

REGULAR BOARD OF TRUSTEES MEETING

The regular monthly meeting of the Board of Trustees of The Caney Valley Electric Cooperative Association, Inc., was held Tuesday, August 10, 2021, at Cedar Vale, State of Kansas, at 7:00 p.m.

The meeting was called to order by President, Kenneth Bates, who acted as chairman and presided at the meeting. Kitty Sweaney, Accounting & HR Manager, recorded the minutes thereof.

Upon calling the roll, the following Trustees reported as present:

Kenneth Bates	Stephanie Ollenborger	Steve Clark
Don Land	Alex Fulsom	Dan Hubert
Steve Warburton	Chris Kelly	Charles McMillan

Others present for the meeting were Allen A. Zadorozny, Manager, Marla Ware, Attorney, Craig Lampson, Oscar Mattocks, and Kitty Sweaney. Counsel Ware participated via ZOOM. Chairman Bates declared the meeting duly organized for the dispatch of such business as might come before it, and welcomed newly-elected trustee Steve Warburton. Don Land opened with a prayer, and chairman Bates then led the flag salute.

Consideration was given for requests for changes to the Agenda or for any executive sessions. There were none.

The next order of business was the annual election of officers. It was moved by Steve Clark, seconded by Alex Fulsom, and unanimously carried, that Chris Kelly be nominated and serve as President. It was moved by Don Land, seconded by Dan Hubert, and unanimously carried, that Steve Clark be nominated and serve as Vice President. It was moved by Charles McMillan, seconded by Chris Kelly, and unanimously carried, that Don Land be nominated and serve as Secretary-Treasurer. At this time, Chris Kelly took over the meeting as chairman.

The next order of business was review of the minutes of the regular board meeting of July 13, 2021. It was moved by Kenneth Bates, seconded by Steve Clark, and unanimously carried, that the minutes be approved as delivered at the recent annual meeting.

The Board then considered the new membership list. After review and on motion by Dan Hubert, second by Charles McMillan, it was unanimously carried to approve the new members as presented.

The Board reviewed the expenditures for the month.

Old accounts for collection were presented. It was noted that the old account included in the board book had paid. However, there are two outstanding statements that have not paid, and staff would appreciate the board's consideration in turning these over for collection. The collection agency follows the same procedures on these as on old accounts. After discussion, it was moved by Steve Clark, seconded by Dan Hubert, and unanimously carried, to turn the two statements over for collection as presented.

The Board then reviewed the Operations, Loss Control & Safety Report, including accidents, new consumers line extensions, outages, safety meeting minutes and transportation. It was moved by Kenneth

Bates, seconded by Alex Fulsom, and unanimously carried, to approve the safety meeting minutes as presented. Discussion was held on a bridge move near Havana.

Counsel Ware advised that she had nothing to report on the old account collection she is working on, as well as one of the lawsuits, which has been handed over to Federated's representative attorney in Overland Park. The other lawsuit has been settled.

Allen Zadorozny then reviewed the June 2021 financial statements. Due to an extremely high power bill for the month, margins for the month came in at a loss of \$257,441.99. This brought year-to-date margins to \$32,180.39. However, this is still well above a year ago and well above budget. The summer months' expected losses are usually caught up in September or October, due to the lag in billing kilowatt hour sales vs. when they are purchased. Cash on hand was at \$1,347,039 at the end of the month, and the CoBank line-of-credit included in Notes Payable dropped to \$425,000. The balance in Notes Payable is the loan received through the Paycheck Protection Program. Chris Kelly then reported that the bank received word from the SBA that forgiveness on this loan was fully approved, and confirmation should be received soon.

Zadorozny reviewed the long-term debt-to-assets ratio, actual monthly revenues and expenses compared to budget and the previous two years, and cash revenues and expenditures. He noted that the number of meters had dropped in January, but has held fairly steady since that time. He also reviewed the right-of-way clearing expenditures for the month and year-to-date.

