

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, May 11, 2021, at Cedar Vale, State of Kansas, at 6:30 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, Kitty Sweaney, and guest Lee Tafanelli. Counsel Ware and trustee Steve Clark participated via ZOOM. Chairman Bates declared the meeting duly organized for the dispatch of such business as might come before it. Chris Kelly opened with prayer, and Bates led the flag salute.

The Board welcomed KEC's CEO, Lee Tafanelli, who then spoke to the Board about KEC striving to find out what state cooperatives need and want, and how to improve communications with the cooperatives. He stressed the importance of the Co-ops Vote program, and the need for cooperative boards to build relationships with area legislators. The KEC summer board meeting is set for July 31-August 2 in Overland Park, with plans to hold it in person and have several board courses available for trustees interested. Tafanelli fielded several questions from the trustees and also responded to some of the challenges our cooperative is facing such as declining kilowatt hour sales and number of meters and no growth on the system. After thanking the Board, Tafanelli ended his presentation at 7:23, and left the meeting at approximately 7:35 p.m.

Consideration was given for requests for changes to the agenda or for any executive sessions. Allen Zadorozny asked to add consideration of a voting delegate for CFC's annual meeting on June 14.

The next order of business was review of the minutes of the regular board meeting of April 13, 2021. 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 Chris Kelly, second by Don Land, it was unanimously carried to approve the new members as presented.

The Board reviewed the March expenditures. There were no old accounts presented for the month.

The Board then reviewed the Operations, Loss Control & Safety report including new consumers' line extensions, outages, safety meeting minutes and transportation. Craig Lampson mentioned that, due to the Short Stop closing and diesel now being unavailable here, the cooperative has contracted to install a diesel tank. It won't be in for another 6-8 weeks. He also advised the board about a contractor out of Wichita coming onto our system and removing our meter loop at a member's residence. They have been billed for materials and damages, but have not yet paid. It was then moved by Don Land, seconded by Dan Hubert, and unanimously carried, to approve the safety meeting minutes as presented.

Counsel Ware reported that collection proceedings are ongoing on the large oil account. She will report further at the regular June board meeting. It was noted that the meeting with Federated's attorney will be here at the office tomorrow at 1:00 p.m., regarding the two pending lawsuits. Counsel Ware will try to sit in on it, and board trustees are welcome to attend.

Allen Zadorozny reviewed the March financial statements. Due to high revenues for the month paired against a low power bill and lower operating costs, margins for the month came in at \$196,944.39. This brought year-to-date margins to \$248,412.25, much higher than a year ago and much higher than budgeted. The cooperative received \$392,186.10 from the Payroll Protection Program loan, which brought our month-end cash to \$1,548,366.53. The long-term debt-to-assets ratio dropped to 42.3%. Zadorozny reviewed revenues and expenses against the budget and the previous two years. Meters dropped down to 5,232 from 5,262 billed in February. He also reviewed the cash receipts and expenditures, the power bill, and the right-of-way clearing expenses for the month. Craig Lampson noted that right-of-way spraying will be starting soon on the Longton substation.

In his manager's report, Zadorozny noted that staff checked with CoBank and CFC regarding prepayment of loans using RUS-FFB funds available to us at a lower interest rate. It was found that prepayment penalties with both would negate any savings from the lower interest rate. Chris Kelly suggested the board and staff consider drawing down available funds now to lock in the low interest rate, and purchase poles and other materials now to offset higher future costs as the economy rebounds. We could also invest part of the funds to offset the interest costs, making it minimal over the 30-year term.

Discussion was held on a request from the City of Chautauqua for a donation for park improvements, and then applying to CoBank's Sharing Success program for matching funds. It was moved by Dan Hubert, seconded by Stephanie Ollenborger, and unanimously carried, to donate \$1,500 to the City of Chautauqua, and apply to CoBank for matching funds. As this time of year is also when we make the annual donation to the area 4-H clubs, it was then moved by Chris Kelly, seconded by Dale Steward, and unanimously carried, to donate \$1,100 to the Kansas 4-H Foundation, and apply for matching funds from CoBank, to be dispersed to the 11 clubs in our service area.

The cooperative's annual meeting is set for August 5th. Discussion was held on appointing a nominating committee of members from each district, to select members to run for Position #3 on the board. Trustees up for re-election this year are Dale Steward, Chris Kelly, and Charles McMillan. Steward indicated he does not intend to run again. After discussion, the following members were appointed to the nominating committee: District 1 – Monica Thompson Cline, Faye Melton and Todd Massey; District 2 – Dwane Kessinger and David Evans; and District 3 – Diane Clanton and Glenn Riggs, with Jack Newcomb as an alternate.

The board then reviewed policies #410, #412, #415 and #416, with no suggested revisions offered by staff. Chris Kelly noted that the website for the discrimination complaint form referenced in policy #416 should be updated. After discussion, it was the consensus that the policies be shown as reviewed with no changes other than to update the website referenced.

Chris Kelly reported on the recent KEC meeting held in Wichita. There are 4 trustee courses they are trying to get set up for the summer board meeting. He noted there were some changes in Kansas law about moving over on the roadways for emergency vehicles, which now will include utility vehicles. KEC loss control staff will get with cooperative staff about any regulations on that. He noted that Kansas residents can request funds to pay their electric bills if they are past due as a result of COVID. May 27th there will be a bankruptcy workshop, and July 7th will be our regulatory compliance visit. The District 1 meeting is scheduled for November 1 at Flint Oak, with Caney Valley Electric hosting this year.

Dan Hubert then reported on the KEPCo board meeting held April 15. He noted there are now 18 KEPCo cooperative members that serve approximately 120,000 meters across the state. The annual audit was

approved, and the CEO annual evaluation was completed. Reports were heard from Mark Doljac and Mark Barbee May 19-20 KEPCo will be back to the standard 2-day in-person meeting for the first time since COVID started over a year ago. Hubert mentioned that he was appointed to the Operations and Engineering Committee at KEPCo.

Upcoming meetings include the KEPCo board meeting at Topeka May 19-20 and the KEC summer board meeting at Overland Park July 31-August 2. Details on the KEC meeting will be sent out to trustees as soon as we receive them from KEC.

The CFC annual meeting will be held June 14. It was moved by Chris Kelly, seconded by Don Land, and unanimously carried, that Allen Zadorozny be authorized as Caney Valley's voting delegate for the meeting.

The following March 2021 Inventory of Work Orders was presented for consideration: #869 for \$50,443.89. It was moved by Chris Kelly, seconded by Alex Fulsom, and unanimously carried, to approve this work order as presented.

Chris Kelly discussed KEC's acceptance of solar advertisers in the *Kansas Country Living*, and KEC's written disclaimer that they do not endorse any of the advertisers in the magazine. They do, however, try to screen those that are accepted for inclusion, and have turned down a number of companies.

Kenneth Bates mentioned he was contacted by a company wanting us to partner with them on going into members' homes to check for health hazards. It was the consensus not to pursue this.

There being no further business to come before the trustees, it was moved by Dale Steward, seconded by Chris Kelly, and unanimously carried, to adjourn at 8:50 p.m.

ATTEST:

/S/ Kenneth W. Bates, President

/S/ Chris Kelly, Secretary