

CHARITON VALLEY ELECTRIC COOPERATIVE

REGULAR MONTHLY BOARD MEETING

APRIL 27, 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 April 27, 2023, at 12:30 p.m. by President Michael Miller.

Secretary Norm Major reported all directors were present in person, except Marchelle Brown who was participating remotely. Other attendees included Acting General Manager Troy Amoss; Finance Manager Trudy Grade; Economic Development & Community Relations Manager Tod Faris; Human Resources/Executive Administrative Coordinator Ashley Tratchel; and Communications Coordinator Anna See. A special guest participating in a portion of the meeting remotely was Todd Thorson of Forvis. 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 March 23, 2023, regular business meeting minutes; and the March 2023 New and Disconnected Member Lists.

SEE ATTACHED MEMBER LIST

Operations Report

- a) General Activity – Acting General Manager Troy Amoss noted the board packet included a written report concerning operations. In addition, he reported on an outage due to ground wire being stolen at the Weller substation on March 28, 2023. The outage affected both Weller and Melrose substations. He provided the board with an update on crew activities and indicated the crews would be switching to four 10 hour days starting May 1, 2023. He noted the Avery pole replacement project was completed and reported on other maintenance work. C.R. Environmental is working on the Harvard substation. The Numa job is complete. An update was provided concerning the negotiations with a potential bitcoin operator that would like to locate in the cooperative's service area. Troy Amoss reported on the recent windstorms and noted that equipment and crews were sent to T.I.P. REC to assist with storm outage repair. Troy Amoss noted that a bucket truck planned for 2023 will not arrive until 2024. In order to avoid delays, he plans to begin working on the 2024 capital budget for large equipment, so that it can be approved and submitted in advance of the 2024 general budget.
- b) Safety – The board packet included a safety report. Troy Amoss indicated training was provided by Joe Glenn's Timber and Harvest on March 6, 7 and 8. A motion was made, seconded and carried to accept the March 2023 Safety Report and the statistics information that was included in the board packet.

Audit Presentation

At this time Todd Thorson of Forvis entered the meeting remotely to present the audit report. He noted an unqualified opinion was being issued for the 2022 financial statements. He reviewed the key balance sheet items and noted the cooperative had an equity/asset ratio of about 35%. He also reviewed the income statement, which reflected good operating margins and cash flow.

The Chairman recessed the meeting into executive session at 1:08 p.m., with the board members, auditor and attorney participating in the executive session. The meeting resumed in regular session at 1:11 p.m., with all those present as were present prior to the executive session. Auditor Todd Thorson left after the board members completed discussion of the audit report. A motion was then made, seconded and carried to accept the audit report as presented.

Economic Development and Community Relations

At this time Tod Faris presented his report on economic development and community relations, including the following items:

- a) Honey Creek RLF Loan Application – Tod Faris noted an application had been submitted by Honey Creek Resort by Achieva Enterprises, LLC. The loan would be for \$200,000, a 10-year term, with 2.5% interest, a 1% admin fee and a \$500 closing fee. It will be secured by a shared 1st mortgage with Northeast Power on land owned by the Hendersons. Following discussion, a motion was made, seconded and carried to approve the request. Director VandenBerg dissented.

SEE ATTACHED RESOLUTION

- b) Papo's Pumpkin Patch RLF Loan Application – Tod Faris reviewed a loan application submitted for a \$100,000 loan from the RLF loan fund for Papo's Pumpkin Patch, LLC. The loan will be for a 10 year term, with 2.5% interest, a 1% admin fee and a \$500 closing fee. The loan will be secured by a 1st mortgage, a personal property lien and a personal guaranty. Following discussion, a motion was made, seconded and carried to approve the request. Directors VandenBerg, Brown and Major dissented.

SEE ATTACHED RESOLUTION

- c) CoBank Sharing Success Grant – Tod Faris reported on the CoBank Sharing Success Grant program where \$7,500 is budgeted for the program from CVEC. CoBank matches the \$7,500 and Northeast Power has the ability to do \$2,500, which could also be matched by CoBank. The selected recipient this year is Monroe County Little League for new bleachers, dugouts and other renovations. A total of \$20,000 will be granted through CVEC, CoBank and Northeast Power participating in the program.
- d) Pass-Through Loans – Tod Faris provided an update on the existing and pending pass-through loans.
- e) Camp 365 – It was noted the profit and loss statements from Camp 365 had been received.

