

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, February 11, 2025, 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
Barry Speer		Dan Hubert
Steve Warburton	Chris Kelly	Jack Newcomb

Others present for the meeting were Allen A. Zadorozny, Manager, Paul Buck, Attorney, Craig Lampson, Montana Johnson, and Kitty Sweaney. Counsel Buck participated via Zoom. Chairman Kelly declared the meeting duly organized for the dispatch of such business as might come before it. Trey Clapp offered a prayer, and Kelly opened with the flag salute.

Consideration was given for requests for changes to the Agenda or for any executive sessions. Clapp asked for a few minutes to discuss a previous issue.

The next order of business was review of the minutes of the regular board meeting of January 14, 2025. It was moved by Steve Warburton, seconded by Barry Speer, and unanimously carried, that the minutes be approved as mailed.

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

The Board reviewed the December expenditures. The payments made for property taxes were pointed out.

There were no old accounts to be considered this month.

The Board reviewed the Operations, Loss Control & Safety report, including new consumers' line extensions, outages, safety meeting minutes and transportation. Craig Lampson explained how the 2-man crews work when they are on call. It was moved by Stephanie Ollenborger, seconded by Steve Clark, and unanimously carried, to approve the safety meeting minutes as presented.

Counsel Buck had nothing to report, but advised he is still working on a new hiring policy and wanted to touch base with HR Partners in Topeka before finalizing it.

Manager Zadorozny reviewed the December financial reports. Month-end margins came in at a loss of \$15,076.89, which brought year-to-date margins to \$67,008.95. This compares to budgeted year-end margins of \$126,010.00 and 2023 margins of \$269,409.45. He noted that cash dropped to \$631,403.71 due to paying property taxes and the RUS FFB quarterly loan payment in December. It was decided to draw down

\$600,000.00 in loan funds in January to bring cash back up. Zadorozny noted that the long-term debt-to-assets ratio remained the same as November at 45.3%, and presented the ratio history from 1986 through 2024. He compared revenues and expenditures against budgeted amounts and the previous two years, and reviewed the breakdown by month, noting that we did not meet the TIER requirement for 2024 as it only came to 1.13. He also reviewed revenues by class of customers, and explained the unbilled revenue accounting entry, an audit requirement which was made in December. The monthly power costs, cash receipts and payments, and right-of-way clearing expenses were presented.

In his manager's report, Zadorozny presented information on TIER and the requirements to be in compliance with our lenders. Fortunately, we can use the best 2 of the last 3 years in order to meet that. He reviewed the KEPCo ratchet billing and the savings we are experiencing with the solar project.

The Nominating Committee met January 21, 2025, and presented the following nominees to run for Position #1 on the board of trustees: District I: Trey Clapp; District II: Stephanie Ollenborger, and District III: Steve Clark and Wellington Butler. Zadorozny presented the board with information that will be included in the March issue of the *Kansas Country Living* magazine regarding the annual meeting. He noted the sound system seemed much improved when he was there recently, as speakers had been placed on the stage. Doug Blex and Virgil Peck have both been invited to attend the annual meeting.

Several board resolutions were presented in conjunction with the Construction Work Plan and the funding required for it. It was moved by Barry Speer, seconded by Jack Newcomb, and unanimously carried, that the following Resolution #2025-01 be approved:

Whereas, The Caney Valley Electric Cooperative Association, Inc.'s **2025-2028 Construction Work Plan and Environmental Report** has been prepared by KEPCo Services, Inc. of Topeka, Kansas in accordance with RUS Bulletin 1724D-101B "System Planning Guide, Construction Work Plans" and with RUS Bulletin 1794A-600 "Environmental Guide," and

Whereas, the purpose of this plan is to provide a quadrennial check of the system and the load growth, and to recommend improvements consistent with the long-range planning that will prepare the system adequately to carry future peak loads while complying with the applicable environmental standards,

Now, Therefore Be It Resolved, the Board of Trustees of The Caney Valley Electric Cooperative Association, Inc., that the 2025-2028 Construction Work Plan and Environmental Report be herewith approved, and that the necessary steps be taken to complete the planned installations, construction and conversion, in order to bring the system to needed capacities and reliability so as to carry the anticipated peak loads and provide reliable service in accordance with standards expected and needed by the membership of this cooperative.

