

## 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, November 8, 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		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. Present via Zoom were attorneys Jane Landrum and Andrew Wiles, as well as Paul Buck. Chairman Kelly declared the meeting duly organized for the dispatch of such business as might come before it, and opened with the flag salute. Trey Clapp offered the prayer.

At 7:04 p.m. it was moved by Don Land, seconded by Charles McMillan, and unanimously carried, to go into executive session for a period of 20 minutes with all staff present, to discuss items under attorney/client privilege regarding a land dispute. \*Paul Buck joined the meeting at about 7:10 p.m. Landrum and Wiles left the meeting at 7:15 p.m. At 7:26 p.m. it was moved by Steve Clark, seconded by Alex Fulsom, and unanimously carried, to return to regular session.

Consideration was given for requests for changes to the Agenda or for any executive sessions. Trey Clapp asked for an executive session at the end of the meeting.

The next order of business was review of the minutes of the regular board meeting of October 11, 2022 . It was moved by Dan Hubert, seconded by Steve Warburton , and unanimously carried, that the minutes be approved as mailed.

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

The Board then reviewed the general and capital credits expenditures for the month.

There were no old accounts to present this month.

The Board then reviewed the Operations, Loss Control & Safety Report including accidents, new consumers' line extensions, outages, safety meeting minutes and transportation. It was moved by Alex Fulsom, seconded by Steve Clark, and unanimously carried, to approve the safety meeting minutes as presented.

Counsel Buck did not have a report this month.

Allen Zadorozny then went through the September financials. Revenues were high for the month due to August usage, and brought month-end margins to \$294,926.05. This brought year-to-date margins up to \$158,234.37 compared to projected margins year-to-date of \$179,806.78. We still have approximately \$3,400,000.00 cash on hand, and the line-of-credit with CoBank has been brought down to \$100,000.00. The long-term debt-to-assets ratio dropped from 46.6% to 46.3%. Zadorozny compared actual revenues and expenses to budget and the previous two years, and noted that if the last 3 months of 2022 are close to projected, TIER at year end should be about 1.93. He reviewed the power bill, and noted that the October power bill was received today. We received a large margin stabilization adjustment from KEPCo for October, as well as our share of a settlement with Evergy stemming back to the extreme winter weather experienced in February 2021. He added that October's financials should be very good as a result of the much lower power bill. Zadorozny also reviewed the revenues by class of consumer, the cash income and expenditures, and the right-of-way clearing expenses.

Manager Zadorozny then presented an updated 2023 capital expenditures listing for board review. He noted that due to the recent yearly pattern of kWh sales, expected revenues will not be enough to cover increased operating expenses, which may result in no operating margins for next year. He projected TIER to be about 1.21. RUS minimum TIER requirement is 1.25.

In his manager's report, Zadorozny mentioned that we received the 2023 medical insurance rates, which will increase 9.52%. This follows two years of premium reductions. He also presented information on collection service results for 2021 and 2022. A short discussion followed on the oil company that has a large outstanding balance. The cooperative received a judgment against them in Chautauqua County, which puts a lien on their property. Paul Buck has since filed foreign judgments against them in Cowley and Butler counties also.

Zadorozny reported that the Shaw property was purchased for the solar generation project, which Paul Buck and staff coordinated. The lease and easement agreement between Caney Valley and Today's Power Inc. was fully executed and received back. Nothing further has been heard at this time from TPI. Caney Valley has ordered the equipment we are required to provide. We will also need to extend some line down to the project at some point. It was noted that TPI is splitting the surveying costs 50/50 with Caney Valley. Discussion was held on providing the other family involved compensation for their consideration in selling their property for the project. It was the consensus this be done.

Chris Kelly did not have a KEC report this month.

Dan Hubert reported on the recent KEPCo meeting, which was mostly set aside for a strategic planning session. He did note that natural gas was up 91% and 53% for August and September over last year during that same period. KEPCo received approximately a \$1,500,000 settlement from Evergy regarding a dispute over charges from the February 2021 extreme weather event. The large MSA credits will run through the end of the year, which will be a benefit against the power bills. The annual meeting is this month in Wichita. KEPCo has been hedging on the summer and winter rates, which has kept them balanced out very well.

Other upcoming meetings include the KEC Annual Meeting in Topeka Jan. 21-23, as well as the Day at the Capitol on Jan. 23.

The following September 2022 Inventory of Work Orders was presented for consideration: #887 for \$73,901.88. It was moved by Steve Clark, seconded by Steve Warburton, and unanimously carried, to approve as presented.

At 8:52 p.m., it was moved by Trey Clapp, seconded by Dan Hubert, and unanimously carried, to go into executive session for a period of 20 minutes to discuss personnel with just the Board present. Counsel Buck left the meeting at this time. At 9:15 p.m., it was moved by Alex Fulsom, seconded by Steve Clark, and

unanimously carried, to return to regular session. It was then immediately moved by Fulsom, seconded by Clark, and unanimously carried, to go back into executive session for a period of 15 minutes, to discuss personnel with Allen Zadorozny present. At 9:32 p.m., it was moved by Fulsom, seconded by Clark, and unanimously carried, to return to regular session.

There being no further business to come before the trustees, it was moved by Trey Clapp, seconded by Alex Fulsom, and unanimously carried, to adjourn at 9:34 p.m.

/s/ Chris Kelly, President

/s/ Don Land, Secretary