offices six months ago. Mr. Waltz advised the installation of the charger was made possible through a grant program at statewide that covered the cost of the unit. Mr. Waltz advised that, while many economic factors are driving costs up higher in almost every sector of the current day economy, Logan County Electric Cooperative is positioned well and will not, for the fifth year in a row, have to raise rates in 2022. Mr. Waltz did caution that, due to the current economy's inflation, rates will most likely have to be raised in 2023 to recover the additional costs. In order to determine the increase in rates that would have the least possible impact on the members, Mr. Waltz advised a cost-of-service study will be performed.

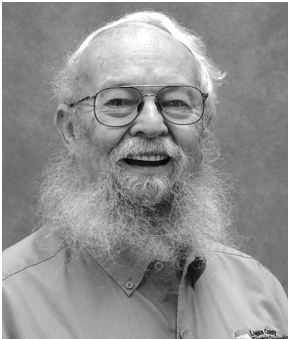
Mr. Waltz completed his report by giving a sincere thank you to each and every employee at Logan County Electric Cooperative and acknowledged that, without their dedication and fulfillment of the Cooperative's principles, Logan County Electric Cooperative would not be able to provide its members with the exceptional service that it delivers today.

On behalf of the Board of Trustees and employees, the Chairman then thanked the members for their participation in the 86th Annual Meeting of Members and the third telephone townhall Annual Meeting. The Chairman also announced that the 87th Annual Meeting will be held on June 13, 2023.

There being no further business, the Chairman declared the meeting adjourned.

2023 TRUSTEE CANDIDATES

Election results will be announced during the annual meeting.



Jerry Fry

District 2 (Richland and McArthur townships)

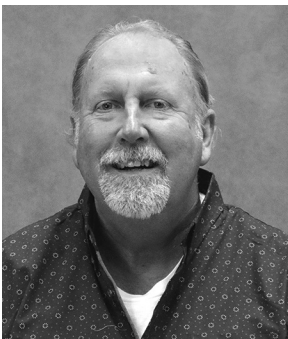
"I find the job of co-op trustee to be very challenging and yet very rewarding. I feel I'm giving back to a community that has given so much to me."



Phil Altstaetter

District 2 (Richland and McArthur townships)

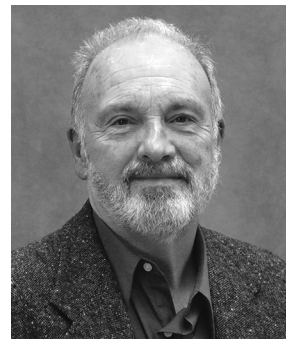
"I greatly appreciate how well the co-op keeps the power on for everyone and I would like to help ensure that continues in the future."



Jim Rice

District 3 (Rushcreek and Bokescreek townships)

"It has been an honor to serve LCEC and I am dedicated to this job that I enjoy. I would like to continue serving my local community."



Jim Wolever

District 3 (Rushcreek and Bokescreek townships)

"The role the co-op plays in serving the local community is very important and I would welcome the opportunity to engage with our members, helping to ensure we meet their needs."

BOARD NOMINATIONS AND THE NOMINATING COMMITTEE

CODE OF REGULATIONS. SECTION 4. Nominations.

The committee on nominations shall be confirmed by the members present at a meeting at the annual meeting of members.

2022 NOMINATING COMMITTEE

District 1 – Lance Hill
District 2 – Scott Risner
District 3 – David Evans
District 4 – Jay Ackley

