

CHARITON VALLEY ELECTRIC COOPERATIVE
REGULAR MONTHLY BOARD MEETING

July 28, 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 July 28, 2022, at 5:00 p.m. by President Michael Miller.

Secretary Norm Major reported all directors were present in person. 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 June 23, 2022, regular business meeting minutes; and the June 2022 New and Disconnected Member Lists.

SEE ATTACHED MEMBER LIST

Special Guests

Darrin Lynch, Regional Vice President, NRUCFC was introduced by CEO/General Manager Todd. He provided the Board with an overview of the 2021 Key Ratio Trend Analysis (KRTA), an annual assessment of nationwide financial trends and key metrics among electric distribution cooperatives. Mr. Lynch discussed how the KRTA is utilized, which entities participate, and how the various ratios are computed. He reviewed various ratios for CVEC and compared its results with those of other distribution systems in the same G&T, in the State of Iowa, and nationwide. The ratios included some basic statistics about number of members served, kWh sales, number of employees, miles of line, and consumers per mile of line, as well as many financial ratios like TIER, DSC, Equity %, Electric revenue/kWh sold, margins/kWh sold, and many others. Darrin Lynch answered questions during and after the presentation.

After the presentation, Darrin Lynch left the meeting at 6:15 p.m.

Attorney Amanda James joined the meeting at 6:30 p.m.

Attorney's Report

A written legal report was included in the monthly board packet and attorney Puckett provided additional information. It was noted that he was also assisting with amendments to the Articles of Incorporation and the Bylaws. Attorney Puckett offered to answer questions about his report. After the Attorney's Report, Attorney Puckett left the meeting at 6:40 p.m.

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. General Manager

Todd provided an update on personnel, discussed Associated's generation units, noted that there was an opportunity to participate in generation tours on September 27th or October 4th, and discussed an electrical contact incident in Missouri. She asked if there were any questions concerning the reports. CEO/General Manager Todd noted that based on the last Website Transparency Score Card, the Cooperative staff has made improvements to the CVEC website to enhance transparency. Tod Faris presented information about the Cooperative's process used to evaluate the website and identified areas for improvement to make it more user-friendly. It was noted that the Cooperative now includes the Board of Directors in its monthly cyber security "KnowBe4 Security Awareness Training" which is required by the RC3 program. Directors were asked to sign into their KnowBe4 accounts and get started using the on-demand interactive training tool.

IAEC released information on the Fall Legislative Fly-in in DC for September 27 – 29. This conflicts with the September board meeting. It was determined to move the Board meeting to Friday, September 30 at 5:00 to accommodate those traveling for the legislative conference.

Safety Report

A motion was made, seconded, and carried to accept the July 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 June 2022 activities, the Financial and Statistical Report for January through June 2022, and June financial statements. Also included were various graphs and information on the outstanding economic development loans. Trudy reviewed the June activities and the budget for actual comparisons. It was noted that June revenue was up compared to budget; but so were the operating expenses for the year to date. The margins for June and the balance sheet were reviewed. Following the presentation of the financials, a motion was made, seconded, and carried to approve the same. Finance Manager Trudy Grade also presented information on the Cooperative's request to RUS for a \$1,300,000 advance from the RUS Special Construction Fund Trustee account to the Cooperative's General Fund account. The purpose of the transfer is to reimburse the Cooperative's General Fund for approved construction costs included in the "Z8" FFB loan. Finance Manager Trudy Grade also provided an update on capital plant additions and amended budget for the 2nd Quarter of 2022 as included in the board packet. She reviewed the 2nd Quarter Community contributions and offered to answer questions about her report.

Old or Unfinished Business

CEO/General Manager Todd reported on the CVEC Board Retreat Post-Session Survey results and noted that the survey results help to drive the Cooperative's strategic planning efforts. NRECA's Regional Meetings for Districts 5 and 6 are scheduled for September 21-23, 2022 in Minneapolis, Minnesota. CVEC coordinates travel to the meeting with neighboring cooperatives.

Annual Meeting

CEO/General Manager Todd noted that the Cooperative staff was working on the Annual Meeting, on August 1. It was noted that the booklets went out, and a member complimented the Cooperative of the reading compilation. The Cooperative advertised the Annual Meeting on the local radio

station. Directors are encouraged to wear their CVEC shirts. CEO/General Manager Todd discussed the Annual Meeting timeline, agenda of speakers, and presentations and reminded Directors of their responsibilities.

Directors Welsh and Major reported on their attendance at the CFC Forum and Federated Annual meeting held on June 20-22, 2022 in Boston, MA. They indicated that there were several good speakers at the conference and reported that it was worthwhile to attend.

At this time the staff left the meeting, with the exception of CEO/General Manager Todd.

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.

CEO/General Manager Todd reported that the Board of Directors' 2022 CVEC Reorganizational Meeting will be held directly after the Annual Meeting.

Bylaw Amendment

It was noted that the Articles of Incorporation and Bylaws were reviewed by legal counsel and the proposed amendments were included in the Board packet. It was the consensus of the Board to wait until more substantial changes are required before presenting to the Amendments to the Articles of Incorporation to the entire Membership. The Board packet included a copy of proposed amendments to the Cooperative's Bylaws. A motion was made, seconded and carried to accept the Bylaw Amendments that were included in the Board packet.

Quarterly Updates

The Board Packet included information about the Cooperative's 2022 Core 5 Goals and Metrics. It was noted that the five goals are internal and operational set by staff. Since they are focused within mission-critical areas they help achieve the strategic plan objectives and have been included within the execution plan and will be reported within this plan on a quarterly basis moving forward. CEO/General Manager Todd reviewed the status of these goals. She presented information about the Strategic Execution Plan and distributed an updated hard copy to show the status of individual initiatives. The Board approved the quarterly execution plan and proposed timeline.

The Board packet included an infographic reflecting the Director participation in 2022 Director Training and Education through the 2nd Quarter. CEO/General Manager Todd stated that the Operation Round-Up Foundation Board met on July 19, 2022, and the Foundation members will be present at the Annual Meeting.

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 the price of natural gas while the Cooperative continues efforts to return key coal units to full operation.

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. The IAEC District Meeting will be held August 5th at the Hyatt Regency in Coralville, with a virtual option scheduled for August 3rd.

Iowa Institute of Cooperatives

Director Vandenberg reported on activities of the Iowa Institute for Cooperatives and upcoming meetings.

Executive Session

Director Brown inquired whether it was appropriate to recess the regular meeting and move into executive session, but was later determined to be unnecessary. There was discussion about reliability concerns raised by certain member-owners served by the Numa substation. CEO/General Manager Todd reported steps staff have taken to resolve issues and that she is preparing a letter to the membership in response to the concerns.

Calendar of Events

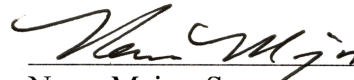
The Board packet included a calendar of events, and it was noted that the next Board meeting will be held on August 25, 2022. CEO/General Manager Todd also reviewed the upcoming Cooperative Annual Meetings of neighboring cooperatives.

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 9:42 p.m.



Mike Miller, President



Norm Major, Secretary