KPP ENERGY

Board of Directors Meeting
Official Minutes from January 18, 2024
Wichita, KS and Virtually

1. **Call to Order and Determination of a Quorum**

   With the determination of a quorum, Scott Glaves called the January 18, 2024, Board of Directors meeting to order at 11:30 AM.

   Board Members Present: Stacy Barnes, Gus Collins, Scott Glaves, Greg Graffman, Tim Johnson, Chris Komarek, Jason Newberry, and Alan Schneider.
   Board Members Present Virtually: Lou Thurston.
   Board Member Absent: None.
   Others Present: J.T. Klaus (TWG), Taggart Wall (Winfield), Rex Reynolds (Mt. Hope).
   Others Present Virtually: Jim Sutton (Augusta), Matt Stiles (Hillsboro), Kamme Sroufe (Augusta).
   KPP Staff Present: Leslie Atherton, Brooke Carroll, James Ging, Colin Hansen, Larry Holloway, Vickie Matney, Ivan Seward.

2. **January Monthly Member Call** – *James Ging*

   James Ging presented the monthly update relating to the December 2023 ECA calculation. Total cost was below budget $608,118. Energy costs were below budget $566,059; transmission costs were below budget $206,609, and capacity costs were over budget $167,565. The actual December ECA was ($0.00774) vs. budgeted of $0.00485.

3. **Consent Agenda**
   a. **Minutes of the December 8, 2023 Board of Directors Meeting**
   b. **Monthly Invoices & Payment Schedule**
      Scott Glaves asked for a motion to approve consent agenda items as listed above. Motion was made by Jason Newberry and seconded by Chris Komarek. Motion passed unanimously.

4. **Financial Statements –** *Vickie Matney*

   Vickie Matney presented written financial statements for the period ending November 30, 2023, showing a negative net position due to Dogwood and a net position before DAI of $9.4 million. She reminded the board that the net position before DAI for 2023 needs to get to $9.8 million and discussed methods for making that happen for the period ending December 31, 2023.

5. **New Business**
   a. **Election of Officers – 2024**
      i. **President: Jason Newberry**
      ii. **1st Vice President: Lou Thurston**
      iii. **2nd Vice President: Tim Johnson**
      iv. **Secretary / Treasurer: Chris Komarek**

Scott Glaves provided the nominations listed above. Jason Newberry moved to approve the election of officers as nominated by Glaves. Lou Thurston seconded, and the motion passed unanimously.

Former Board member, Rex Reynolds from Mt. Hope, was in attendance. Outgoing President Scott Glaves presented him with a plaque to commemorate his years of service to the Board of Directors as he was often relied upon for his financial knowledge and experience. CEO and General Manager, Colin Hansen, presented Rex Reynolds with a token of appreciation as well.

b. Winter Storm Update – *Colin Hansen, James Ging, & Larry Holloway*
James Ging provided the Board with a presentation recapping the effects of Winter Storm Gerri covering January 9, 2024, to present. He covered SPP-issued advisories, KPP-initiated update calls with members, KDHE communication regarding emergency, and operation of RICE engines. Larry Holloway provided detail on KPP generation during that period as well as efforts to mitigate LMP prices. Over the coldest part of the weekend, James Ging noted, Dogwood basically broke even but did perform well during the cold. Holloway spoke about the preliminary cost to serve load during the week of January 12, 2024.

c. 2024 Work Plan – *Colin Hansen*
Colin Hansen presented the Board with the 2024 Work Plan outlining tasks for progressing each of the three high-level objectives emphasized in the 2024-2028 Strategic Plan. He described it as ambitious and aggressive. As a show of support, Tim Johnson moved and Scott Glaves seconded to adopt the 2024 Work Plan as presented.

d. Dogwood Gas Prepay Presentation – *Larry Holloway*
Larry Holloway presented the background of the Dogwood Gas Prepay Contract. He began by advising that gas prepay contracts typically generate savings of 5 – 7% of the forward price of natural gas, and in the case of KPP Energy and other municipal partners of Dogwood, those savings would result in larger profits from Dogwood generation. He estimated the annual savings to KPP because of a gas prepay contract to be $101,828 for the months June through September. The risks of entering a thirty-year natural gas prepay contract were also discussed. General counsel J.T. Klaus has completed initial review and submitted comments on the proposed contract. Municipal parties hope to approve the contract by the end of February, meaning the earliest KPP Board approval would be sought is the February 15, 2024, meeting. Colin Hansen encouraged Board members to submit questions they have about the prepay contract as the process seems to be moving along quickly.

