



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

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

With the determination of a quorum, Jason Newberry called the April 18, 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: Austin St. John (Mulvane), Taggart Wall (Winfield), Chad Moore (FORVIS).

KPP Staff Present: Leslie Atherton, Brooke Carroll, James Ging, Colin Hansen, Larry Holloway, Vickie Matney.

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

James Ging presented the monthly update relating to the March 2024 ECA calculation. Total costs were over budget around \$213,214.77. Energy costs were above budget \$89,623.65; transmission costs were above budget \$107,134.16, and capacity costs were above budget \$19,844.36. Demand consumption was down by 11%, and energy consumption was down by 14%. The actual March 2024 ECA was \$0.01570 vs. budgeted of \$0.00095.

**3. Consent Agenda**

**a. Minutes of the March 21, 2024 Board of Directors Meeting**

**b. Monthly Invoices & Payment Schedule**

Jason Newberry asked for a motion to approve consent agenda items as listed above, with two revisions to the minutes. Motion was made by Scott Glaves and seconded by Chris Komarek. Motion passed unanimously.

**4. Financial Statements – Vickie Matney**

Written financial statements for the period ending February 29, 2024, were presented, showing a net position before DAI of \$1,178,745.04 and a \$283,969.64 change in net position since last month. On the Balance Sheet, Vickie Matney noted the audit was not finished until Monday evening, so the balance sheet is a hand-generated version from Excel. Chris Komarek moved and Tim Johnson seconded to approve the financials as presented. Motion passed unanimously.

**5. New Business**

- a. Priority Power Project Approval Notice and Development Services Terms – James Ging**  
Members were provided with a ten-page document entitled “Project Approval Notice and Development Services Terms” for the KPP Energy Pace Loan Portfolio with

Developer, POW Solar, LLC. James Ging went over the details of the proposed document, including Exhibits A and B, and then requested the Board's approval of the same. Lou Thurston moved to approve the document as presented. Tim Johnson seconded, and the motion passed unanimously.

**b. Approval and Authorization of the Execution of Clay Center Easement for PACE Project – James Ging**

Members were provided with the proposed Electric Generation Utility Easement document related to the PACE solar project site in Clay Center. Gus Collins moved to approve and authorize the provided agreement. Stacy Barnes seconded, and the motion passed unanimously.

At this time, Chad Moore with FORVIS appeared virtually so the Board skipped to Item e.

**c. Tenaska Contract Amendment to Change ARR Sharing Mechanism – Larry Holloway**

Following completion of Item (e), the Board returned to this item. Larry Holloway guided the Board of Directors through a seven-slide presentation on a proposed Tenaska contract amendment to change the ARR sharing mechanism. He noted that under the current proposal, for 2023, KPP's net was \$738,828. Under the new mechanism, for 2023, KPP's net would have been \$1,097,316. Larry Holloway recommended that the Board approve the second amendment to the AR EMA 3-27-24 and noted that J.T. Klaus, counsel, had reviewed the same. Board members asked questions about increased risk with the new 50/50 arrangement, prompting further discussion. Ultimately, Alan Schneider moved to approve the second amendment to the AR EMA 3-27-24. Gus Collins seconded, and all members voted in favor of the same.

**d. Ratify Purchase Agreement with Free Look for 2229 S. West – Colin Hansen**

Members were provided with a Purchase Agreement for 2229 S. West signed and executed by CEO & General Manager Colin Hansen. The contract provides a "free look" to conduct due diligence on the property. Upon the advice of counsel, he asked the Board for a motion to ratify the same. Lou Thurston moved and Tim Johnson seconded to ratify the purchase agreement with free look for 2229 S. West. Motion passed unanimously.

**e. 2023 Financial Audit Review – Chad Moore, FORVIS**

FORVIS accountant and auditor, Chad Moore, presented the 2023 financials for the Board's review. Moore said the audit went well and expressed appreciation for the work of Vickie Matney and Ivan Seward. As to the Report to the Board of Directors and Management, Chad Moore noted the following:

- No new policies were implemented for 2023.
- No concerns were noted as to the management team's application of the accounting principles.
- No auditor-initiated adjustments were necessary.
- No material weaknesses or significant deficiencies were found.

Next, Chad Moore provided a detailed overview of the 35-page Financial Statements, noting total cash is up from \$32 million in 2022 to \$35 million in 2023, and KPP's net position for 2023 is \$38 million compared to \$33 million in 2022. He also pointed out that all of the cash KPP Energy has or controls is now collateralized.

Gus Collins thanks Vickie Matney, Controller, and Ivan Seward, Senior Accountant, for their work. Lou Thurston made a motion to accept the 2023 Financial Audit Review from FORVIS. Scott Glaves seconded, and the motion passed unanimously.

**f. Purchase of 2229 S. West – Colin Hansen**

KPP Energy CEO and General Manager Colin Hansen guided the Board through a 33-slide presentation entitled “KPP Office Space Analysis.” Much of the presentation focused on 2229 S. West, formerly Hutton Construction headquarters. The property features a 15,600 SF building that sits in an area of Limited Industrial Zoning. Due diligence being done on the property include an independent appraisal, roof inspection, review of utility and maintenance costs, architectural schematic design, and a property and title review. Hansen made an initial offer of \$1.9 million for purchase of the property and received a counteroffer of \$2.1 million. With renovations and purchase price taken into consideration, the estimated total cost is \$2.5 million, representing approximately twenty days of working capital. Colin Hansen asked the Board to consider the following proposal for action at the May Board meeting:

- Approve \$2.1 million purchase of 2229 S. West.
- Set aside \$400,000 for renovations, additions (fencing), etc.
- Utilize \$2.5 million from Money Market Account.

