

CHARITON VALLEY ELECTRIC COOPERATIVE
REGULAR MONTHLY BOARD MEETING

November 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 November 28, 2022, at 1:00 p.m. by President Michael Miller.

Secretary Norm Major reported all directors were present in person, except Jerry Durian who was absent due to medical reasons. Other attendees included CEO/General Manager Leilani Todd; Finance Manager Trudy Grade; Economic Development & Community Relations Manager Tod Faris; Human Resources/ Executive Administrative Coordinator Ashley Tratchel; Safety and Material Coordinator Mike Gibler; Operations Manager Troy Amoss; and Network Administrator Nathan Norton. Special guests participating in a portion of the meeting were Doug Aeilts. Skyler Wiegmann, and Allie Bennett of Northeast Missouri Electric Power Cooperative. The Cooperative's attorney Dennis Puckett participated remotely by video conference. CEO Leilani Todd shared acknowledgements of employee achievements and years of service reached for the month of November.

Consent Agenda

A motion was made, seconded, and carried to accept the consent agenda items as follows: the agenda; the October 27, 2022 regular business meeting minutes; and the October 2022 New and Disconnected Member Lists.

SEE ATTACHED MEMBER LIST

Guest Presentation

Northeast Missouri Electric Power Cooperative (NE Power) CEO Doug Aeilts and Chief Operations Officer Skyler Wiegmann presented a report on the Moravia Tap project, consisting of a new 69 KV transmission line proposed to be constructed by NE Power to serve the Cooperative's Moravia and Honey Creek substation loads. These substations are presently fed by an ITC Midwest transmission line and NE Power pays wheeling fees to ITC Midwest. Service is also dependent on ITC Midwest. The benefits of the new line were discussed, as well as required approvals, timing, and the status of easement acquisition. The actions of ITC Midwest, who has opposed the construction, were also reviewed. The Board members and staff were able to ask questions throughout the presentation.

Following the discussion of the Moravia tap project, CEO Aeilts and CEO Leilani Todd discussed the potential for a railroad strike and the potential impact on NE Power. The diesel generator at Unionville was also discussed, as well as other NE Power matters.

Following the presentation, the representatives of NE Power 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 Human Resources. CEO/General Manager Todd offered to answer any questions concerning her report and she also updated the Board on the Associated rebate process, which has been moved to an on-line/paperless process.

(a) Economic Development

Tod Faris provided information concerning the Camp 365 loan, which one comes due December 31, 2022. The Borrower is working with other lenders and the IADG to identify solutions; but it may require an extension of the payment deadline. The Board requested current financials be provided from the Borrower in connection with any extension request. Tod Faris also reported on new inquiries and other economic development activity.

(b) 3rd Quarter 2022 Execution Plan and Staff Presentation.

The Board has periodically been receiving reports from the CEO/General Manager and staff concerning the implementation of the Execution Plan. Updates were provided by Safety and Material Coordinator Mike Gibler, Operations Manager Troy Amoss, and Network Administrator Nathan Norton. Mike noted the monthly safety committee meetings and updates to safety equipment and clothing. He also noted that new radios were included in the 2023 Budget. He discussed planning for a storm shelter, operating procedure updates, and preventative maintenance on the vehicles. Troy discussed the meter system, training with NRTC, and rail spur options. Nathan followed up on the meter issue and discussed the RC3 Assessment, a planned disaster recovery exercise, software licensing, phone line issues and the need for a redundant internet service. The Board was able to ask questions throughout the reports.

Attorney's Report

A legal report was provided by attorney Puckett. He provided the Board with an update on the IUB action on the IAEC model tariff and the District Court appeal of the IUB's chapter 27 rules by the Iowa Association of Municipal Utilities.

Safety Report

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

Finance Report

Finance Manager Trudy Grade presented the Financial Report included in the Board packet. The report included a list of October 2022 activities, the Financial and Statistical Report for January through October 2022, various charts, and a cash flow statement, and other materials. TIER was reported as 2.58% and OTIER was 2.23%, which were both slightly lower than the prior month; but in excess of targets. She reported that revenue was 2.6% higher than budget and 3.5% higher on a year over year basis. October margins reflected a loss of \$59,208.71. Total margins for 2022 are expected to be about 5% below budget. Current financial projections would not support a revenue deferral this year. Operating TIER is projected to be about 1.26% at the end of the year.

A comparison of various items to budget was presented on the financial statements. Trudy noted the 2020-2023 work plan summary and indicated that the engineer had inspected the July-September work order work and the Cooperative should be able to request a draw on its loan for this work by the end of the year of about \$1.2 million.

Finance Manager Trudy Grade provided an update on the Cost of Service study. Given the AMI data issues, the consultant will proceed using a more traditional approach similar to prior studies. The results should be ready to present to the Board in either January or February.

