

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 13, 2022, 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:

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| Trey Clapp | 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, Montana Johnson, and Kitty Sweaney. Attorneys Jane Landrum and Andrew Wiles participated via Zoom. Chairman Kelly declared the meeting duly organized for the dispatch of such business as might come before it.

At 7:00 p.m., it was moved by Steve Clark, seconded by Charles McMillan, and unanimously carried, to go into executive session for a period of 15 minutes with attorneys Landrum and Wiles and all staff present, to discuss items under attorney/client privilege regarding a land dispute. At 7:17 p.m., it was moved by Steve Warburton, seconded by Alex Fulsom, and unanimously carried, to return to regular session. Landrum and Wiles left the meeting at this time.

*Paul Buck joined the meeting at 7:20 p.m. via Zoom.

Trey Clapp then offered a prayer, and Chris Kelly led the flag salute.

Consideration was given for requests for changes to the Agenda or for any executive sessions. Chairman Kelly asked for an executive session at the end of the meeting to discuss the land dispute. Steve Clark asked for time at the end to discuss security at the cooperative's substations.

The next order of business was review of the minutes of the regular board meeting of November 8, 2022. It was moved by Dan Hubert, 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 Warburton, second by Steve Clark, it was unanimously carried to approve the new members as presented.

The Board reviewed the October expenditures. Montana Johnson explained several checks relating to expenses for the GIS system, software, and maintenance. He also gave a presentation of a map of the system.

Old accounts in the total amount of \$3,036.47 were presented for consideration. It was moved by Dan Hubert, seconded by Don Land, and unanimously carried, to turn these accounts over for collection as presented.

The Board then reviewed the Operations, Loss Control & Safety Report, including new consumers' line extensions, outages, safety meeting minutes and transportation. Craig Lampson noted that we did receive the transformers for the Grenola substation. It was moved by Don Land, seconded by Steve Warburton, and unanimously carried, to approve the safety meeting minutes as presented.

Counsel Buck did not have a report this month.

Allen Zadorozny presented the October financial statements. Due to high revenues for the month and a much lower power bill resulting from a large MSA credit as well as a credit from a settlement with Evergy, margins for the month came in at \$289,079.47. This brought year-to-date margins to \$447,313.84, almost \$80,000 higher than budgeted. The CoBank line-of-credit still showed a balance of \$75,000; however, following payments made in November and December, Zadorozny advised that this has been paid off in full. The long-term debt-to-assets ratio dropped slightly to 46.2%. Zadorozny compared revenues and expenses against budget and the previous two years. He noted that if November and December margins fall in as he expects, we will end the year with around a 1.7 TIER, somewhat less than the 1.92 that was budgeted. Cash receipts and expenditures were reviewed, as well as the October power bill and right-of-way clearing expenses.

In his Manager's report, Zadorozny explained the TIER and DSC ratios, noting minimum loan covenants require a TIER of 1.25 and DSC of 1.35. RUS and CFC always look at the best 2 of the previous 3 years when determining if a cooperative meets the minimum requirements. The cooperative's organization chart was presented for information purposes. Suzanne Lane, KEPCo CEO, is wanting to visit with all the state cooperatives during a listening tour planned for January through April. Zadorozny suggested April 12 might work best for us, and it might be possible to move the board meeting to the same night. This will be determined at a later date. He noted that KEC's annual meeting is January 21-23 in Topeka. As always, KEC is promoting KCRE with a silent auction during the meeting; and he plans to purchase items to donate from an area business. He also added that the cooperative owes another \$100 on the solar generation land purchase, due to the taxes due being prorated incorrectly.

Chris Kelly reported on the KEC meeting held in Wichita last week. The biggest concern is related to solar generation advertising in the *Kansas Country Living* magazine. KEC is preparing for their annual meeting next month.

Dan Hubert reported that KEPCo held their annual meeting in November. KEPCo is forecasting slightly lower power costs for 2023. A 30-day shut down for Iatan II is planned for next year. Wolf Creek was scheduled to come back online in late November. They are currently below the average as far as stored water following the summer drought. The board is meeting again this week.

It was moved by Dan Hubert, seconded by Steve Clark, and unanimously carried, that Chris Kelly and Allen Zadorozny be authorized as the voting delegate and alternate, respectively, for the KEC board meetings and annual meeting.

Consideration of the 2023 Expenditures, Revenues and Expenses was presented. It was moved by Don Land, seconded by Steve Warburton, and unanimously carried, to approve as presented.

The following October 2022 Inventory of Work Orders was presented for consideration: #888 for \$56,790.45. It was moved by Steve Clark, seconded by Stephanie Ollenborger, and unanimously carried, to approve this Work Order as presented.

Discussion followed regarding security at the cooperative's substations, and if further measures are needed. Craig Lampson mentioned it may be mandated at some point that we have live coverage at some of the substations. We do have cameras set up in some locations to monitor activity.

At 8:39 p.m., it was moved by Trey Clapp, seconded by Dan Hubert, and unanimously carried, to go into executive session for a period of 10 minutes to discuss confidential matters regarding the land dispute, with the attorney and all staff present. At 9:08 p.m., it was moved by Don Land, seconded by Alex Fulsom, and unanimously carried, to return to regular session.

There being no further business to come before the trustees, it was moved by Alex Fulsom, seconded by Steve Warburton, and unanimously carried, to adjourned at 9:09 p.m.

/s/ Chris Kelly, President

/s/ Don Land, Secretary