

CHARITON VALLEY ELECTRIC COOPERATIVE
REGULAR MONTHLY BOARD MEETING

June 23, 2022

A meeting of the Chariton Valley Electric Cooperative, Inc. (CVEC) Board of Directors was called to order at the Cooperative office in Albia, Iowa, on June 23, 2022, at 5:00 p.m. by President Michael Miller.

Secretary Norm Major reported 7 directors were present in person and Directors Richard Welsh and Norm Major were participating remotely though video conference. Others in attendance included CEO/General Manager Leilani Todd; Finance Manager Trudy Grade; Economic Development & Community Relations Manager Tod Faris. Cooperative attorney Dennis L. Puckett participated remotely by video conference.

Consent Agenda

A motion was made, seconded and carried to accept the consent agenda items as follows, the agenda; the May 26, 2022, regular business meeting minutes; and the May 2022 New and Disconnected Member Lists.

SEE ATTACHED MEMBER LIST

Special Guests

Blake Waldrop of RMA Armament was introduced by Tod Faris. Blake personally thanked the Board for the economic development loan that the Cooperative made to his company in 2016. He described it as a catalyst for the Company being able to expand and grow and he provided a summary of some of his Company's successes. The loan from the Cooperative has been paid off and the Company has almost all other debt paid off as well. After the presentation, Blake Waldrop left the meeting at 5:40 p.m.

Abe Gray, CPA and Chief Financial Officer at Northeast Missouri Electric Power Cooperative (Northeast Missouri) reviewed the wholesale power contract (WPC) and power bill components. He discussed the value of the WPC to both Northeast Missouri and CVEC. The WPC is a key strength for Northeast Missouri and has a favorable impact on its credit rating, and thus its cost of borrowing. He reviewed the demand and energy components of the power bill and explained the calculations. He discussed Associated Electric Power Cooperative and the three-tiered system. He reviewed various Northeast Missouri statistics and the long range financial forecast. It was reported that Associated was looking at a rate increase of about 6% in 2023 as of last fall. He also reviewed other projections. Following the presentation, Abe Gray left the meeting.

Management/ Staff / Department Written Reports

The Board packet included written reports from the CEO/General Manager, Operations, Economic Development/Community Relations, Member Communications and Engagement, and Information Technology and Cyber Security. Dates for upcoming meetings were noted. CEO/General Manager Leilani Todd noted that the mileage rate increases effective July 1, 2022. She also provided the Board with an update on the Employee Culture action plan. She reviewed the results and the desired outcomes. The action steps presented in February were reviewed and she noted

the items that were completed. She indicated that the next survey will be kicked off as of July 12, 2022, with the results available by the middle or end of August. These results will be presented to the Board in the fall.

Tod Faris presented information about the Cooperative's process of handling inquiries about solar installations. He also answered questions about - the solar pilot project that is part of the current strategic plan and updated the Board on the Honey Creek resort.

Attorney's Report

A written legal report was included in the monthly board packet and attorney Puckett provided additional information, especially with respect to Northeast Missouri Electric Power Cooperative's Moravia Tap petition before the IUB, the IUB inquiry into summer peak concerns, and the electric and gas utility objections to the IUB assessment to fund the Iowa Energy Center.

Safety Report

A motion was made, seconded and carried to accept the May 2022 Safety Report and statistics information that was included in the Board packet.

Finance Report

Finance Manager Trudy Grade presented the Financial Report that was included in the Board packet. The report included a list of May 2022 activities, the Financial and Statistical Report for January through May, 2022, and May financial statements. Also included were various graphs, information on the outstanding economic development loans. Trudy reviewed the May activities and the budget to actual comparisons. It was noted that May revenue was up compared to budget; but so were the operating expenses for the year. The margins for May were about \$18,000. The balance sheet was reviewed and it was noted that patronage had been received from Northeast Missouri and a payment from the Federated Work Comp group had also been received. Following the presentation of the financials, a motion was made, seconded and carried to approve the same.

2021 Bad Debt Write-Offs

Finance Manager Trudy Grade reviewed the bad debt write-offs for 2021. For 2021, the bad-debt write-off was \$10,532.82, compared to \$10,777.89 for 2020. Following review, a motion was made, seconded and carried to approve the write-offs as presented. Following this action, Trudy Grade and Tod Faris left the meeting.

