

CHARITON VALLEY ELECTRIC COOPERATIVE
REGULAR MONTHLY BOARD MEETING

September 30, 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 September 30, 2022, at 5:00 p.m. by President Michael Miller.

Secretary Norm Major reported all directors were present in person except for Marchelle Brown and Jerry Durain. 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; and Operations Manager Troy Amoss. Cooperative attorney Amanda James participated remotely by video conference.

Consent Agenda

A motion was made, seconded, and carried to accept the amended consent agenda items as follows, the agenda; the August 25, 2022 regular business meeting minutes; and the August 2022 New and Disconnected Member Lists.

SEE ATTACHED MEMBER LIST

Guest Speaker

Delanie Orendorff, Director, Human Capital Planning & Compensation, NRECA gave a presentation on the NRECA's 2023 Wage and Salary Study. She described the sources of survey data and noted they also use the Economic Research Institute (ERI) which covers the broader electric service industry. She explained the process for external market data by using two surveys to balance the data. Each position is analyzed based on five factors including knowledge, supervision, responsibility, complexity of problems, and contacts/communications. NRECA updated its compensation model to reflect updated market data, aligning its numerical value for internal factors, and ran regression analysis to create salary data. Ms. Orendorff reported that CVEC has made progress in its compensation offerings in relation to the market. Due to inflation and labor, wages for small cooperatives are predicted to go up 5-6% next year.

Everyone left except the board members and the guest speaker.

Executive Session

The Board recessed into executive session at 5:30 p.m., with all Directors, Special Guest Delanie Orendorff, and attorney James present. The Executive Session ended and the meeting resumed in regular session at 5:45 p.m., with all those present as were present during the executive session. CEO/General Manager Todd also rejoined 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 Information Technology and Cyber Security.

(a) Former Gas Plant Property

General Manager Todd reported that the Cooperative owns property that formerly housed a gas generation facility. The Cooperative acquired the property when it purchased Albia Light and Power. Ms. Todd described the staff's property maintenance activities and testing for DNR compliance. There was a discussion about possible plans for the property including development for another land use and selling the asset.

(b) Iowa Aluminum Issue regarding Water Run-Off

General Manager Todd reported that the Cooperative has an issue with water run-off between its building and Iowa Aluminum's Building due to their building expansion. In addition, staff has worked with Iowa DOT to evaluate the culvert water flow into the right of way. There is interest in replacing drainage tiles. The Cooperative and Iowa Aluminum have agreed to share the cost for the drainage tile between the properties.

(c) Strategic Initiative regarding Housing

General Manager Todd shared information about the Cooperative's efforts to support the community's housing initiative. Specifically, she discussed CVEC's assistance with Hometown Housing (HTH) to work with Albia area employers and the Albia Industrial Development Corporation on housing development. The Iowa Economic Development Authority awarded a tax credit for the development of six housing developments.

(d) HR Written Report

It was reported that Human Resources/Executive Administrative Coordinator Ashley Tratchel was recently added to the team and she is taking on the Board of Director and employee activities. Ashley reported that she led the hiring process for a recent hire for the Member Services Representative.

(e) Operations Report.

Operations Manager, Troy Amoss, presented information about re-closure testing work being done by the Operations Department. He also reported on storm outage restoration activity over the past weekend.

(f) Economic Development & Community Relations Report.

Manager Tod Faris presented information about the current projects underway. He indicated he has a residential builder looking to build homes for the Hometown Housing Initiative and they would be interested in available land to build on in the Albia area.

Attorney's Report

A written legal report was included in the monthly board packet by attorney Puckett. It was noted that the IUB approved the Moravia Tap franchise that was requested by NE Missouri over the objection of ITC Midwest. There was a discussion about the future of the ITC contract.

Safety Report

A motion was made, seconded, and carried to accept the August 2022 Safety Report and statistics information 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 August 2022 activities, the Financial and Statistical Report for January through August 2022, and August financial statements. Trudy reviewed the August activities and the budget for actual comparisons. It was noted that August revenues were 3.5% higher than YTD budget and 4.4% higher than last year. She reviewed operating expenses for the year to date. She reviewed the statement of cash flows. The margins for August and the balance sheet were examined. Finance Manager

Trudy Grade also provided an update on the Cooperative's Cost of Service Study and discussed a preliminary revenue requirement study that CFC presented to CVEC staff on September 28, 2022. There was a discussion about the members' billing and matching AMI data to the provided revenue. This is the first cost of service study CVEC has conducted using AMI data. She reported that Northeast Power Cooperative would be increasing rates in January and power purchase costs will increase. She then presented information about a revenue deferral plan. She is going to call the RUS field rep to gather more information about revenue deferral. There was a discussion about evaluating the need to implement a rate increase at CVEC and appropriate rollout to members. Following the presentation of the financials, a motion was made, seconded, and carried to approve the same.