Finance Manager Trudy Grade also provided the Board with an update on the audit engagement with Forvis, who had agreed to lower its price by \$800-\$1,000; but the deadline for completing the draft audit report was moved back to April 21, 2023. Trudy also indicated that she was working with field representative, Aaron Johnson of CoBank on a 10-year financial forecast.

Following discussion, motion was made, seconded and carried to accept the financial report.

Finance Manager Trudy Grade presented the Cooperative's October 2022 Credit Card Expenses. Following discussion, a motion was made to approve the Cooperative's credit card and CEO/GM expenses for the month of October. The motion was seconded, and carried.

2021 Form 990 and 1120 Tax Reports

The Board packet included information about the 2021 Form 990 and the 1120 tax report. Finance Manager Trudy Grade offered to answer any questions the Directors had concerning the same.

Committee Reports

- a) Finance Committee. It was noted that the finance committee had met and reviewed the 2023 budget in detail and the committee recommended approval to the Board. The Board packet included a resolution which was reviewed by the Board. Following review, a motion was duly made, seconded and carried to adopt the resolution as included in the Board packet, approving the 2023 budget as presented and authorizing the CEO/General Manager and all other officers of the Cooperative to act in accordance with the 2023 budget as outlined.
- b) Loan Review Committee. The Loan review committee met and reviewed the application from Sedes Group, LLC for a \$2 million pass-through loan for a soy crushing facility in Centerville. The loan, if approved, would be a zero interest loan, provide for an administrative fee of 0.5% per annum, an origination fee of \$1,000, and be secured by an irrevocable letter of credit. The committee recommended proceeding with the application to USDA. Following discussion, a motion was made, seconded and carried to approve proceeding with the submission of an application to USDA as presented.

Following the presentation, all staff members except CEO/General Manager Leilani Todd left the meeting.

Old or Unfinished Business

Information was presented on the upcoming Director training and the IAEC Annual meeting. An agenda was included in the Board packet.

New Business

- a) Board Expenses. The director per diem and expense report was reviewed and a motion was made, seconded and carried to approve the report as presented.
- b) 2023 Board Meeting Dates. The Board packet included a list of proposed Board meeting dates for 2023. It was suggested that the March meeting be moved to the 23rd rather than the 16th and the June meeting be held on the 29th rather than the 22nd. Following discussion, a motion was made, seconded and carried to approve the Board meeting dates as proposed to be amended, with the Annual meeting date set for August 7, 2023.
- c) Voting Delegate and Alternates. It was noted that it would be appropriate to establish the voting delegate and alternate for various meetings to be held in 2023. Following discussion, a motion was made, seconded and carried to approve the following designations:

Meeting	Delegate	Alternate Delegate
CFC	Richard Welsh	Norm Major
Federated	Norm Major	Richard Welsh
IAEC	Wesley Green	Randy Gottschalk
IA Rural Power	Randy Gottschalk	Wesley Green
NRECA	Kenny VandenBerg	Marchelle Brown
NRTC	Kenny VandenBerg	John Houser
RESCO	Norm Major	Wesley Green

- d) Operation Round-Up Bylaws. It was noted that the Board had established a policy concerning the Operation Round Up director terms that allowed directors to serve two consecutive terms. The Bylaws for the foundation allowed a director to serve one successive term. The differing language has caused some confusion regarding the ability of a Director to be re-appointed after completing one full term and the Board was of the opinion a Director should be able to be reappointed. Following discussion, a motion was made, seconded and unanimously carried to adopt the following resolution:

RESOLVED, that the last paragraph of Article IV of the Operation Round-Up Foundation Bylaws be amended to read as follows:

A Board member may serve no more than two full consecutive three (3) year terms and thereafter may be reappointed to the Board after the lapse of a period of three (3) years.

NE Power Report

It was noted that the NE Power meeting involved the approval of the 2023 budget and a rate increase to be effective 1-1-23 and another effective 4-1-23. It was also noted that NE Power was not moving forward at this time with the warehouse rebuild project.

IAEC Report

The Board packet include a written report concerning the IAEC activities and Director VandenBerg offered to answer any questions on the report.

Iowa Institute for Cooperatives

It was noted that the Iowa Institute for Cooperatives held its Annual meeting on November 22nd in Ames and John Ward was recognized. There were several good speakers who presented.

Open Discussion Items

President Michael Miller asked if there were any other open discussion items and there were none.

Calendar of Events.


The Board packet included a calendar of events and it was noted that the Loan Review Committee would meet prior to the December meeting to discuss the Camp 365 situation.


Executive Session

The Board recessed into executive session at 4:47 p.m., with all Directors and attorney Puckett participating in the Executive Session. The Executive session concluded and the meeting returned to regular session at 6:08 p.m. CEO/General Manager Todd rejoined the meeting.

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 6:10 p.m.


Michael Miller, President


Norm Major, Secretary