District 5 – Greg Krisher
District 6 – Tim Jenkins
District 7 – Gary Ginter

2023 NOMINATING COMMITTEE - *to be confirmed*

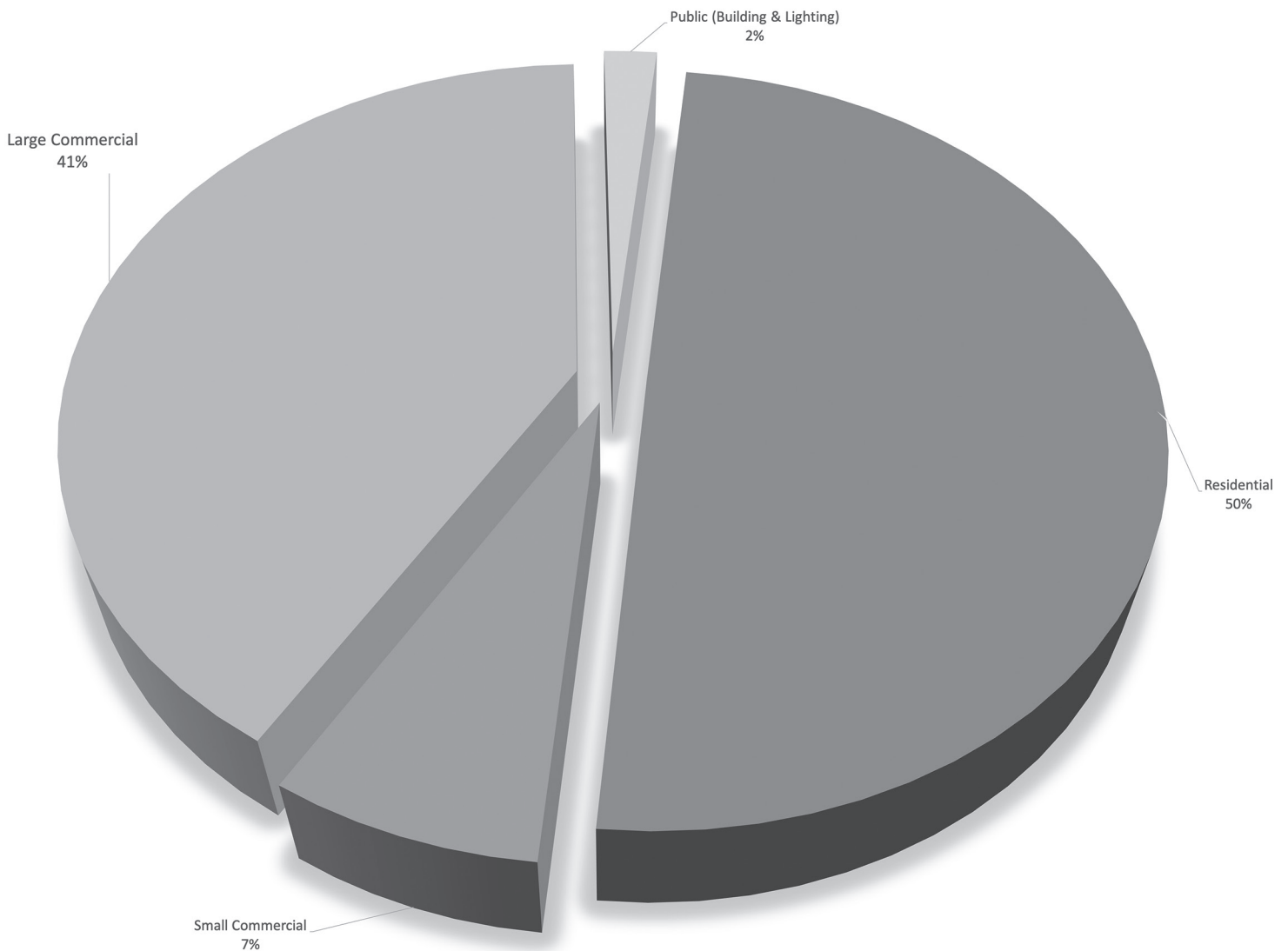
District 1 – Lance Hill
District 2 – Scott Risner
District 3 – David Evans
District 4 – Jay Ackley