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

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

Old or Unfinished Business

President Michael Miller asked if there was any old or unfinished business.

2023 CVEC Annual Meeting

CEO/General Manager Todd presented a chart comparing statistical data about the Cooperative's Annual Meeting events. The same chart was presented at the August meeting but General Manager Todd added data reflecting 2015 annual meeting information including total costs and number of

attendees. The chart was included in the board packet and identified the various venue locations throughout the years. There was discussion about the benefits and disadvantages of holding drive-thru meetings and member appreciation meetings. There was consensus about the 2023 CVEC format. It was agreed to provide attendees a meal-to-go, with a drive-thru meeting, with a time period limiting the number of box meals, and push out the reports ahead of time for the business meeting portion.

Old or Unfinished Business

There was discussion about Director attendance at the NRECA Regional Meeting, September 21-23, 2022. Manager Todd reported that the Iowa delegation met with NRECA's CEO Jim Matheson.

Director VandenBerg and CEO/General Manager Todd reported on their participation in the September Legislative Fly-In to Washington D.C. CEO/General Manager Todd shared she had not traveled with the group due to the need to be at the office and the need to take care of staffing issues.

Director VandenBerg reported that the IAEC Board meeting at Honey Creek and Director tour went well.

There was discussion about participating in a NE Power Missouri plant tour on Tuesday, October 4th. Directors were encouraged to join the tour leaving the cooperative offices at 6:30 a.m.

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.

CVEC Board Meeting Times Discussion

The Board packet included a calendar of events. There was a discussion about CVEC Board Meeting times. It was noted that on Thursday, October 27th, the meeting will start at 1:00 p.m., and on Monday, November 28th the meeting will start at 4:00 p.m. It was noted the 2023 NRECA Regional 5 & 6 Meetings will be held in Des Moines, Iowa on September 12-14, 2023.

Audit Recommendation

It was reported that BKD completed a merger with DHG and is now rebranded as Forvis Wealth Advisors (Forvis) and their combined wealth management practice makes it one of the top ten accounting firms in the nation. The Cooperative has the opportunity to continue using BKD under its new name or CVEC can issue a request for proposals for its routine audit needs. Following discussion, there was a motion and a second to get bids for the auditing services. Motion carried.

CVEC Committee Reports

There were no Committee Reports this month. The Financial Committee plans to meet in November to review the budget.

Northeast Missouri Electric Power Cooperative (NEP) Update

The Board packet included a written update on NEP activities.

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.

Iowa Institute of Cooperatives

Director Vandenberg reported on activities of the Iowa Institute for Cooperatives and upcoming meetings. He's on the committee for scholarships and hall of fame recognitions. He shared that the electric cooperatives are an important contributor to the IIC, and that it's not just grain coops. At the Iowa Institute of Cooperative's upcoming Annual Meeting, they will recognize John Ward and induct him into their prestigious Hall of Fame for his dedication to cooperatives state-wide.

Open Discussion Items

There was a discussion that due to revising the requirement of "member in good standing" on write-in candidates for someone running for a director seat in 2023, the petition forms need to be updated. CVEC staff is working on making these amendments, and new forms will be ready in early January. However, in the meantime, anyone who wants to get a jump start on gathering signatures can use director packets and forms currently available on the website. GM Todd mentioned that CVEC will start promoting the open director seats in early 2023. The three directors up for re-election during the 2023 Annual Meeting include Randy Gottschalk, Richard Welsh, and Michael Miller. The Cooperative staff is working hard to highlight Governance more on the CVEC website.

Calendar of Events.

The Board packet included a calendar of events and noted that the next Board meeting would be held at 5:00 p.m. on Thursday, October 27, 2022. But, as previously discussed and decided, this meeting will begin at 1:00 p.m. GM Todd said they will try to get dates out for 2023.

GM Todd reported that she and Doug Aeilts would do a podcast and discuss the increase of costs to serve members.

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 8:46 p.m.



Michael Miller, President



Norm Major, Secretary

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