

Rachel Johnson, Cherryland Electric Cooperative ([00:16](#)):

Welcome back to Co-Op Energy Talk. I'm your host, Rachel Johnson, and you are listening to the board meeting brief for our board meeting from Monday, May 22nd. First, I just wanted to take a second and note that our safety director updated our board on the fact that we recently underwent an annual audit of our safety and loss control programs with our insurance provider. Like I said, this is something we do every year, but what I wanted to just make sure we acknowledged is that the feedback was extremely positive. They were really, really impressed with our safety program, with how seriously all of our employees take safety, but also with our equipment and the quality of the equipment that we provide and the ways in which we are maintaining that equipment. So I just wanted to give kudos to all of our employees for protecting our members' investment and our equipment, but more importantly for making sure that our employees themselves stay safe.

Rachel Johnson, Cherryland Electric Cooperative ([01:00](#)):

So kudos to them. Also, with safety, we've been very, very active in the community with safety demos for schools in particular and participating in a lot of career fairs. So I just wanted to, um, thank all of our employees for volunteering to make sure that we're teaching our youngest members how to stay safe around electricity, but also hopefully encouraging them to consider jobs in the electric utility field. And who knows, maybe someday one of those third or fourth graders will be the next line worker that's turning the power back on at your house. So, uh, four other items that I wanted to discuss from this week's board meeting. Our CFO gave a presentation to the board on our Rural Economic Development Loan and grant program. You'll hear us refer to that as the Red Leg program that is a U S D A funded program and we've been participating in it for 26 years.

Rachel Johnson, Cherryland Electric Cooperative ([01:43](#)):

We had kind of issued a little bit of a stay on taking new applications into the program to allow the program to build back up so we would have money to loan. We are now at the point where we're gonna be opening it back up. So we wanna take advantage of the opportunity to just remind our board of that 26 year history of the program and kind of just give them an overview of what we've done with it. So here are a few highlights from that. The revolving loan program is a total of \$1.2 million. A million of that came from U S D A and then 200,000 of that had to be matched by Cherry Land. And we've built that slowly over those 26 years, we've evolved that program to the tune of 5.2 million in loans to 33 local organizations over the lifetime of the loan program.

Rachel Johnson, Cherryland Electric Cooperative ([02:23](#)):

I'm just gonna give you kind of a little look at where we've loaned that money out. In terms of industry, 44% of our loans have gone to public infrastructure. So that's for things like fire trucks and ambulances. We helped Blair when they got set up their, um, township water system. So anything that kind of falls under the, the, it would be generally a governmental entity that's applying for that loan and using it for public infrastructure. 7% of the loans have gone toward recreation, 7% have gone through sales and retail. 20% have gone to manufacturing and construction companies and 22% have gone to food and beverage or kind of maybe hospitality type industries. So we really feel like we've spread that loan across a lot of different industries, industries that are impactful and important to our community, while also simultaneously supporting the need for public infrastructure in the community.

Rachel Johnson, Cherryland Electric Cooperative ([03:11](#)):

As I mentioned, applications open back up next month. Uh, you're interested, there's more information on our website, but just kind of like a general overview, the way the loan program works for every \$20,000 we lend, the applicant must show that they will create or retain one job. The max term length is 10 years, but the board generally prefers to keep term links between five and seven. Those are zero interest loans and the board is particularly interested in new borrowers who have not borrowed from us before. So check out the website, get ahold of me if you have any questions. The second thing that we talked about at the board meeting that I wanted to just give you a really quick update on is the Cherry Land Cares bylaws. We recently went through a process of revising those bylaws with the Cherry Land Cares Board.

Rachel Johnson, Cherryland Electric Cooperative (03:49):

There's not any particularly substantive changes we've made. They're really more administrative in nature, but those bylaws had not been revised since we initially started Cherry Land Cares back in the early two thousands. And so they referred to things like setting up an initial board, so we just needed to clean them up. The other thing we did is give a little more flexibility for the scheduling of those quarterly meetings. It was specifically stated in the bylaws the exact day they had to be, but that date doesn't always work for everyone. So we wanted to give ourselves a little more flexibility for scheduling. So, uh, if you, if you want more details, you're welcome to reach out to me. But like I said, pretty, pretty much just administrative in nature. The third thing, and you'll notice a theme because I've been talking to you about this for several months now, we got an update from our CFO on our finances.

Rachel Johnson, Cherryland Electric Cooperative (04:30):

Uh, weather, weather, weather continues to be a problem for us. Uh, we continue to be experiencing just really mild weather, which is leading to pretty sluggish sales. Uh, so that said, our net operating margins in April, were negative about \$215,000. We're gonna keep looking at this and kind of watching how our sales progressed through the summer. In particular, if we were to get a good warm snap, we think we can still be okay by the end of the year, but if we don't see our sales pick up over the summer, we're gonna, um, take a hard look at our budget and make changes as necessary. The good news though, is we continue to meet our debt service coverage requirements. We're doing a good job of managing our controllable cost and the overall financial health. The co-op means we're in a good position to weather the weather, but we don't have any control over the weather.

Rachel Johnson, Cherryland Electric Cooperative (05:15):

So, you know, not, not the best news, but still I think a lot to be proud of in terms of the overall financial health of the co-op. And the final thing I wanted to talk to you about today is just a quick update on how the co-op is doing as we've come out of our winter disconnect moratorium and are now back into our normal disconnect policies. So we don't disconnect members between November 1st and April 15th, but sometimes that means when we get to that April 15th deadline, we have to work, uh, very creatively to help some members get caught back up on their bills. Coming into that end of moratorium, we had about \$850,000 past due. We collected about \$700,000 in member payments and another 175,000 in, uh, energy assistance payments over that four week period of time. So we were able to pull that total still owing down from our members to about \$40,000.

Rachel Johnson, Cherryland Electric Cooperative (06:02):

So kudos to the member services team on their creative work to help make sure our members had options to get themselves up to kinda get their payments made and get their bill up to date. And now

we're just in our normal disconnect policies. So recycle bill. So once every single month, one quarter of the members every week, essentially it's their cycle and if they're not up to date, we'll work with them to figure out how to get their bill up. And if they can't, obviously then we'll likely end up in a disconnect for non-pay, uh, scenario. But that happens on a monthly basis as opposed to how we handle it in the winter. So that's your summary of our most recent board meeting. Our next board meeting will be Monday, June 26th. And just a reminder, we start every board meeting with an opportunity for member input at 9:00 AM. In addition to that, uh, I would encourage you to ch stop by our annual meeting on June 15th. The board will be there from four to 8:00 PM at Incredible Moes with our annual business meeting happening at five 30. And we'll look forward to seeing you there. Join us next time for more co-op Energy Talk.