

CHARITON VALLEY ELECTRIC COOPERATIVE  
REGULAR MONTHLY BOARD MEETING  
JANUARY 24, 2023

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 January 24, 2023, at 1:15 p.m. by President Michael Miller.

Secretary Norm Major reported all directors were present in person, with the exception of Jerry Durian who was absent. Director Kenny Vandenberg was participating remotely by video conference. Other attendees included CEO/General Manager Leilani Todd; Finance Manager Trudy Grade; Economic Development & Community Relations Manager Tod Faris; and Human Resources/ Executive Assistant Coordinator Ashley Trachel. Special guests participating in a portion of the meeting remotely were Darrin Lynch, Brian Adams, and Maryanne Hatch of CFC and Mark Santero and Brian Allen of Homestead Funds. The Cooperative's attorney Dennis 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 December 27, 2022, regular business meeting minutes; and the December 2022 New and Disconnected Member Lists.

SEE ATTACHED MEMBER LIST

Guest Presentations

National Rural Utilities Cooperative Finance Corporation (CFC) representatives Darrin Lynch, Brian Adams, and Maryanne Hatch were introduced, and it was noted that CFC had assisted the Cooperative with its cost of service study. The representatives from CFC reviewed the scope of work, discussed the objectives of the project, and provided an overview of the ratemaking process. They used 2021 as the test year. The fundamentals of the cost of service study were noted and the process was explained in detail. They reviewed the allocation of costs to different categories and discussed utility cost structures. They reviewed various policy considerations and then reviewed the results of the Cooperative's study. The goal is to develop cost-based rates. Various rate design considerations were reviewed and the issues with the AMI data were noted. They reviewed with the board the next steps in the process. CEO/GM Leilani Todd noted that the plan is to stay with a two-part rate structure at this time. A question was asked about EV rates. It was noted that a formal rate recommendation will be presented at a future meeting. Following the presentation, the representatives from CFC left the meeting at 2:45 p.m.

Mark Santero and Brian Allen of Homestead Funds joined the meeting virtually and presented information about the Cooperative's investments. The Cooperative's investments are allocated into bond funds, with 65% in short-term bonds and 35% in intermediate bonds. It was noted that the fixed income investments were negative for the last two years, which is the first time that has

occurred in over 40 years. They predicted that the funds would see positive returns going forward. The fund balances as of August 4, 2022, and January 20, 2023, were noted. It was noted that the assets are positioned well; but there may be a time to revisit the asset mix and move more of the investments from short-term to intermediate term bond funds. The board was given an opportunity to ask questions and the consensus of the board was to stay the course for now, with no changes. Following the presentation, the representatives from Homestead Funds left the meeting.

#### Executive Session

A motion was made, seconded and carried to recess into executive session at 3:40 p.m. All board members present participated in the Executive session, along with attorney Puckett. Jose Berrios from Great Co-ops also joined for a portion of the Executive session. A motion was made, seconded and carried to adjourn the executive session and the meeting resumed in regular session at 4:35 p.m., with all those present as were present prior to the recess.

#### Management/ Staff / Department Written Reports

The board packet included a written report entitled Board Meeting Notables. CEO/GM Leilani Todd explained the new format and reviewed the content. She noted that the IUB has approved the form of tariffs filed by two electric cooperatives and the IAEC has updated the model tariff to incorporate the changes that the IUB required for those two tariffs, so others should be able to proceed. She noted that discussions were on-going with a prospective new data mining load, with the prospect being very sensitive to rates. The Cooperative is working with Associated and NE Power. CEO/GM Todd also noted that Alliant Energy has expressed an interest in updating the tower on the Cooperative's property. CEO/GM Todd offered to answer any questions from the board.

##### (a) Operations

It was noted that Troy Amoss was not present; but a written operations report was included in the board packet and CEO/GM Todd offered to answer any questions concerning the report.

##### (b) Economic Development

Tod Faris provided information concerning economic development activities. He offered to answer questions concerning his written report and noted the Hawkeye Molding building has been sold; but the identity of the purchaser remains confidential. He also discussed developments at Honey Creek and reported on a meeting held January 12<sup>th</sup> in Centerville, IA. Tod also reported on discussions with legislators about the resort.

##### (c) Other Reports

The board packet also included written reports concerning communications and human resources. The board members were provided an opportunity to ask questions concerning the reports.

#### Attorney's Report

A legal report was provided by attorney Puckett. He noted the work he had been doing with the board and other legal work completed for the Cooperative in the last month. He also noted work completed for the IAEC related to all Cooperatives.

### Safety Report

A motion was made, seconded, and carried to accept the December 2022 Safety Report and Statistics information that was included in the board packet. A discussion was held concerning the Commitment to Zero Contacts Phase II.

### Finance Report

Finance Manager Trudy Grade presented the Financial Report included in the board packet. The report included a list of December 2022 activities, the check register for December, the credit card statements, various charts, a listing of capital additions, and other materials. A copy of a letter from the auditor with an outline of the plan for the Cooperative's audit was also included. Trudy Grade offered to answer any questions concerning the report. Following discussion, a motion was made to approve the Cooperative's credit card and CEO/GM expenses for the month of December. The motion was seconded and carried.

### Community Contributions

A chart showing community contributions and donations was included in the board packet and reviewed.

### Old or Unfinished Business

A discussion was held concerning the IAEC Welcome Back Legislative Reception and upcoming director training.

At this time all staff members left the meeting, except for CEO/GM Todd.

### New Business

- a) Director Update and other Meetings. It was noted that the IAEC Director Update would be held February 1 and 2, 2023. Other upcoming meetings of importance to the directors were noted, including the NRECA annual meeting scheduled for March 3<sup>rd</sup>- 8<sup>th</sup>, 2023, and REC Day on the Hill to be held March 15, 2023.
- b) Governance Committee. It was noted the Governance Committee will begin a process of reviewing board policies. A proposed new organizational format for the policies was presented, with the policies grouped by subject matter. Following discussion, a motion was made, seconded and carried to approve the new numbering system for the policies.
- c) Risk Management Committee. It was noted that the Risk Management Committee will meet prior to the February 27<sup>th</sup> board meeting at 4:00 p.m., with the board meeting starting at 5:00 p.m.
- d) Board Expense Report. The Board Expense Report was reviewed, and a few corrections were noted. Following discussion, a motion was made, seconded and carried to approve the report as amended at this meeting.
- e) Quarterly Execution Update. CEO/GM Todd distributed a quarterly update on the execution plan and offered to answer questions concerning the same.

- f) 4<sup>th</sup> Quarter Education Director Update. The board reviewed the status of director trainings.
- g) Operation Round-Up. The board packet included a report on Operation Round-up donations. A question was raised on member participation and ways to increase participation.

Northeast Power Report

At the last NEP board meeting, adjustments to the budget were approved and the same were reviewed by the NEP board representatives.

IAEC Report

The board packet included a written report concerning the IAEC activities and Director Vandenberg offered to answer any questions on the report.

Iowa Institute for Cooperatives

A newsletter from the Iowa Institute for Cooperatives was made available to directors.

Calendar of Events


The board packet included a calendar of events and the same was reviewed.

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 5:50 p.m.



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Michael Miller, President



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Norm Major, Secretary