

CHARITON VALLEY ELECTRIC COOPERATIVE
REGULAR MONTHLY BOARD MEETING
DECEMBER 27, 2024

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 December 27, 2024, at 1:00 p.m. by President Kenny VandenBerg.

Secretary Norm Major reported all directors were present in person. Other attendees included General Manager Troy Amoss; Finance Manager Trudy Grade; Human Resources Coordinator/Administrative Assistant Ashley Trachel; and Communications Coordinator/Executive Assistant Anna See. Attorney Dennis L. Puckett of Sullivan & Ward, P.C. participated remotely.

Consent Agenda

The consent agenda items were reviewed and approved following a motion that was made, seconded and carried. The approved items included the meeting agenda, the minutes from the November 22, 2024, regular business meeting and the November 2024 New Member List.

SEE ATTACHED MEMBER LIST

Human Resources Report

The Board reviewed the Human Resources Report included in the board packet. Human Resources Coordinator/Administrative Assistant Ashley Trachel was present to address any questions related to the report. Ashley provided an overview of the rebates issued in the previous month and shared details about a recent home energy audit. Following her report, Ashley Trachel left the meeting.

Operations Report

The Operations Report was presented by General Manager Troy Amoss in the absence of Line Superintendent Jared Shaw. Troy referenced the written report included in the board packet and addressed any questions from the Board. He provided an update on outages that occurred in the early morning hours of December 14, 2024, due to icing. Approximately 305 members were affected, and Troy coordinated the crews during the event to restore power efficiently.

Safety Report

The Board reviewed the Safety Report and accompanying statistics included in the board packet. After discussion, a motion was made, seconded and carried to approve the November 2024 Safety Report as presented.

Member Communications and Engagement Report

The Board reviewed a written report from Anna See, Communications Coordinator/Executive Assistant, included in the board packet. Anna addressed questions regarding her report and highlighted upcoming meetings and events, including the Iowa Association of Electric Cooperative's (IAEC) Welcome Back Reception for legislators on January 14, 2025, the IAEC Director Update on February 5-6, 2025, and the CFC Financial Workshop on February 6-7, 2025. She also noted that Access Energy has scheduled its Capitol visit for February 12, 2025.

Anna discussed volunteer activities and provided an update on the promotion of the Youth Tour, scheduled for June 15-21, 2025. Additionally, she reported the receipt of 35 new opt-in postcards for the Operation Round Up program.

IT/Cyber Security Report

The Board reviewed a written report from Network Administrator Nathan Norton on IT updates, which was included in the board packet. General Manager Troy Amoss inquired if there were any questions regarding the report, and none were raised.

Finance Report

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

- a) Financial Statements – The November 2024 financial activities and statements were included in the board packet and reviewed by Trudy. She reported that the cooperative had margins of approximately \$1,868 for November, with year-to-date margins about 11% below budget and 36% below the prior year. Trudy noted that all tree trimming expenses for the year had been completed.

The balance sheet was reviewed, with no significant changes reported. A discussion was held regarding margins and appropriate targets, as well as various financial ratios included in the board packet. The Board also discussed line loss percentages.

Trudy reviewed the income statement and statement of cash flows and offered to answer any questions. Additionally, the check register (checks 60025 through 60089) and ACH transactions were reviewed.

Following thorough discussion, a motion was made, seconded and carried to approve the November 2024 Financial Statements as presented.

- b) Credit Cards – The Board reviewed the credit card expenses for the month of November, including the cooperative's credit card and CEO/GM expenses. Following the review, a motion was made, seconded and carried to approve the cooperative's credit card and CEO/GM expenses as presented.

CEO/General Manager Report

CEO/General Manager Troy Amoss presented his report to the Board. He provided an update on the EV charger located in the Albia town square, noting that CVEC is not renewing the contract, which will end on January 1, 2025.

Troy also reported that the Sedes REDL loan extension had expired, meaning the borrower would need to reapply if they still wished to utilize the program. Additionally, he shared that he has been working on the budget over the past month, which will be presented later in the meeting.