In his Manager's report, Zadorozny went over how the load factor is calculated on the monthly power bills, as well as the calculation on the long-term debt-to-assets ratio. He noted that we received the first draw down of \$800,000 against the \$4,800,000 RUS-FFB loan, with a total interest rate of 1.872%. He added that the increases in the customer charge implemented in 2018 and again in 2019 really served the cooperative well financially, and that we've been able to hold off drawing down any loan funds.

The computer ransom attack in which the cooperative's server was compromised, discovered on July 5th was discussed. The server was made inoperable, but none of the cooperative's or members' data was compromised. Federated has a contract with Tokeo Marine out of California to handle cyber security claims. Staff has been told that the cyber liability endorsement does not include hardware such as the damaged server. However, the claim is still under review, and staff is working with Federated and SEDC personnel on this. The additional server we had at the time for another purpose was able to be used, and another server has been ordered. Cost will be approximately \$10,000.

A safety representative from Federated Rural Electric Insurance visited the office in July and presented a loss control analysis for staff to review. It was noted that Federated has set aside \$30,000 to cover the remaining lawsuit that is still ongoing. Caney Valley employees received the No Loss Time award for 2020 due to no employee accidents since 2017.

Discussion was held on obtaining a new cooperative attorney. It was noted that the opening does not need to be advertised, but Counsel Ware did suggest considering cost and availability, and maybe checking with other cooperatives as to who their attorneys are, as they would already have experience working with cooperatives. She is also willing to hand over all her materials to the new attorney chosen, and will be willing to mentor that person. We do have one applicant that has submitted a resume, but it was suggested we also contact the other attorney in Sedan to see if he's interested. The name of an attorney in Caney was also brought up. The Board asked that Allen Zadorozny contact the person in Sedan, and if anyone else comes up with a possible attorney, to let Zadorozny know.

Review was given over the recent annual meeting. About 202 members registered; there are usually over 300 registered, so attendance was down. Several compliments were received on the food, but it was suggested not to have it in August again if it can be helped as we got lucky with the weather. The Board very

favorably approved of staff purchasing the gifts locally. Discussion was held about using the *Kansas Country Living* magazine for the notice and registration certificate, and staff will be checking to see if that can be improved. Quorum for an annual meeting is 150 members. The next annual meeting is scheduled for March 17, 2022.

Several policies were presented for review. Action on Policy #422-Employee Post-Retirement Benefits was tabled from the previous month, and the policy completely revised. After discussion, it was moved by Don Land, seconded by Kenneth Bates, and unanimously carried, to approve Policy #422-Employee Post-Retirement Benefits, #425-Whistle Blower Policy, #426-Protected Health Information (PHI), and #427-Use of Cooperative Communication Systems, Information Systems and Information as presented.

Dan Hubert reported on the KEPCo meeting held in Topeka July 14-15. Sales were a lot lower than expected with Wolf Creek 21% below budget and Iatan II 17% below. Highlights of the KSI engineering subsidiary from last year were reviewed, as well as a compensation report prepared for KEPCo by an outside source. It was found that KEPCo's employee compensation rates are right where they should be as far as the utility market. The next meeting is scheduled for this Friday, August 13, in Topeka.

Chris Kelly did not have anything to report as far as KEC activities. Several trustees attended the recent summer board meeting held in Overland Park. District meetings will be coming up in November.

Other upcoming meetings include the Co-ops Vote meeting at Altamont October 26, and the KEC District 1 Meeting at Flint Oak November 1, which Caney Valley is sponsoring this year.

The following June 2021 Inventory of Work Orders was presented for consideration: #872 for \$58,152.98. It was moved by Dan Hubert, seconded by Kenneth Bates, and unanimously carried, to approve this Work Order as presented.

Allen Zadorozny reminded the trustees that he would be out of the office from the end of August until September 8th. Craig Lampson will be in charge in his absence.

There being no further business to come before the trustees, it was moved by Alex Fulsom, seconded by Dan Hubert, and unanimously carried, to adjourn the meeting at 9:04 p.m.

ATTEST:

/s/ Chris Kelly, President

/s/ Don Land, Secretary