Member Communications and Engagement

Anna See provided a report on member communications and engagement. Her report also included the following items:

- a) Annual Meeting – Anna See reviewed information about the Annual Meeting food options and locations. It was the consensus of the board to obtain food from Thelma's, with a drive-through format at CVEC's headquarters location in Albia, Iowa. A \$1,500 energy credit will be made available for an attendance prize and a \$500 energy credit will be made available for a mail vote prize. A total of 700 meals were estimated.
- b) Tariff Update – The rate adjustment approved by the board at the prior meeting requires an update to the rate schedules and communication to the members. Anna reviewed the revisions. Following discussion, a motion was made, seconded and carried to approve the proposed changes to Tariff Section 29 containing the rate schedules.

SEE ATTACHED TARIFF SECTION

Human Resources

A written report on Human Resources was included in the board packet and it included reference to various employee service awards. Ashley Tratchel reviewed employee and director training activities. She noted the Associated Annual Meeting will be held on May 22-24 in Branson, MO. She discussed plans for linemen appreciation day and administrative employee appreciation day. She also indicated NRECA would be completing a benefits audit.

IT/Cybersecurity

The board packet included information on IT and Cybersecurity and Troy Amoss asked if the directors had any questions.

Legal Report

Attorney Puckett reported on changes at the IUB with Erik Helland and Sarah Martz replacing board members Lozier and Huser effective May 1, 2023. He also reported on the IUB's evaluation of the two new PURPA ratemaking standards related to demand response and electric vehicle charging.

Finance Report

Finance Manager Trudy Grade presented the financial report, including the following items:

- a) Financial Statements – The board packet included a list of March 2023 activities, financial ratios, revenue and expense items for the month compared to budget and a listing of checks. Trudy Grade noted she received approval for a \$1.5 million advance from RUS; but the funds had not yet been received. She indicated that revenues and margins are lagging behind budget and behind last year. She offered to answer any questions concerning the report. Following discussion, a motion was made, seconded and carried to approve the financial reports as presented.
- b) Credit Cards – A motion was also made, seconded and carried to approve the cooperative's credit card and CEO/GM expenses for the month of March.

- c) 2022 RUS Form 7 – The board packet included the 2022 Form 7 and Ms. Grade offered to answer any questions concerning the report.
- d) Capital Plant Additions – The packet included a report on capital plant additions through March 31, 2023, and the same was reviewed.
- e) Community Contributions – The packet included information about community contributions and the same were reviewed.

Executive Session

The Chairman recessed the meeting into executive session at 2:20 p.m. The board members and Attorney Puckett participated in the executive session. Interim General Manager Troy Amoss also participated in a portion of the executive session. The meeting resumed in regular session at 3:29 p.m., with the board members, Troy Amoss and Attorney Puckett participating.

General Manager Offer

It was noted the terms of a proposal for general manager were discussed in executive session. A motion was made, seconded and carried to approve the terms of the proposal as discussed.

Old or Unfinished Business

A discussion was held concerning the Joni Ernst town hall and other political action updates, including the NRECA Legislative Conference held April 16-19, 2023.

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) Board Policies Review – The board packet included updated and reviewed board policies A-101 – A-104. Following discussion, a motion was made, seconded and carried to approve the recommended revisions.

SEE ATTACHED POLICIES

- c) Cooperative Family Fund – Director VandenBerg reviewed the Cooperative Family Fund, which was established by NRECA to assist the minor children of cooperative employees who pass away. NRECA was asking each cooperative to consider contributing \$1,000. Following discussion, a motion was made, seconded and carried to approve a donation of \$1,000.
- d) Director Education and Training – The board packet included a report on where each of the directors are in relation to their education and training activities.

Northeast Power Report

Mike Miller reported that each member would be meeting with Doug Aeilts once per quarter. He

noted a lot of construction activities are taking place within the Northeast Power system. He also discussed the economic development loans of Northeast Power.

IAEC Report

The board packet included a written report concerning the IAEC activities. Director Vandenberg noted that Dairyland Power Cooperative's CEO Brent Ridge presented at the last IAEC board meeting, and he shared some of the graphs utilized by Brent. The graphs show the industry is a long way away from eliminating reliance on fossil fuels.

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 May 25, 2023, at 5:00 p.m.

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 3:50 p.m.



Michael Miller, President

Norm Major, Secretary