

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, December 14, 2021, at Cedar Vale, State of Kansas, at 7:00 p.m.

The meeting was called to order by President, Chris Kelly, 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, Paul Buck, Attorney, Craig Lampson, Oscar Mattocks, and Kitty Sweaney. Counsel Buck participated via Zoom. Chairman Kelly declared the meeting duly organized for the dispatch of such business as might come before it. Kenneth Bates offered a prayer, and Kelly opened with the flag salute.

Angie Erickson, CEO at Twin Valley Electric in Altamont, also participated via Zoom, and presented the Board with information regarding the solar farm project installed by Twin Valley. She noted that they have a 1 MW unit sitting on 10 acres next to one of their substations. She talked about their costs involved in installing the connecting underground build, cost savings from being able to shave the peak on the summer KEPCo purchases, and the entities they worked with when setting this all up. Twin Valley owns the 10 acres, but another company owns the solar equipment. After fielding several questions from the trustees, Erickson left the meeting at approximately 7:35 p.m.

Consideration was given for requests for changes to the Agenda or for any executive sessions. It was noted that an executive session is needed to discuss the manager's annual evaluation.

The next order of business was review of the minutes of the regular board meeting of November 9, 2021. It was moved by Kenneth Bates, seconded by Alex Fulsom, and unanimously carried, that the minutes be approved as mailed.

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

The Board reviewed the October expenditures.

Old accounts in the total amount of \$1,770.27 were presented for consideration. It was moved by Dan Hubert, seconded by Kenneth Bates, and unanimously carried, to turn these 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 noted that Lee Tafanelli, CEO at KEC, attended the safety meeting to present the 2020 No Loss Time safety award to the employees. It was moved by Don Land, seconded by Dan Hubert, and unanimously carried, to approve the safety meeting minutes as presented.

Counsel Buck then gave his monthly report. He advised that in November a member disconnected back in July was found to have been diverting service since that time. Estimated revenue lost is approximately \$1,800 - \$2,000. The incident was reported to the Elk City sheriff's office. Buck asked for the Board's thoughts on either 1) allowing the prosecutor to bring criminal charges against the individual and ask for restitution, or 2) file a petition to try to get a judgment. He noted that the individual might be receiving an inheritance soon, a judgment should be easily recoverable, and he recommended that a petition for judgment be filed. After discussion, it was moved by Steve Clark, seconded by Alex Fulsom, and unanimously carried, to file a petition as recommended by Counsel.

Allen Zadorozny then reviewed the October financial statements. He noted total margins came to \$185,090.62. There were some large expenses for the month, but increased revenues offset those by quite a bit. Year-to-date margins come to \$872,615.21, which includes the PPP loan funds forgiven earlier in the year, and are well above budget and the previous year. He noted on the balance sheet that the CoBank line-of-credit was paid down to \$350,000 by the end of October, and cash-on-hand was over \$2,000,000. The long-term debt-to-assets ratio dropped to 43.1%. He compared October revenues and expenses against budget and the previous two years. If November and December follow budget amounts, we should end the year with a TIER of 3.14. He also reviewed meters billed in October, cash receipts and expenditures, the power bill, and right-of-way clearing expenses.

In his Manager's report, Zadorozny presented KEPCo's costs from the 2021 storm event back in February, which amounted to \$13,231,035. They are spreading approximately \$600,000/month for 24 months back to their members. Caney Valley's share is approximately \$20,000/month. This added cost is being calculated into the PCA billed to our members each month.

Following some research into the \$78,398.77 found on Line 32 on the Balance Sheet, it was found that this was an accumulation of manual journal entries made every year starting back in 1998, to transfer scholarship monies paid from account 217.10 to 219.10. It was found that when closing entries for each year were done in the computer system, amounts put into this account by journal entry did not get closed out. After a lengthy discussion with Kevin Kelso, CPA auditor, he suggested getting Board approval to reallocate that amount to the current membership. This would only affect balance sheet line items, and expenses and margins would not be changed. After discussion, it was moved by Steve Clark, seconded by Stephanie Ollenborger, and unanimously carried, to allocate this amount to the current membership per the CPA auditor's recommendation.

RUS-FFB 30-year loan rates from August 20 to December 7 were presented. It is felt that loan rates may be rising soon, and Manager Zadorozny asked for consideration in drawing down available RUS loan funds while they are still under 2%. After discussion, it was the consensus of the Board that Zadorozny take action as he felt necessary.

A discussion then followed on the solar energy project presented by Angie Erickson, CEO, Twin Valley, and whether Caney Valley Electric should pursue such a project. It was suggested that staff talk to the entities that Twin Valley worked with and try to gather more information. Zadorozny mentioned that he could probably get someone to come visit with the Board at a future meeting.

Policies #600 through #604 were presented for Board consideration. It was moved by Kenneth Bates, seconded by Steve Clark, and unanimously carried, to approve revisions to Policy #600-Safety as presented. It was moved by Steve Clark, seconded by Charles McMillan, and unanimously carried, to approve revisions to Policy #601-Accidents with Vehicles as presented. It was moved by Don Land, seconded by Dan Hubert, and unanimously carried, to approve revisions to Policy #603-OSHA Hazard Communication Standard as presented. Policy #602-Use of Cooperative-Owned Vehicles and #604-Bloodborne Pathogen Exposure Control Plan were reviewed with no changes.

There was not a KEC report as neither Chris Kelly nor Allen Zadorozny were able to attend the last meeting.

Dan Hubert reported on the last KEPCo meeting. Doug Jackson was reelected as president of the board. Wolf Creek received a performance award, and a hedging policy was adopted to help protect the membership in the event of another major storm event. He noted that October was above budget on operations. Iatan II was down; and Wolf Creek was used for about 40% of the October load.

Upcoming meetings include the KEPCo board meeting this week in Topeka, and the KEC annual meeting in Topeka January 22-24.

The following October 2021 Inventory of Work Orders was presented for consideration: #876 for \$65,691.66. It was moved by Kenneth Bates, seconded by Dan Hubert, and unanimously carried, to approve this Work Order as presented.

At 9:18 p.m. it was moved by Steve Clark, seconded by Dan Hubert, and unanimously carried, to go into executive session for a period of 15 minutes with Counsel present, to discuss the manager's annual evaluation. Manager Zadorozny was called in later during the session. The Board returned to regular session at 9:39 p.m.

It was moved by Steve Warburton, seconded by Charles McMillan, and unanimously carried, to approve what was discussed in executive session.

There being no further business to come before the Board, it was moved by Alex Fulsom, seconded by Dan Hubert, and unanimously carried, to adjourn at 9:40 p.m.

ATTEST:

/s/ Chris Kelly, President

/s/ Don Land, Secretary