District 5 – Greg Krisher
District 6 – Tim Jenkins
District 7 – Gary Ginter

2022 Financial Report

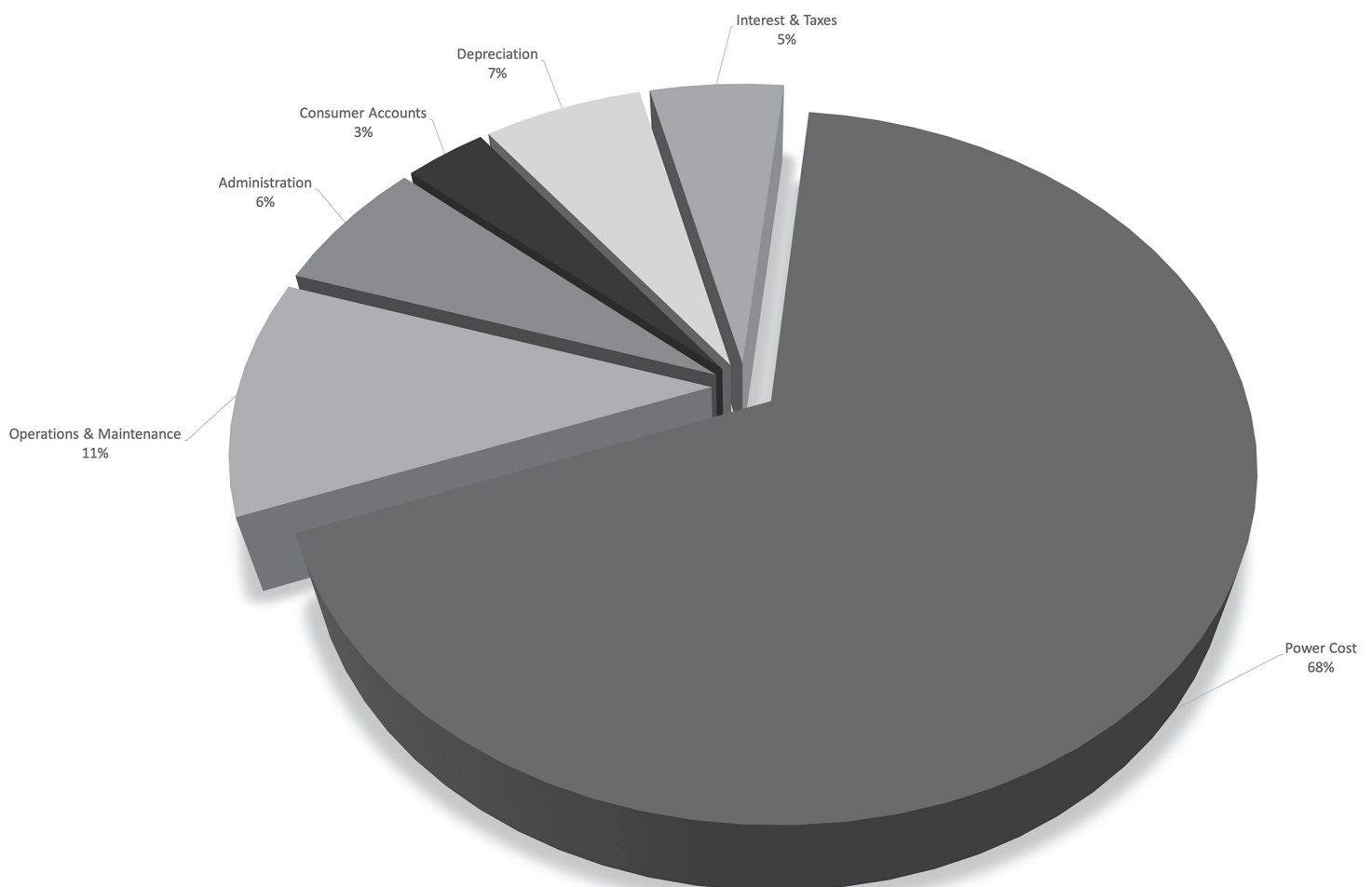
Source of revenue

Revenue is the income generated by the cooperative from the sales of electricity. The co-op's revenue in 2022 was \$21,001,909, which was up \$214,841 from 2021. The revenue was evenly generated between revenue classes: 50% from residential accounts and 48% from commercial accounts.