In the meantime, he invited Board members to tour the building today following the meeting. KPP staff and Board discussed the advantages and disadvantages of the purchase as well as pursuing early termination of lease of the current space.

J.T. Klaus recommended pursuit of a Phase I Environmental Audit as part of due diligence on 2229 S. West, particularly given its location in an industrial district. Tim Johnson voiced agreement. Greg Graffman suggested asking Hutton Construction if they have had such an audit done recently.

At 11:51 AM, Greg Graffman moved to recess for lunch for 30 minutes. Stacy Barnes seconded, and the motion passed unanimously. Meeting resumed at 12:21 PM.

## 6. Old Business

**a. KPP Resource Adequacy – Larry Holloway**

Larry Holloway provided a thirteen-slide presentation on KPP Resource Adequacy with Updated Resource and Margin Forecast. After giving a detailed overview of the proposals being considered by SPP as well as KPP’s current and forecasted load and capacity, Larry Holloway concluded the following:

- KPP Energy appears to have adequate generation resources for the expected winter obligations.
- Even if Walnut and PACE solar projects are in service by 2026, KPP will have very little excess summer generation capacity.
- A single extended outage for the bigger KPP units would cause KPP to be deficient.
- Slight increases in the load forecast could have large effects on resource needs.
- Walnut is unlikely to be done by the Summer of 2026, creating a large deficit.

Considering these conclusions, he recommended the following:

- KPP Energy Staff should pursue some short-term capacity purchases, beginning the summer of 2026 both to cover expected shortfalls and to hedge its position.

- Even with Walnut and PACE, KPP should explore future generation projects or resource participation in the 2030 timeframe. This could coincide with retiring Dogwood debt.
- Current capacity markets appear to be focused on 2024 summer, and there will likely be more opportunities after June.

Larry Holloway emphasized the importance of keeping the Board apprised of this serious topic due to the implications these SPP proposals could have on KPP Energy.

**b. PACE Loan Application Update – James Ging / Brooke Carroll**

Brooke Carroll and James Ging provided the following updates on the PACE Loan Application / Project:

- An underwriter has been assigned to the project.
- Zoning determination letters have been sent out; all easements have been signed and provided to legal counsel.
- Environmental studies are complete.
- Hydrological studies are next and are estimated to take thirty days to complete.
- Since the last Board meeting, the Kingman and Mulvane sites have been removed from the project, which will require reworking of the project application. In the reworking of the application, staff have considered looking into battery storage, though no feasibility studies have been done on the economics of that for this project yet.

**c. Walnut Energy Center Update – Larry Holloway**

After a meeting with Burns & McDonnell, KDHE and EPA, it appears that changes in PM<sub>2.5</sub> regulations will cause a delay in our air permit until at least Quarter 1 of 2025. Further delay to bringing Walnut Energy Center in service may be caused by the back-up in the generator interconnection queue at SPP as well.

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

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

- Related to the Supply Adequacy Working Group (SAWG), the impact of the fuel assurance initiative has been discussed. Comments have been filed on RR 621, which proposed to derate conventional resources during extreme load events in the winter to address fuel assurance. Holloway pointed out that the currently proposed fuel assurance initiative does not reward utilities, like KPP Energy, who have installed dual-fuel units with on-site fuel storage.
- Solomon Energy Storage Center had a new controller installed in March. A few issues occurred after that related to needed software upgrades, which have since been done and should lead to better performance.

Board members were provided with the written Engineering Report. James Ging provided updates on KPP projects in member cities. He noted Waterville is ready to be cut over to the substation; calendar coordination between Evergy, Waterville, and Electricomm will determine the time for that.

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

In addition to the written Member Services Report, Brooke Carroll highlighted continuing work with the RP3 working group. She and Leslie Atherton are now doing check-up visits with each member to gauge progress and see where else KPP could help. She also mentioned her recent attendance at the ICMA Local Government Reimagined Conference in Boston, focused on the integration of artificial intelligence (AI) into municipal operations.

Chris Komarek expressed gratitude to James Ging and Brooke Carroll for their help and guidance as they ushered Ellinwood through a requested rate study.

**9. Market Update – Ivan Seward**

Ivan Seward's written report was provided to the Board.

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

Members were provided with J.T. Klaus's written report.

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

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

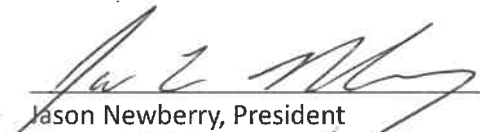
- The Generation Task Force had its first meeting on April 2, 2024, and will meet again on May 28, 2024. Resource Adequacy has certainly been a topic of discussion.
- KPP Energy is advertising to hire a Project Engineer; around twenty-five applications have been received.
- Congratulations to Augusta on their Platinum RP3 Designation and to Winfield on their APPA Safety Award of Excellence as well as the ribbon-cutting of their tie switchyard.

**12. Special Announcements – None.**

**13. Adjournment**

The meeting adjourned at 1:19 PM.

These Minutes are attested as to Board Approval:

  
Jason Newberry, President

Date: 5/16/24

  
Chris Komarek, Secretary

Date: 5/16/24