

## 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, March 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	Alex Fulsom	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. 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. There were none.

The next order of business was review of the minutes of the regular board meeting of February 11, 2025. 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 Barry Speer, second by Alex Fulsom, it was unanimously carried to approve the new members as presented.

The Board reviewed the January expenditures, with staff explaining some of them.

Old accounts in the total amount of \$2,344.23 were presented for consideration. It was moved by Dan Hubert, seconded by Barry Speer, and unanimously carried, to turn these accounts over for collection as presented.

The Operations, Loss Control & Safety Report was presented, including accidents, new consumers' line extensions, outages, safety meeting minutes and transportation. After review, it was moved by Barry Speer, seconded by Stephanie Ollenborger, and unanimously carried, to approve the safety meeting minutes as presented.

Counsel Buck did not have a report this month.

Manager Zadorozny reviewed the January 2025 financial reports. Margins for the month came in at a loss of \$156,232, compared to a budgeted loss of \$94,227 and the loss a year ago of \$103,122. It was noted, however, that \$58,743 of this was due to the cost of replacing a transformer in the Grenola substation; \$53,743

of this has been reimbursed by insurance, but will not be reflected until the February financials. Zadorozny reported that \$600,000 was drawn down on the current RUS loan, which increased cash to about \$1,187,000 at the end of January, and also increased long-term debt \$600,000. Following the draw down, the long-term debt-to-assets ratio increased from 45.0% to 46.2%. Zadorozny compared revenues and expenses against budget and the previous two years. He also reviewed the power costs, including KEPCo's ratchet costs as well as the solar generation savings for January, and right-of-way clearing expenses for the month. Average electricity costs from 1994 to 2024 were presented, which increased an average of 1.247% per year.

In his Manager's report, Zadorozny presented several key financial results & comparisons since the last rate increase in 2018. Overall operating costs increased approximately 2.7% per year, while revenues only increased about 1.4% per year. He presented various customer charge increase scenarios, and feels the board needs to consider a rate increase, which he would like to mention at the annual meeting. It was the consensus of the Board that he do so.

A review of the 2024 contributions and donations was held. It was noted that donations for the last 5 years have exceeded the policy limits. However, this has been due to donations under the CoBank Sharing Success program, which are Board approved. as well as labor donations and overheads.

Zadorozny reported that the KEPCo MSA credit has been much lower this year compared to a year ago: January 2024 was \$70,687.51, while January 2025 was only \$29,021.85.

Zadorozny presented information on the credit card and e-check charges and options on how to transfer the costs to those using the services. Meridian's contract allows charging a percentage fee of 2.45%, or a flat fee of \$3.95 per account. We can also impose limits on the amounts charged. It was noted that any proposed fee will need to be presented at a member meeting prior to the Board taking action. It was suggested that this meeting could be in conjunction with a proposed rate increase member meeting.

The scholarship committee of Steve Clark, Chris Kelly and Barry Speer reported on the students selected to receive \$1,000 scholarships. The cooperative gives 7, but another \$1,000 will be given by a donor so that 8 total scholarships were awarded. Winners will be announced at our annual meeting next week.

Annual consideration was given for doing a general refund of capital credits. However, it was the consensus that due to the financial condition at the current time, a general refund not be made this year. We continue to pay out capital credits upon death of members, however. Discussion was held on developing a formal policy in the future on paying out capital credits, which could include discounted payouts. No action was taken.

Zadorozny talked about preparations for the annual meeting. He proposed that a member meeting be held in September to discuss a rate increase and credit card and e-check fees, and he will address this at the annual meeting. Mark Barbee from KEPCo will be attendance, as well as someone from KEC, although we have not yet been told who. Steve Clark asked about introducing all the employees. Craig Lampson asked if he could do this, and it was the consensus that he do so.

Several board policies were presented for consideration. New Policy #433-Hiring Policy for Full-Time Positions was presented. This was prepared by Counsel Buck in conjunction with HR Partners, Topeka, to make sure it is in alignment with the union contract. After review, it was moved by Jack Newcomb, seconded by Steve Clark, and unanimously carried, to approve Policy #433 as presented. A small revision to Policy #505-Summer Youth Leadership Camp, was presented to align it with scholarship requirements on a student's residence. It was moved by Barry Speer, seconded by Alex Fulsom, and unanimously carried, to approve Policy #505 as revised. The following policies were reviewed with no suggested changes by staff or the Board: #508-Communications and Social Media, #600-Safety, #601-Accidents with Vehicles, and #602-Use of Cooperative-Owned Vehicles for Cooperative Operations and to Attend Meetings.

It was mentioned earlier in the meeting that Policy #220-Contributions and Donations, may need to be revised. Discussion was held on inserting a phrase to exclude donations made under CoBank's Sharing Success program, and well as labor and overhead costs when doing community improvements. Staff will make recommended changes and present a revised policy next month.

Chris Kelly was unable to attend the last KEC meeting, so Manager Zadorozny gave a report on that. He noted that KEC voted to dissolve the spouse auxiliary committee, as participation has dwindled considerably. There has been some activity on possibly re-opening the Topeka hotel where meetings were previously held.

Dan Hubert reported on the last KEPCo meeting. He attended the meeting virtually due to all the snow that week. It was reported that sales were 12% above budget, with 7.2¢ being the average member price. Wolf Creek is running at 100%, and Iatan II and the Sharpe station are both operating. A bill has passed to let local law enforcement install security cameras on public utility poles. KEPCo will meet again next week.

Allen Zadorozny mentioned that there was a good article in the last *Kansas Country Living* magazine, written by Susan Cunningham, General Counsel with KEPCo, on the origins of KEC, KEPCo and Wolf Creek. Kevin Noblett, KEPCo's new CEO, will be here for the June board meeting.

The following January 2025 Inventory of Work Orders was presented: #915 for \$51,831.35. It was moved by Steve Warburton, seconded by Barry Speer, and unanimously carried, to approve this Work Order as presented.

Craig Lampson mentioned that several yellow signs have been found stapled on our electric poles, with a number to call for Internet service. He asked that if anyone knew who was hanging these, he would like to get in contact with them. These are being removed as they are found.

There being no further business to come before the trustees, it was moved by Alex Fulsom, seconded by Barry Speer, and unanimously carried, to adjourn the meeting at 8:35 p.m.

ATTEST:

/s/ Chris Kelly, President

/s/ Stephanie Ollenborger, Secretary