Expense

The total operating expenses for 2022 were \$20,563,400, which was up \$448,477 from 2021. The cooperative's wholesale power costs of \$13,881,612 represented 68% of the year's expenses. The 2022 operating expenses are shown in detail on page 8.



CONSOLIDATED STATEMENTS OF REVENUE, EXPENSE AND PATRONAGE CAPITAL
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
REVENUE	\$ 21,001,909	\$ 20,787,068
OPERATING EXPENSES:		
Cost of purchased power	13,881,612	13,846,674
Transmission, operation	13,569	13,001
Distribution, operation	1,635,994	1,354,353
Distribution, maintenance	591,202	588,741
Customer accounts	443,556	392,534
Customer service and information	54,074	48,287
Sales expense	181,058	168,100
Administrative and general	1,255,654	1,237,231
Maintenance of general plant	62,158	63,737
Depreciation and amortization	1,325,259	1,269,320
Taxes	406,532	400,246
Interest on long-term debt	699,180	721,127
Other interest expense	3,330	3,310
Other deductions	10,222	8,262
Total operating expenses	20,563,400	20,114,923
Operating margins before capital credits	438,509	672,145
CAPITAL CREDITS		
Buckeye capital credits	697,914	537,280
Other capital credits	34,544	35,755
Total capital credits	732,458	573,035
Net operating margins	1,170,967	1,245,180
NON-OPERATING MARGINS:		
Interest and dividend income	17,764	17,619
Gain on sale of assets	67,893	
Other non-operating (expense) income	(1,960)	4,499
Total non-operating income margins	83,697	22,118
NET MARGINS FOR THE PERIOD	1,254,664	1,267,298
PATRONAGE CAPITAL, beginning of year	21,332,943	20,820,693
Reallocation of capital credits	46,428	41,943
Retirement of capital credits	(656,262)	(796,991)
PATRONAGE CAPITAL, end of year	\$ 21,977,773	\$ 21,332,943

INDEPENDENT AUDITOR'S REPORT

We have audited the consolidated financial statements of Logan County Electric Cooperative, Inc. and Subsidiary (the Cooperative), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the related consolidated statements of revenue, expense and patronage capital and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Cooperative as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Patronage Capital Retirement

2022

\$656,262

Life-to-date

\$13,558,733

Why do co-ops return capital credits?

Federal law provides cooperatives with federal tax-exempt status. To retain this tax exemption, co-ops are required to operate on an at-cost basis. Returning capital credits facilitates operating at cost.

Although your cooperative operates as a not-for-profit organization, we must collect revenue that exceeds our costs so that the co-op remains in a strong financial position. We use these excess dollars to invest in capital improvement projects to maintain safe and reliable electric service. Additionally, we invest in our members and the local community by giving back

in meaningful ways — scholarships, Youth Tour, sponsorships (Run-to-Educate, United Way Community Care Day, Logan County Fair), donations (Operation Round Up, community events, youth sports teams), education (Cardinal Power Plant tour, Be e3 Smart, safety demonstrations), and much more.

We invest in our electric system, find meaningful ways to give back to our communities, and then return the excess revenue to our members as capital credits. We do this because we truly exist for the purpose of serving our members instead of profiting from them.

**SUMMER CO-OP EVENT
ONE EVENING ONLY
ICE CREAM SOCIAL**

27 JUNE

DOORS OPEN AT
5:30 PM

ICE CREAM WILL BE SERVED JUNE 27 FROM 5:30PM - 7:30PM
AT LOGAN COUNTY ELECTRIC COOPERATIVE

ALL YOU NEED
IS ICE CREAM.

MEMBERS ONLY

A balanced diet is an ice cream in each hand!!

AN ICE CREAM A DAY KEEPS THE STRESS AWAY.



Logan County
Electric Cooperative

1587 County Road 32 North
Bellefontaine, OH 43311

Notice of 87th annual meeting
June 13, 2032 at 7 p.m.
IMPORTANT ANNUAL MEETING
INFORMATION ENCLOSED