

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, July 13, 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
Dale Steward	Chris Kelly	Charles McMillan

Others present for the meeting were Allen A. Zadorozny, Manager, Marla Ware, Attorney, Craig Lampson, Oscar Mattocks*, and Kitty Sweaney. Trustees Ollenborger, Fulsom, Kelly, Clark, Hubert and McMillan, as well as Counsel Ware, participated via Zoom. Chairman Bates declared the meeting duly organized for the dispatch of such business as might come before it. Don Land offered a prayer, and Chairman Bates opened with the flag salute.

Consideration was given for requests for changes to the Agenda or for any executive sessions. Allen Zadorozny asked for an executive session to discuss potential contractual matters of a confidential sensitive nature, and Counsel Ware mentioned she'd need an executive session for her report.

The next order of business was review of the minutes of the regular board meeting of June 8, 2021. It was moved by Dale Steward, 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 Dan Hubert, second by Steve Clark, it was unanimously carried to approve the new members as presented.

The Board reviewed the May expenditures.

Old accounts in the total amount of \$320.39 were presented for consideration. It was moved by Dale Steward, seconded by Don Land, and unanimously carried, to turn these accounts over for collection as presented.

The Board reviewed the Operations, Loss Control & Safety Report including accidents, new consumers' line extensions, outages, safety meeting minutes and transportation. It was moved by Don Land, seconded by Steve Clark, and unanimously carried, to approve the safety meeting minutes as presented. Allen Zadorozny reported that we have an employee with COVID, and staff is following COVID-safety procedures with all employees.

At 7:14 p.m., it was moved by Don Land, seconded by Dan Hubert, and unanimously carried, to go into executive session for a period of 15 minutes for matters under attorney/client privilege, with Counsel Ware, Allen Zadorozny, Craig Lampson, and Kitty Sweaney present. At 7:33 p.m., it was moved by Don Land, seconded by Steve Clark, and unanimously carried, to return to regular session.

*Oscar Mattocks joined the meeting at this time.

Manager Zadorozny then reviewed the May 2021 financial statements. Margins for the month came in at a loss of \$59,326, bringing year-to-date margins to \$289,622, which is well above last year and well above budget. He did note that the June power bill was received, which will have a negative effect on margins; he will go over this later during his manager's report. He reviewed items on the balance sheet, noting that cash on hand is at \$1,475,000, and Notes Payable includes the balance of the CoBank line-of-credit as well as the Payroll Protection Program loan of \$392,186. Meters billed rose by 9 for the month of May. The long-term debt-to-assets ratio rose to 42.4% due to expenditures for property taxes and the CFC quarterly loan payment, which lowered cash-on-hand. Zadorozny compared actual revenues and expenses against budget amounts and the previous 2 years. He also reviewed the power bill and the right-of-way clearing expenditures.

In his manager's report, Zadorozny presented lists of the cooperative's insurance coverages as well as all the vehicles and trailers currently on hand. He presented the June power bill received late last week, noting the much higher than normal KW demand and resulting costs to the cooperative because of the excessive heat for a few days in June. The cost per kWh came to \$.0942 compared to \$.0786 a year ago. The power bill will cause the PCA for August to be \$.02619/kWh, or \$26.19 per 1,000 kWh's - much higher than normal.

Zadorozny presented information on the RUS-FFB 30-year loan rates, which had dropped to 1.80% on July 6. Caney Valley has \$1,874,040 approved for draw-down; and we have until September 2023 to draw down funds. Loan funds could be used for large expenditures coming up in the next 18 months, and locking in funds at this rate would benefit the cooperative over the long term. Funds could be invested until needed, which would ultimately drop the interest costs even lower. Suggestions were made to draw down \$500-\$600,000, but it was the consensus that the actual amount is a management decision.

Discussion was held on the upcoming annual meeting scheduled for August 5. Leslie Kaufman with KEC, and Susan Cunningham with KEPCo, both plan to attend. However, with COVID cases starting to rise again in the county, it may change the possibility of actually having the meeting.

Policies #421-424 were presented for review and consideration. It was moved by Don Land, seconded by Dale Steward, and unanimously carried, to approve Policy #421-Employee Drug Use and Drug Testing as revised in Section E(3) on page 4. It was suggested that Policy #422-Employee Post-Retirement Benefits be revised further and presented again at the August board meeting. It was noted that Policy #423-Nepotism and #424-Restricted or Light Duty were reviewed with no revisions.

Chris Kelly did not have a KEC report this month.

Dan Hubert did not have KEPCo report as the meeting is not until tomorrow.

Upcoming meetings include the KEPCo board meeting this week in Topeka, the KEC summer board meeting in Overland Park July 31-August 2 (which several trustees are attending), the Co-ops Vote meeting at Altamont October 26, and the KEC District 1 meeting at Flint Oak November 1. As NRECA is requesting certification of a voting delegate and alternate for the NRECA director election to be held during the KEC summer board meeting, it was moved by Chris Kelly, seconded by Stephanie Ollenborger, and unanimously carried, that Allen Zadorozny and Dan Hubert be authorized as voting delegate and alternate, respectively.

The following Inventory of Work Orders for May 2021 was presented for consideration: #871 for \$41,972.70. It was moved by Chris Kelly, seconded by Dan Hubert, and unanimously carried, to approve this Work Order as presented.

At 8:45 p.m., it was moved by Dale Steward, seconded by Don Land, and unanimously carried, to go into executive session for a period of 10 minutes with Allen Zadorozny and Counsel Ware present, to discuss

potential contractual matters of a confidential sensitive nature. At 8:55 p.m. it was moved by Steven Clark, seconded by Dan Hubert, and unanimously carried, to return to regular session.

As Dale Steward will be going off the Board immediately following the annual meeting, he expressed his appreciation to the current board members for working together this past term, and they in turn thanked him for all his years of service to Caney Valley. Steward has served since 2012.

There being no further business to come before the trustees, it was moved by Dale Steward, seconded by Dan Hubert, and unanimously carried, to adjourn at 8:58 p.m.

ATTEST:

/s/ Kenneth W. Bates, President

/s/ Chris Kelly, Secretary