

CHARITON VALLEY ELECTRIC COOPERATIVE
REGULAR MONTHLY BOARD MEETING
MARCH 23, 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 March 23, 2023, at 1:00 p.m. by President Michael Miller.

Secretary Norm Major reported all directors were present in person, except John Houser and Jerry Durian who were absent. Director Marchelle Brown was participating remotely. Other attendees included Acting General Manager Troy Amoss; Human Resources/ Executive Administrative Coordinator Ashley Tratchel; and Communications Coordinator Anna See. A Special guest participating in a portion of the meeting was Craig Woycheese, CPA and Senior Rate Analyst with Toth & Associates of Springfield, Missouri. 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 February 27, 2023 regular business meeting minutes; and the February 2023 New and Disconnected Member Lists.

SEE ATTACHED MEMBER LIST

Guest Presentation

Craig Woycheese of Toth & Associates was introduced and reviewed the rate study that was completed for the Cooperative and the revenue requirement elements. He explained 2021 was used as the test year for this study. He also reviewed the forecasted expenses, including power supply costs. The study showed that a 12.9% increase in rates was required in order to meet a rate of return of 4%. He reviewed the projected income statement and proposed adjustments by rate class. He reviewed the existing rate of return and proposed rate of return by rate class. He also reviewed the projected financial ratios, with and without the rate adjustment. A summary of the present and proposed rates were reviewed, with various options for adjusting the system availability charge and the per kWh charge. A comparison of present and proposed billings based on the various rate options was reviewed. Staff recommended the 50/50 rate design, combined with a switch from a monthly facility charge to a daily availability charge. A draft letter to the members explaining the rate increase was reviewed. The board members asked several questions and made comments. Following complete discussion, a motion was made, seconded and carried to approve the proposed rate increase, with a 50/50 rate design and a daily availability charge.

Management/ Staff / Department Written Reports

The board packet included written reports from various departments and the same were reviewed and discussed as follows:

(a) Projected New Load

Troy Amoss noted he had been working with Toth & Associates to assist in the evaluation of a projected new 5 MW bitcoin load and potential rate options. He noted the Cooperative does not have an interruptible rate option through its power supplier, which could be problematic, as a firm rate is likely higher than the prospective customer desires. Risks and benefits of the new load were discussed. Following the discussion, Craig Woycheese left the meeting.

(b) Safety

The board packet included a safety report. A motion was made, seconded, and carried to accept the February 2023 Safety Report and the statistics information that was included in the board packet

(c) Communications

A report concerning member communications and engagement was included in the board packet. Anna See offered to answer any questions and there were none.

(d) Operation Round-Up

The board packet included information concerning Operation Round Up. It was noted that Leilani Todd had served as an ex-officio member of the Round-up Board. Following discussion, a motion was duly made, seconded and carried to replace Leilani Todd with Anna See as an ex-officio member of the Operation Round-up Board.

(e) Operations

The Operations report included information about construction and maintenance work, and general department updates. Troy Amoss noted the wet ground and mud was creating several issues for the crews. Troy offered to answer any questions concerning the report.

(f) Economic Development

An Economic Development Report was included in the board packet. The status of non-compliance with various loan obligations by Camp 365 was discussed. It was suggested that legal counsel send a letter to the borrower concerning its obligations.

(g) Annual Meeting

Anna See presented information about plans for the Annual Meeting to be held August 7, 2023. Various format options were reviewed, including pros/cons and cost information. The consensus of the Board was to pursue a drive-through option, with a virtual presentation of the meeting reports.

(h) Legal Report

The board packet included a written report from Attorney Puckett concerning work done for the cooperative during the prior month and other areas of interest to the cooperative. He noted that board policies 1 through 5 had been reviewed and the audit opinion had been completed. He also reported on legislative activity of interest to the electric industry.

(i) Human Resources

A written report on Human Resources was included in the board packet, and it included references to various employee service awards. The report also included information about upcoming employee training and director training. Ashley Tratchel noted the Northeast Power Annual Meeting is scheduled for March 29, 2023, and she inquired about who would be attending.

(j) Finance Report

Finance Manager Trudy Grade was absent; but the board packet included a Financial Report. The report included a list of February 2023 activities, financial ratios, revenue and expense items for the month compared to budget, a 2020-2023 work plan summary, and information about the 2022 audit. Troy Amoss offered to answer any questions concerning the report. Following discussion, a motion was made, seconded and carried to approve the financial reports as presented.

A motion was also made, seconded and carried to approve the cooperative's credit card and CEO/GM expenses for the month of February.

Executive Session

Chairman Miller recessed the meeting into executive session at 3:35 p.m. The board members and Attorney Puckett participated in the executive session. The executive session ended and the meeting resumed in regular session at 3:40 p.m. Interim General Manager Troy Amoss returned to the meeting.

Old or Unfinished Business

A discussion was held concerning political action updates, including the REC Day on the Hill held March 15, 2023, and the NRECA Legislative Conference scheduled for April 16-19, 2023. The directors who attended the NRECA Power Xchange Conference March 5-9, 2023, in Nashville reported on that meeting.

New Business

- a) Director Expense Report. The Board Expense Report was reviewed. Following review, a motion was made, seconded and carried to approve the report as presented to this meeting.
- b) Annual Reliability Report. The board packet included the Annual Reliability Report. Following review, a motion was made, seconded and carried to approve the report as presented.

Northeast Power Report

Mike Miller reported that Northeast Power was scheduled to meet next week.

IAEC Report

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

Open Discussion Items

Chairman Miller asked if there were other items to discuss and there were none.

Calendar of Events

The board packet included a calendar of events and the same was reviewed. The next board meeting will be held on April 27, 2023, at 1:00 p.m., with the Governance Committee meeting in advance at 11:00 a.m. A discussion followed concerning the committee structure. A motion was made, seconded and carried to dispense with the committees and allow the entire Board to address matters previously addressed through the committee structure. Therefore, the entire Board will meet at 11:00 a.m. on April 27, 2023.

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 3:55 p.m.



Michael Miller, President



Norm Major, Secretary