



Board Minutes

Friday, February 21, 2025

9:30 a.m. to 4:00 p.m. Central Time

Via Zoom

9:30 a.m. The board joined the CU All Hands Conference Call with Staff

10:15 a.m. **Call to Order**

Board Members Present: Debby Warren, Billy Hix, Deb Markley, Dominique Gomez, Max Sprinkle, Salomon Torres, Donna Kay Yeargan. Board candidate, Justin Maxson, joined the meeting to introduce himself and meet the board.

Staff Present: Michael Rivera, Melody Timinsky, Kim Griffey and Ines Polonius

Approval of Minutes from Meeting on

- November 13, 2024
- Call January 28, 2025

Deb Markley moved to approve the two sets of minutes. Billy Hix seconded the motion. The minutes were approved unanimously.

Board Resolutions: The board resolves that CU apply for a sum not to exceed \$98,000 in USDA Rural Business Development Grant funds in each of the seven states in CU's footprint for a total of 7 applications.

Deb Markley moved to approve the seven resolutions. Donna Kay Yeargan seconded the motion. The resolutions were approved unanimously.

10:30 a.m. **Meeting with Auditors** - *Danielle Martin*, WIPFLI

CU continues to be a low-risk auditee. This year they tested 10.761 Technical Assistance and Training Grants and 93.570 Community Services Block Grant Discretionary Award were tested.

WIPFLY issued an unmodified audit. No controls or compliance issues found.

The auditor explained Current Expected Credit Losses (CECL), a new financial accounting standard introduced by (FASB) to improve how lenders estimate and report credit losses on financial assets. CU has put the necessary accounting policies in place and made a resulting adjustment of \$259,805 for allowance for loan losses. This resulted in increase in net assets.

Bill Hix moved to approve the audit. Max Sprinkle seconded the motion. The audit was approved unanimously.

Lending Report – Michael Rivera, Director of Lending

- Loan Policy: The board was presented with a revised set of loan policies to ensure compliance with new Executive Orders issued by the current administration.

Donna Kay Yeargan moved to approve the revised policy. Deb Markley seconded the motion. The revised loan policy was approved unanimously.

- Lending Report

The Director of Lending discussed that the King Foundation has approved and executed an investment of \$1 million dollars to support the expansion of home improvement loans. The funds were received by CU in late December. He reported that during the first part of the board meeting, the first application for a loan came in.

Healthy pipeline of Environmental loans. Closed \$140K in loans in January. Currently, USDA loans and SRF loans to rural water/wastewater systems are in limbo. We may be the only source of capital.

Write off of \$44,000 as discussed during Lending report. Most were small business loans. We did receive repayment from an old non-performing loan from Old Tamina!

Salomon Torres moved to accept the Lending Report. Donna Kay Yeargan seconded the motion. The Lending Report was accepted unanimously.

FY2024 HR/Recruiting Report – Melody Timinsky, COO

The COO reported that the breadth of sources from which CU recruits allows us to ensure that we do not discriminate against anyone. HR will continue to track hiring and promotion of those with disabilities and are protected veterans per the law. CU exceeded the goal of 7% for those hired that have recognized disability. It also exceeded the goal of 5% of recruits that are protected veterans at 6.7%.

Dominique Gomez moved to accept the HR Report on Recruiting. Billy Hix seconded the motion. The recruiting report was accepted unanimously.

Financial Report: Year to Date December 31, 2024 – Kim Griffey, CFO

Indirect cost is high because of all insurance payments and audit fee we had to pay at the beginning of the year. First quarter financials are showing a \$400K loss. We budgeted a net loss in Community Sustainability and Entrepreneurship in part because of needed matching funds.

Total assets have risen to \$44.5 million against \$23 million in liabilities. There are \$7 million in assets in the core which we are watching carefully given their critical role in helping us weather the storm. Deb Markley moved to accept the financial statements as presented. Max Sprinkle seconded the motion. The financial statements were accepted unanimously.

Strategic Discussion: CU Contingency Plan and Pivot to Revenue Generating Model

- Level Setting: Here is what we know (and there is a lot we don't know). CEO emailed a separate document to the board on February 20, 2025.
- CFO discussed a spreadsheet of CU's Financial Runway and assumptions about cutting expenses

The board agreed to have ongoing discussions to provide the CU guidance on serving urban markets and clients outside of the 7 state footprint for revenue generating purposes. For now, the board agreed that staff is not to expend energy and resources to expand market intentionally, but to take advantage of opportunities if expertise can be responsive in states outside of our footprint. The board encouraged the team to applying "otherwise uncompensated" time to revenue generation. It warned of mission creep.

Introduction of Board Candidate – Justin Maxson, BuildUS, introduced himself. BuildUS is a collaborative of 15 funders who are committed to ensure disadvantaged communities access federal funding for infrastructure. Justin is from Appalachian Kentucky with CDFI experience. He was CEO of the Mary Reynolds Babcock Foundation and became Deputy Undersecretary for Rural Development before leading BuildUS.

2:30 p.m. CEO Evaluation:

- Review of Self-Evaluation
- Request for Hour/Pay Adjustment
- Review of 2024 Metrics
- Review of Operations Plan

Executive Session: Donna Kay Yeargan moved to transition into executive session. Billy Hix seconded the motion. The motion was approved unanimously and the board moved into executive session at 3:08 p.m. Executive Session ended at 4:01 p.m.

The board provided the CEO constructive performance feedback. They agreed to the CEO's proposal to cut her salary and hours by 25% as a good faith cost cutting effort to lead by example as other difficult expense reductions will have to be made to moving forward.

The board agreed to have Justin Maxson join as a board candidate during the April meeting (rescheduled to May 23rd) and follow the board process for seating a new board member.

Policy Monitoring by CEO

- Financial Planning and Budgeting Policy
- Financial Condition and Activities Policies
- Emergency Chief Executive Office Succession Policy

Summary of Compliance: Communities Unlimited is in compliance with the three policies monitored below and compliance has been documented. Billy Hix moved to accept the CEO's

monitoring report. Deb Markley seconded the motion. The monitoring report was accepted unanimously.

Policy Monitoring by Board

- Accountability of the Chief Executive Officer
- Agenda Planning Policy
- Chairman's Role Policy
- Board Committee Principles Policy
- Board Member Selection Policy

Board would like to revise the Board Member policy. The CEO will draft the revisions to approval at next meeting. The board reviewed compliance for each of the policies listed.

CEO Updates:

- Update on Legal Complaint by SIXELA

Confirming 2025 Board Meetings:

April 4, 2025 – in person in Fayetteville – (Rescheduled to Zoom meeting on May 23, 2025)

July 17, 2025 – CU Anniversary Celebration on hold – Zoom? Anniversary celebration has been cancelled.

September 5, 2025 – In Person Board Meeting in Fayetteville, AR

November 5, 2025 – Site Visit Humphreys County, Mississippi

Adjourn – Deb Markley moved to adjourn the board meeting at 4:05 p.m. Donna Kay Yeargan seconded the motion. Unanimous.