

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 10, 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:

Trey Clapp	Stephanie Ollenborger	Steve Clark
Don Land		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. Trustee Clapp and Counsel Buck participated via Zoom. Chairman Kelly declared the meeting duly organized for the dispatch of such business as might come before it. Don Land offered the prayer, and Kelly opened with the flag salute.

Consideration was given for requests for changes to the Agenda or for any executive sessions. Allen Zadorozny asked for the following: 1) Discussion regarding the current lawsuit in executive session, 2) adding "Trendy Electric Rates" following agenda item #12, and 3) another executive session to discuss personnel.

The next order of business was review of the minutes of the regular board meeting of April 12, 2022. It was moved by Steve Warburton, seconded by Dan Hubert, and unanimously carried, that the minutes be approved as mailed.

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

The Board then reviewed the March expenditures. It was noted that ElectriComm had completed the sectionalizing study, which we are required to have in order to apply for RUS loans. The last one was done in 2008. Craig Lampson explained what all is included in the study. ElectriComm is now working on updating our arc flash study, and has tentatively started on our next work plan as the current one expires this year. The new flooring in the office was also paid in March as indicated on the listing.

Old accounts in the total amount of \$854.32 were presented for consideration. It was moved by Dan Hubert, seconded by Steve Clark, and unanimously carried, to turn these 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 Steve Clark, seconded by Dan Hubert, and unanimously carried, to approve the safety meeting minutes as presented.

Counsel Buck advised that he would give his report in the executive session to be held later.

Allen Zadorozny went through the March financial statements. Month-end margins came to \$76,002.82, bringing year-to-date margins to a positive figure of \$61,301.72. Margins for the month were improved by the receipt of capital credits from CoBank, Federated Insurance, and Meridian. The Notes Payable to CoBank is at \$275,000, and cash on hand is about \$2,900,000. The RUS economic development loan only has a balance of \$27,392 left on it. The long-term debt-to-assets ratio dropped slightly to 44.5% from 44.8%. It was noted that if

another \$1,000,000 is borrowed on the RUS-FFB loan, it would increase this ratio to 46.1%. Zadorozny compared revenues and expenses against budget and the previous two years. He also reviewed meters billed for the month, and showed an average annual comparison for 2020-2022. Review was also given to cash income and expenditures, the power bill, and the right-of-way clearing expenses.

The city of Cedar Vale has signed an updated franchise agreement covering the next five years. The franchise fee to be collected remains at 5%. After discussion, it was moved by Don Land, seconded by Steve Clark, and unanimously carried, to accept the franchise agreement as presented.

It was noted that staff plans to requisition about \$900,000 against the RUS-FFB AE8 loan funds as interest rates are around 3% and expected to keep rising. There is an available balance of \$2,980,000. Explanation and discussion followed on the RUS municipal rate loans that were borrowed following the 2002 ice storm, as well as the FFB loans currently used.

Zadorozny also gave a quick review on the appliance rebates available through the cooperative. KEPCo pays a large portion of the water heater and heat pump rebates.

Also included in his manager's report were several samples of monthly billings received from various entities.

Discussion was then held on the solar generation project. The board & staff committee contacted the land owners regarding possible purchase of property for the project. The land owners suggested some other property they would consider selling, but at an amount above the cap set by the board previously. This area would work if a new entrance was made and fencing erected. After a lengthy discussion, it was the consensus of the Board that negotiations be made to purchase this property at a \$10,000/acre cap. There is also an old oil well on the property, and we need to make sure it has been plugged.

Zadorozny then reviewed some "trendy electric rates" being offered by another Kansas cooperative. Members are encouraged to choose the rate that would work best for them, and if no choice is made, then one of the rates is set as the default option.

Dan Hubert report on the April 20 KEPCo meeting. A presentation was made on cyber training following reported activities of someone trying to access KEPCo's system. Iatan II and Wolf Creek both performed above budget, and it was noted that due to all the high winds recently, wind generation was plentiful for the month. An annual evaluation was done and well received by the CEO. The May meeting will be held next week.

Chris Kelly did not have a KEC report, and noted that Allen Zadorozny would be attending the next board meeting in Wichita as the voting delegate as he will be unable to attend.

The following Inventory of Work Orders was presented for consideration: #881/881-1 for \$40,868.92. Staff has also prepared an Inventory of Work Orders for costs related to the GIS system implementation: #881-2 for \$373,443.11. After discussion, it was moved by Don Land, seconded by Steve Clark, and unanimously carried, to approve these Work Orders as presented.

At 8:47 p.m., it was moved by Steve Warburton, seconded by Dan Hubert, and unanimously carried, to go into executive session for a period of 10 minutes, with board, counsel, and staff present, to discuss business strategies. At 8:58 p.m., it was moved by Don Land, seconded by Stephanie Ollenborger, and unanimously carried, to return to regular session.

At 8:59 p.m., it was moved by Steve Warburton, seconded by Steve Clark, and unanimously carried, to go into executive session for 10 minutes with the Board, Counsel, and Allen Zadorozny present, to discuss

personnel. At 9:07 p.m., it was moved by Dan Hubert, seconded by Stephanie Ollenborger, and unanimously carried, to return to regular session.

There being no further business to come before the trustees, it was moved by Steve Warburton, seconded by Dan Hubert, and unanimously carried, to adjourn at 9:08 p.m.

ATTEST:

/S/ Chris Kelly, President

/S/ Don Land, Secretary