It was then moved by Stephanie Ollenborger, seconded by Dan Hubert, and unanimously carried, that the following Resolution #2025-02 be approved:

WHEREAS, The Ten (10) Year Financial Forecast for the period of 2024 through 2033 as prepared and included with this loan application is an acceptable projection of the financial trend and conditions of The Caney Valley Electric Cooperative Association, Inc.; and

WHEREAS, the Board of Trustees of The Caney Valley Electric Cooperative Association, Inc., has reviewed the attached Long Range Financial Forecast prepared by the Cooperative's staff; and

WHEREAS, the Financial Forecast includes estimates taken from a previously Board approved Power Requirement Study and 4-Year Construction Work Plan, both of which have been approved by the Rural Utilities Service (RUS); and

WHEREAS, the Long-Range Financial Forecast is based upon Board-approved policies, operating rules and plans and sets forth appropriate management goals, all of which are acceptable to the Board of Trustees as an overall plan of operations;

NOW, THEREFORE, BE IT RESOLVED that the Board of Trustees of The Caney Valley Electric Cooperative Association, Inc., hereby approves and accepts the Ten Year Long Range Financial Forecast, as proposed, as a plan of operations, and has reviewed the projected rates which are included in the Forecast and is committed to take whatever action may be necessary to implement such rate changes as may be required, on a timely basis to achieve the goals outlined therein.

It was then moved by Trey Clapp, seconded by Barry Speer, and unanimously carried, that the following Resolution #2025-03 be approved:

WHEREAS, it has been determined on the basis of the current Construction Work Plan that financing is needed for electric facilities as shown on RUS Form 740c, Cost Estimates and Loan Budget for Electric Borrowers, as follows:

RUS Guaranteed Federal Financing Bank (FFB) Loan Requested for Facilities \$6,283,000.00

NOW THEREFORE BE IT RESOLVED, that The Caney Valley Electric Cooperative Association, Inc., makes application to the Rural Utilities Service pursuant to 7 CFR Part 1710 for a guaranteed FFB loan in the approximate amount of \$6,283,000.00 to be used in accordance with the provisions of 7 CFR Part 1710 to finance the above-mentioned facilities.

BE IT ALSO RESOLVED, that the RUS guaranteed FFB loan shall bear a maturity date to cover an approximate period of 30 years, and;

BE IT ALSO RESOLVED, that the Board of Trustees of The Caney Valley Electric Cooperative Association, Inc., authorizes its officers to execute and attest all necessary papers, documents, and applications related to the foregoing.

BE IT FURTHER RESOLVED, that President, Vice President, Secretary/Treasurer, General Manager and any official(s) authorized to act such corporate position(s) and to perform the functions of such positions(s) are authorized on behalf of the Borrower (a) to execute and deliver from time to time advance requests, maturity extension election notices, prepayment election notices and refinancing election notices, in the form of such instruments attached to the note payable to FFB, and (b) to specify information and select option as provided in such instruments.

BE IT FURTHER RESOLVED, that The Caney Valley Electric Cooperative Association, Inc., hereby authorizes the RUS to release appropriate information and data relating to the application to the FFB and any existing supplemental lenders.

Policies #504 through 507 were presented for review. It was noted that policies #504, 506 and 507 were reviewed with no changes. A revision was suggested by the Board on Policy #505-Summer Youth Leadership Camp so that it will be in line with our scholarship requirements as to which students may be selected. The revision will be made and presented at the March board meeting.

Dan Hubert reported on the January KEPCo board meeting. The average member rate was .0694/kWh, and sales were down due to mild weather. Wolf Creek ran at 100% and there was a boiler leak on Iatan II. The average rate for 2023 was .0715/kWh compared to 2024 of \$.0746/kWh as transmission costs for KEPCo were higher last year. The next meeting is next week in Topeka.

Chris Kelly reported on the KEC winter conference, which several trustees attended. He discussed a good session given on AI, and added that new officers were elected for KEC.

The following Inventory of Work Orders were presented for December 2024: #914 for \$5,746.31 and #914-1 for \$136,434.93. It was moved by Barry Speer, seconded by Steve Warburton, and unanimously carried, to approve these Work Orders as presented.

Steve Clark reported that the camp committee selected 3 students to attend the leadership camp, two from Cedar Vale and one from West Elk.

Trey Clapp then brought up consideration regarding the credit card fees and passing these costs along to the members who pay with cards. A good discussion followed. It was noted that any fee changes will have to be subject to a member meeting before a decision is made, just as rate changes are. Staff was asked to obtain some more information to discuss again in March.

There being no further business to come before the board, it was moved by Barry Speer, seconded by Trey Clapp, and unanimously carried, to adjourn at 8:58 p.m.

ATTEST:

/s/ Chris Kelly, President

/s/ Stephanie Ollenborger, Secretary