Old or Unfinished Business

The Chairman asked for any old or unfinished business for discussion. The Board held a discussion regarding the IAEC Annual Meeting and board training.

Kenny Vandenberg was thanked for his service on the IAEC board. Congratulations were extended to Anna See for completing the IAEC Cooperative Leadership in Iowa Program and to Richard Welsh for achieving 25 years of service as a director.

New Business

- a) Director Expense Report – The Board Expense Report was reviewed. Following the review, a motion was made, seconded and carried to approve the report as presented.
- b) 2025 Budget – Trudy Grade and Troy Amoss presented the proposed budget for 2025, which was included in the board packet. It was noted that Northeast Power's rates will increase by 3% for 2025, but CVEC's peak demand is decreasing due to a mild 2024.

The budget projections for 2025 are as follows:

- Operating Revenue: \$14,101,676
- Operating Expenses: \$11,599,353
- Total Costs: \$13,318,617
- Projected Operating Margin: \$783,060
- Net Margins (including G&T patronage): \$1,541,225

Financial ratios are projected as follows:

- TIER: 3.35
- O-TIER: 2.19
- MSDC: 1.89

The loan covenants were reviewed, and it was noted that the cooperative is projected to exceed all requirements, as well as surpass the policy requirements for financial ratios. The proposed budget includes a 3% rate increase, with the education reserve allocated to cover education and training expenses.

A change to the tree trimming schedule was discussed, transitioning to a 5-year rotation instead of 4 years. CEO/GM Amoss provided details on staffing changes reflected in the budget.

CEO/GM Amoss confirmed that Toth and Associates had been consulted and verified the need for the 3% rate increase, which aligned with Northeast Power's rate increase.

The Board engaged in a discussion on billing, residential demand, patronage allocations and retirements. The proposed budget anticipates a retirement of \$250,097.55 in patronage, plus an additional \$25,000 for estates, totaling \$275,097.55. The construction and capital expense budgets were also reviewed.

Executive Session

At 3:05 p.m., the Chairman recessed the meeting into executive session. Trudy Grade and Anna See left the meeting. All board members, CEO/GM Amoss and Attorney Puckett participated in

the executive session. Upon motion duly made, seconded and carried, the meeting resumed in regular session at 3:42 p.m. Anna See and Trudy Grade returned to the meeting.

2025 Budget

Discussion on the budget resumed. After further discussion, a motion was duly made, seconded and carried to approve the 2025 budget, which includes a capital budget of \$407,428.

Legal Report

Attorney Puckett presented a legal report to the Board, providing an update on work completed during the past month. He noted that an application had been filed in Appanoose County District Court on behalf of Northeast Power against ITC Midwest, aiming to preserve the interconnection with ITC Midwest at the Moravia and Honey Creek substations. This matter is also before FERC, and ITC Midwest has removed the District Court matter to federal court. Attorney Puckett also reported on the oral arguments held December 3, 2024, regarding the power plant rule before the federal appeals court. Additionally, he provided an update on the status of the Beneficial Ownership Information (BOI) reporting requirements for small businesses, noting that CVEC and its subsidiaries are exempt from the filing requirement.

Director Reports

Directors provided updates on Northeast Power and the Iowa Association of Electric Cooperatives. The board packet included a written report concerning Northeast Power.

A question was raised regarding a housing/economic development training event scheduled at CVEC on January 30, 2025. Director Major clarified that the event is not sponsored by CVEC but that the cooperative has agreed to host the event. Further questions were raised about who was invited and how the event was scheduled to take place at the cooperative.


Meeting Dates/Calendar of Events

Chairman VandenBerg noted the calendar of events included in the board packet. The next board meeting is scheduled for January 29, 2025, at 1:00 p.m. The February meeting is set for February 27, 2025. A discussion was held about the possibility of moving the February meeting date, and the consensus was to keep it as originally scheduled.

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 4:06 p.m.


Kenneth VandenBerg, President


Norm Major, Secretary