Board of Directors Meeting
Official Minutes from March 21, 2024
Wichita, KS and Virtually

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

With the determination of a quorum, Jason Newberry called the March 21, 2024 Board of Directors meeting to order at 10:00 AM.

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

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

James Ging presented the monthly update relating to the February 2024 ECA calculation. Total costs were below budget $210,235.60. Energy costs were below budget $388,925.26; transmission costs were above budget $36,115.47, and capacity costs were above budget $146,598.99. The actual February 2024 ECA was $0.01136 vs. budgeted of $0.00231.

3. **Consent Agenda**

   a. **Minutes of the February 15, 2024 Board of Directors Meeting**
   b. **Monthly Invoices & Payment Schedule**
   Jason Newberry asked for a motion to approve consent agenda items as listed above. Motion was made by Gus Collins and seconded by Tim Johnson. Motion passed unanimously.

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

Written financial statements for the period ending January 31, 2024, were presented, showing a net position before DAI of $497,703.28 and a change in net position of $110,249.73. On the Balance Sheet, Vickie Matney noted she added the Deferred Walnut Energy Plant Cash and the Deferred PACE Grant Cash under Deferred Inflows of Resources. Lou Thurston moved and Scott Glaves seconded to approve the financials as presented. Motion passed unanimously.

5. **New Business**

   a. **Authorization of Depository Resolution with BMO** – *Vickie Matney*
   Vickie Matney asked the Board to adopt Resolution No. 2024-03-21-A authorizing BMO Bank N.A. as the authorized depository for KPP Energy and designating Jason Newberry, Chris Komarek, Colin Hansen, and Vickie Matney as Authorized Officers. Vickie noted she

had conversations with BMO, who agreed to increase the interest rate on KPP Energy's money market account. BMO also agreed to allow KPP Energy to put funds into collateralized month-to-month short-term CDs but required the passing of the proposed resolution to make that happen. Lou Thurston moved and Scott Glaves seconded to adopt Resolution 2024-03-21-A. All members voted in favor of the same.

b. **Approval and Authorization of the Execution of Easements for PACE Project –** *James Ging*

Members were provided with proposed Electric Generation Utility Easement documents related to the PACE solar project for a total of six sites in the following Member cities: Ellinwood, Greensburg, Hillsboro, Marion, Wellington, and Winfield. James Ging advised these need to be adopted to continue to move forward with the PACE project; the easements for Kingman, Mulvane, and Clay Center will be forthcoming. J.T. Klaus noted that Scott Glaves had asked if KPP Energy should wait until receiving word that KPP Energy will receive PACE project funds before filing the easements. Klaus noted if the PACE funds were not received, KPP Energy would file terminations, and he thought the PACE authorities would want to see that they are filed. Chris Komarek moved and Tim Johnson seconded to approve and authorize the six proposed easements as presented. Motion passed unanimously.

c. **Resolution of Intent to Issue Debt for PACE Project** – *J.T. Klaus*

J.T. Klaus, General Counsel for KPP Energy, presented proposed Resolution 2024-03-21-B for the Board's consideration. The Resolution declares it necessary to acquire, construct, equip, and install solar generating facilities and to issue electric utility revenue bonds of KPP Energy in an approximate amount of $48 million for the purpose of paying the costs thereof and certain costs of issuance. Following an overview by J.T. Klaus, Scott Glaves moved and Lou Thurston seconded to adopt Resolution 2024-03-21-B. All members voted in favor of the motion.

d. **Missouri Electric Commission (MEC) Amendment to Dogwood Participation Agreement** – *Larry Holloway*

Larry Holloway presented to the Board an Amendment to the Participation Agreement governing the Dogwood Generating Facility. Holloway explained the need for the change, resulting from MEC looking to increase their ownership of Dogwood from 17% to 28% and requested the Board's authorization to sign the agreement, contingent on finalization of Klaus's comments and suggested changes. Klaus advised his changes have already been made and the document may be adopted as provided. Alan Schneider moved and Gus Collins seconded to authorize signing the presented agreement complete with the attorney's comments. Motion passed unanimously.

e. **Purchase of 151 South Laura Building** – *Colin Hansen*

KPP Energy CEO and General Manager Colin Hansen, provided the Board with an update on the due diligence at 151 South Laura. To that end, members were provided with the following:

- A six-page report dated February 23, 2024, from Steward Engineering Consultants, LLC, finding the building is in "generally good structural condition," with only minor structural defects noted.
- A sixteen-page Property Evaluation from E. Carter Girrens, state certified appraiser with Martens Appraisal dated February 13, 2024, listing a final opinion of value as $725,000.

- A sketch of the existing main floor of 151 South Laura drawn up by 3ten Architecture.
- An estimate of $61,340.38 from Farha Roofing to remove and replace the existing roof system there.
- Contractor cost estimates for renovations ranging from $1.38 million to $2.55 million.

Ultimately, Hansen recommended not pursuing the purchase of 151 South Laura; he said he did not think it would be effective use of agency dollars and suggested terminating the "Free Look" contract. In the meantime, he and staff will continue to look at options for KPP Energy's new home with preference to own rather than lease. He also asked if the Board would consider giving him the authority to execute a "Free Look" contract on other sites without having to come to the Board each time; lost time pursuing that sometimes means losing a property as an option.