e. Office Space Presentation – *Colin Hansen*
Colin Hansen addressed the Board about relocating KPP Energy's offices when the Ruffin lease expires. He covered issues with current space, priorities with new space, and information about properties he has recently viewed. This included 151 South Laura, a two-level, 11,500 square foot, shell building with exposed brick walls, concrete floors, indoor parking for 2 – 3 vehicles, and secured outdoor parking. Colin Hansen estimated the total investment would cost around $1.55 million, consisting of up to $750,000 for purchase and an additional $800,000 – 900,000 in renovations. To look further into the property, he asked the Board to consider approving a "Free Look" contract. This would require a deposit of $7,500 and would give KPP ninety days to exercise due diligence on the property, such as survey, appraisal, and inspection. Within that period, if the

property was determined to be unfeasible, the deposit would be refunded. Gus Collins moved to sign a purchase contract for a ninety-day option, approving the $7,500 deposit, as well as allowance for staff discretion on expenditures for due diligence. Tim Johnson seconded. Motion carried with nine "yes" votes.

6. **Old Business**

   a. **PACE Loan Application Update –** *James Ging & Brooke Carroll*

   As part of the PACE Project update, James Ging went over the PACE Portfolio PVSyst Report, providing numerous metrics resulting from a comprehensive simulation of the proposed solar project across the nine selected locations. He noted that the metrics were mostly favorable.

   The latest financial model for the PACE project was presented by Brooke Carroll. The total project cost is estimated to be $48 million dollars to be funded initially by a twenty-five-year construction bond, which will then partially be covered by a USDA Loan of $35 million, though $7 million of that is projected to be forgiven by USDA. Once the projected tax credit is considered, the resulting net capital spent on the project is estimated to be negative $516,939. Carroll and Ging felt that result continues to make the project sound and worthwhile.

   The proposed project timeline was presented showing the solar installations should be in operation by Quarter One of 2025 at the latest. Ging advised there should not be a significant delay on getting transformers for the project.

   Carroll advised she plans to submit the PACE Application, with five open items, tomorrow, January 19th though the actual deadline is January 26, 2024.

7. **Operations Reports –** *Larry Holloway / James Ging*

In addition to his written report, Larry Holloway provided an update on the most recent MOPC meeting concerning behind the meter generation DNRs as well as information about Solomon Energy Center's recent server issues at the main control panel.

James Ging went over his written Engineering Report with the Board.

8. **Member Services Report –** *Brooke Carroll*

Board members were provided with Brooke Carroll's written Member Services Report. She verbally highlighted the Recap of the KPP member 2022 Electric Utility Analysis Reports, expressed excitement about the initiation of the RP3 Working Group to help KPP members achieve the Reliable Public Power Provider designation from APPA, and apprised the Board of KPP's Cybersecurity Summit Series to occur through 2024.

9. **Market Update –** *Ivan Seward*

Board members provided with a written Market Report from Ivan Seward. He noted the need to monitor the SPP credit limit to see how it plays out.

10. **General Counsel Report –** *J.T. Klaus*

J.T. Klaus provided members with a brief verbal report.

11. CEO / General Manager Report – *Colin Hansen*

Hansen highlighted the following items from his written report:

- The National Conference will occur in June in San Diego. Brooke Carroll will be reaching out to begin travel-planning.
- Member designees for the Generation Task Force are still needed.
- KPP Picture Day will occur on February 15, 2024.

12. Executive Session – Under the Justification of K.S.A. 75-4319(b)(1) *(Discussion Related to Non-Elected Personnel)*

Jason Newberry asked for a motion to move to executive session. Chris Komarek made a motion to recess the meeting and move to an executive session under the Justification of K.S.A. 75-4319(b)(1) for the purpose of discussion related to non-elected personnel. The executive session includes the Board and General Counsel. The motion was seconded by Scott Glaves and passed unanimously.

At 2:00 PM, the meeting resumed with no action taken in Executive Session. Then Stacy Barnes moved to recess the meeting to move to an executive session under the same justification for the same purpose with Board and General Counsel present. Tim Johnson seconded, and the motion passed unanimously.

At 2:15 PM, the meeting resumed with no action taken during Executive Session. Stacy Barnes moved to increase Colin Hansen's base salary by 4.6%, noting President Jason Newberry would meet with him to go over the Board's review of his performance. Gus Collins seconded, and the motion passed unanimously.

13. Special Announcements –

Colin Hansen announced that new membership plaques for all 24 KPP members would be forthcoming.

14. Adjournment

The meeting adjourned at 2:19 PM.

These Minutes are attested as to Board Approval:

[signature] Date: 2/15/24

Jason Newberry, President

Chris Komarek Date: 2-15-24

Chris Komarek, Secretary