

COMMUNITIESUnlimited

Board Meeting Minutes

March 24, 2023

Via Zoom

At 9:30 a.m. the board of directors joined the CU Staff for their All Hands Conference Call.

Call to Order at 10:17 a.m.

Approval of Minutes from:

- Meeting on December 16, 2022
- Call February 15, 2022

Debby Warren moved to approve both sets of minutes. Max Sprinkle seconded the motion. The minutes were approved unanimously.

Board Resolutions: USDA Rural Business Development Grants for Arkansas, Texas and Mississippi. The three resolutions had been approved electronically and are taken into the minutes here. Debby Warren moved to include the approval of the three board resolutions. Wayne Fawbush seconded the motion. The three resolutions are entered into the board record with unanimous approval.

Board Member Reports:

- Debby Warren reported on the site visit with RCAP board committee and CU in San Augustine, Texas.
- Salomon Torres reported on engaging CU Nuestra Casa and Environmental staff with the Council of Governments in the Valley.

Strategy Discussion:

Catherine Krantz, Area Director for Broadband, presented the objective of CU's broadband work and the actual communities she has been working with. Donna Kay Yeargan emphasized the important of education in communities to advance broadband adoption.

New Broadband Impact Loan Fund

Bryn Bagwell, Director of Lending, explained the concept of a new loan fund focused on expanding access to broadband and CU's partnership with Connect Humanity and our contract with them to support underwriting broadband related loans. The fund will initially focus on Arkansas and expand to remaining territory as capital becomes available.

Board Resolution: Establish a new Broadband Impact Loan Fund and authorize the CEO to accept grant or loan investment to fund the new portfolio. Billy Hix resolved to establish the new loan fund. Max Sprinkle seconded the motion. The new loan fund was approved unanimously.

Executive Session:

The Board entered Executive Session at 12:10 p.m. to conduct the annual performance review of the CEO. Chris opened the discussion with a call for general observations and perspectives on the CEO's performance. Board member comments were unanimously positive with members lauding Ines' leadership abilities and capacity to manage change in a time of unprecedented growth for the

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organization. In particular, Board members credited Ines with remarkable progress in CU's adoption of a strategic blending approach, the organization's rapid rise as a national thought leader as well as her peer leadership roles with national RCAP, Association for Enterprise Opportunity, and Partners for Rural Transformation.

At the same time, directors expressed concern about the personal and professional pressures that inevitably accompany such an intense level of internal and external responsibility. The Board focused once more on the need for support of the CEO in carrying a rapidly growing workload. Where the previous annual review had been focused on creating COO or Chief of Staff positions, the board now focused on ways to support Ines in developing the most effective structure of the CEO's office. The Board conveyed its full support for retaining external professional assistance in designing a solution.

After a far-ranging discussion of how the Board could best express its deep appreciation and respect for the CEO's performance and accomplishments during the past year, Donna Kay offered a motion to (a) provide full Board support for retaining outside assistance in designing and implementing a effective, sustainable structure for the office of the CEO and (b) to authorize an 8% increase in the CEO's annual compensation to take effect on June 1, 2023. With a second by Billy, the motion was unanimously approved.

On a motion by Wayne and a second by Max, the Executive Session was adjourned at 1:34 pm.

Lending Report:

Bryn Bagwell reviewed the loan numbers. She reported on a policy exception for a second loan to Urban Heights closed in March 2023 that exceeded the \$100,000 limit per small business borrower. An unsuccessful attempt was made to sell a participation to a local bank in Amarillo.

Approval of Small Business Loan Committee Member:

Bryn reviewed the credentials of Jesus Cisneros, Assistant Vice President of Woodforest National Bank, as a candidate for the small business loan committee. Max Sprinkle moved to approve Mr Cisneros as a member of the CU Small Business Loan Committee. Salomon Torres seconded the motion. Mr Cisneros was approved unanimously.

Financial Review:

Kim Griffey, CFO, reviewed the financial statements for the quarter ending December 31, 2022. She discussed with the board the need to move from a provisional indirect cost rate to a fixed rate due to the long delays of receiving approval for a provisional rate.

The CFO also laid out CU's response to looming banking crisis. Funds are being moved to new accounts to ensure that all operating, core and loan funds are secured by FDIC or securitization tools. The only remaining risk will be with Simmons Bank because of requirements of SBA to have funds and reserves in associated accounts.

Billy Hix moved to accept the financial report . Max seconded the motion. The financial report was accepted unanimously.

Policy Monitoring by CEO

- Financial Planning and Budgeting Policy
- Financial Condition and Activities Policies

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- Emergency Chief Executive Office Succession Policy

The CEO reported that Communities Unlimited is in compliance with the three policies monitored below and compliance has been documented.

Policy Monitoring by Board

- Accountability of the Chief Executive Officer
- Agenda Planning Policy
- Chairman's Role Policy
- Board Committee Principles Policy
- Board Conflict of Interest Policy (rev)

The board reviewed each of its policies and recognized that it had not reviewed the Ends Policy in the past 12 months. They have asked that this be included on the agenda for the May 2023 board meeting.

The CEO provided an update on the legal complaint: Elizabeth Lilly, et.al. vs Barton-Lexa Water Assoc, Phillips County Sewer, CU

Confirming board meetings for 2023

- May 24, 2023 – Fayetteville in person
- September 7, 2023 – Montgomery, site visit and meeting
- November 3, 2023 - Zoom

4:05

Meeting adjourned



Billy Hix, Secretary / Treasurer
Board of Directors

5-24-2023
Date