Lou Thurston questioned stepping away from 151 South Laura, especially if it is because it seems too expensive. Tim Johnson also voiced favor for the 151 South Laura area. Greg Graffman said he agrees KPP Energy needs out of the Ruffin building, but he worries about the optics to the membership of building or heavy renovations, particularly when paired with the hefty expenses of current projects. Chris Komarek favored looking around for additional options. Gus Collins spoke in favor of Hansen's recommendation. Alan Schneider voiced preference for purchase over lease but did not want a purchase to be rushed.

J.T. Klaus noted if the Board approved authorizing the CEO to execute another "Free Look" contract with approval of President and review by General Counsel, there would be dollars involved with that. Stacy Barnes asked if a special meeting for that authorization would be more appropriate.

Ultimately, Greg Graffman made a motion to not purchase 151 South Laura and to terminate the "Free Look" contract. Gus Collins seconded, and the motion passed unanimously.

Next, Lou Thurston moved and Tim Johnson seconded to authorize the CEO to execute another "Free Look" contract, not to exceed $30,000, with approval of President and review by General Counsel. All members voted in favor of the same.

6. Old Business

a. Dogwood Gas Prepay Update - *Larry Holloway*
Larry Holloway advised the bond issuance for Dogwood Gas Prepay has been successful and will increase the projected annual savings for KPP Energy to $175,000.

b. KPP Resource Adequacy – *Larry Holloway*
Larry Holloway gave a presentation on KPP Resource Adequacy. He covered fuel assurance changes as well as changes in accreditation, which would change how variable energy, such as solar and wind, count towards resource adequacy. Larry Holloway informed the Board that SPP Reserve Requirements would be increasing, and that there would be consequences for resource deficiency. Though these changes are not scheduled to go into effect until 2026 at the earliest, because of the financial implications to KPP Energy, Larry Holloway and James Ging are working to diminish the

negative effects and to educate and update the Board on the matter. Staff is working to complete updated load forecasts, forecast accredited resources, consider the cost of short-term paper capacity, and consider the value of additional generation. Additional information will be provided at the April Board meeting covering updated resource adequacy and margin forecast. Staff recommendations on resource adequacy will be presented at the May Board meeting.

At this time, Lou Thurston moved and Scott Glaves seconded to recess for a 20-minute break. Motion passed unanimously.

c. **PACE Loan Application Update** – *James Ging / Brooke Carroll*
Brooke Carroll and James Ging provided the following updates on the PACE Loan Application / Project:
    - Staff continues to work to obtain easements for all sites. A deadline of May 1 has been set for obtaining easements from Kingman and Mulvane; the easement from Clay Center is forthcoming.
    - Many of the archaeological surveys are complete. Minor findings were made in Hillsboro and Marion. The findings were enough to trigger additional research but nothing problematic.
    - No feedback has been received from the tribes.
    - A Zoning Determination Letter will need to be acquired from each site's city as to proper zoning of each site for the solar array use.
    - The need for hydrological studies may still arise.
    - Conversations will continue between Colin Hansen, Vickie Matney, J.T. Klaus, and bond underwriter about financing the project, scheduling debt repayment, etc.

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

The written Operations Report was provided to the Board. Larry Holloway provided the following highlights:

- The reporting period for the Members' Generation Statistics Report will be closing soon (April 1, 2023, through March 31, 2024).
- At Solomon Energy Storage Center, the controller memory issues have been resolved.
- Regarding Walnut Energy Center and pursuit of a Prevention of Significant Deterioration (PSD) permit, after a meeting with Burns & McDonnell, KDHE and EPA, it appears the issuance of the permit will be delayed until the first quarter of 2025 due to changes in particulate requirements.
- Evergy is proposing changes to its generic Network Operating Agreement (NOA), which, among other things, would restrict KPP Energy's ability to "push out generation" and use its behind the meter member generation.

Board members were provided with the written Engineering Report. James Ging provided updates on KPP projects in member cities.

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

In addition to the written Member Services Report, Brooke Carroll highlighted the continuing work occurring within the RP3 working group and the success of the first session of the Cybersecurity Summit Series.

9. **Market Update** – *Ivan Seward*

Senior Accountant Ivan Seward went over his written Market Report with the Board.

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

In addition to his written report, J.T. Klaus mentioned the challenges that came with working through the Dogwood Prepay Gas contract.

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

Members were provided with Colin Hansen's written report. He highlighted the following items:

- The first meeting of KPP Energy's DG taskforce will occur on April 2, 2024.
- He participated in the KMU Strategic Planning Retreat yesterday.
- By invitation, he served as keynote speaker at the OMPA annual conference last week.

12. **Executive Session – Under the Justification of KSA 75-4319(b)(2) (Attorney-Client Privilege)**

Jason Newberry asked for a motion to move to a ten-minute 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)(2) for the purpose of discussion related to Attorney-Client privilege. The executive session includes the Board, General Counsel, and CEO. Scott Glaves seconded, and the motion passed unanimously.

At 1:00 PM, Stacy Barnes moved to resume regular session. Scott Glaves seconded, and the motion passed unanimously.

13. **Special Announcements** – None.

14. **Adjournment**

The meeting adjourned at 1:01 PM.

These Minutes are attested as to Board Approval:

Jason Newberry, President Date: 4/18/24

Chris Komarek, Secretary Date: 4-18-24