CVEC Board Retreat

The CVEC Board retreat was held June 1-2, 2022. CEO/General Manager Leilani Todd solicited input from the Board on the retreat. She also indicated that CFC was working on a cost of service study.

Annual Meeting

CEO/General Manager Todd noted that the Cooperative staff was working on the Annual meeting booklet. The video has been completed. Options for the movie to be shown to members and guests were discussed.

NRECA Regional Meeting

The NRECA Regional meeting is to be held September 21-23, 2022 in Minneapolis, MN. Director VandenBerg is attending as the Cooperative's delegate. A motion was made, seconded and carried to appoint Director Gottschalk as the alternate.

New Business

The Board packet included a Board Expense report. A motion was made, seconded and carried to accept the Board Expense Report that was included in the Board packet.

A discussion was held concerning the drainage tile at the Industrial Park and tile work required to be done around the CVEC buildings. Neither bid for the new building included tile work. The executive committee approved the work at a cost of approximately \$24,000. Following discussion, a motion was made, seconded and carried to approve the expenditure for the tile work.

NRECA International has indicated that they will resume trips this year and a donation was solicited. Following discussion, a motion was made, seconded and carried to approve a donation of \$500 to NRECA International.

Directors Richard Welsh and Norm Majors attended the CFC Forum and Federated Annual meeting in Boston, MA. They indicated that there were several good speakers at the conference and reviewed some of the information presented.

CEO/General Manager Todd indicated that she had received a packet concerning the upcoming RESCO Director election. Ballots need to be cast in advance and the candidates running were reviewed. Director Miller will cast the vote on behalf of the Cooperative.

The Access Energy Annual Meeting is scheduled for August 2nd in Mt. Pleasant. Directors are invited to attend.

Northeast Missouri Electric Power Cooperative (NEP) Update

The Board packet included a written update on NEP activities. Director Miller offered to answer any questions about the written material. A discussion was held concerning generator availability and the ability to serve load.

Iowa Association of Electric Cooperatives

Director VandenBerg noted that the Board packet included a report on the activities of the IAEC and he offered to answer any questions concerning the report. He noted that the Youth Tour was being conducted this week and reviewed the Cooperative's selections for fee based services, including the 12 safety visits. The IAEC District Meeting will be held August 5th in Coralville, with a virtual option August 3rd.

Iowa Institute of Cooperatives

A Board officers workshop is scheduled for July 13, 2022, in Ames. Director Vandenberg supported cooperative participation in the Iowa Institute for Cooperatives.

CVEC Committee Reports

It was reported that the Finance Committee had met earlier in the day and received an updated projection from the representatives from Homestead Funds. The Committee recommended a portfolio that includes 65% short-term bonds and 35% intermediate term bonds, with a projected yield of about 3%. Following discussion, a motion was made, seconded and carried to accept the recommendation of the Committee.

It was noted that the Governance Committee also met earlier in the day and reviewed possible amendments to the Articles of Incorporation and Bylaws. Attorney Puckett reviewed the recommended changes. In order to amend the Articles, a member vote is required; but the Bylaws can be amended by the Board. A redlined version of both documents will be provided to the Board prior to the next meeting. It was suggested that the Board approve the Bylaw changes at its next meeting and the changes to the Articles wait until there is something more substantive to present to the members.

Executive Session

The Board recessed into executive session at 9:00 p.m., with all Directors and attorney Puckett present. The Executive Session ended and the meeting resumed in regular session at 9:15 p.m., with all those present as were present during the executive session. CEO/General Manager Todd also rejoined the meeting.

Calendar of Events.

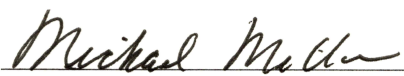
The Board packet included a calendar of events, and it was noted that the next Board meeting will be held on July 28th.

Director Per Diems.

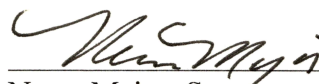
A discussion was held concerning payment of Director expenses and Director per diem when attending a meeting and flight cancellations or delays cause the Directors to be gone for additional days and nights. It was the consensus of the Directors that the expenses should be paid.

Adjournment

As there was no further business to come before the board, a motion was duly made, seconded and carried to adjourn the meeting at 9:22 p.m.



Mike Miller, President



Norm Major, Secretary