



Kansas Municipal Energy Agency
Special Executive Committee Meeting Minutes
January 4, 2023

Committee Members	City	Present/ Absent	KMEA Staff Present
Rob Culley	Baldwin City	Present	Gerry Bieker
Mike Muirhead	Garden City	Present	Laurie Brock
Dustin Bedore	Goodland	Present	Paul Mahlberg
Ira Harrison	Holton	Present	Tyson McGreer
Jonathan Mitchell	Hoisington	Absent	Mike Myer
Dave Hunsaker	Ottawa	Absent	Terri Pemberton
Jon Quinday	Russell	Present	Sarah Steele
Stacie Echem	Wamego	Present	Mitch Walter

Item No. 1 – Call the Meeting to Order

President Quinday called the virtual meeting to order at 11:33 a.m. A quorum was present.

President gave introduction of purpose of the special meeting, then ceded the floor to Paul Mahlberg for further explanation of Item No. 2.

Item No. 2 – Seek Approval of the following item:

- **CAT Generation Financing for Cities of Oberlin and Neodesha**

Paul gave an overview of efforts taken by KMEA over the past several months to finance CAT diesel generation at the Cities of Oberlin and Neodesha. One option is to enter into a lease financing agreement with Caterpillar Financial, and the other is to explore revenue bonds. The bond option assumes a Private Placement, where Piper Sandler seeks offers from various banks, and we would then select the most favorable from the group of respondents. KMEA expect the bonds to be the most favorable option, coming in a couple hundred basis points below the interest rate from Caterpillar Financial.

Status at Oberlin: Oberlin approved moving forward with either financing option – whichever rate is most favorable to the city. Oberlin is planning on 2 CAT diesel units.

Status at Neodesha: Meeting today at noon to consider. Likely to pursue the same thing as Oberlin, which would allow financing under whichever option is most favorable to the City. Neodesha is planning on 4 CAT diesel units.

If the Executive Committee approves, KMEA will send a Ballot containing financial parameters to full board for approval. KMEA does not expect to reach the maximum range, as those amounts include some cushion for flexibility on varying interest/bond rates.

Parameters are expected to be:

- Maximum interest/bond rate will be in the 7-8% range.
- Maximum dollar amount will need to potentially include a debt service fund, capitalized interest and financing fees:
 - Oberlin expected to be up to \$7.5-8.0M (\$4.8M for the units + the other fees).
 - Neodesha expected to be up to \$13-\$14M (\$8.8M for the units, plus other fees).

The financing will be non-recourse to KMEA. KMEA will have a capacity purchase agreement with the cities, which will be collateral for either Caterpillar or the bond holder. Financing will be city-specific, like Dogwood and Jameson.

As a reminder, the tax-exempt bond path is similar to what KMEA did on the Jameson project.

Secretary/Treasurer Muirhead asked whether two ballots and two motions are needed. Mitch Walter explained that, for administrative efficiencies, the Ballot language covers approval for both cities to move forward, but it is worded such that neither is obligated to go through with the project if financing is not favorable.

Mike Muirhead made a motion for the Executive Committee to recommend to the Board of Directors the approval of the ballot question authorizing either the issuance of bonds or entering into a lease purchase financing agreement for the purpose of financing the acquisition and installation of CAT generating units for the cities of Oberlin and Neodesha. The motion was seconded by Stacie Eichen and carried unanimously.

Paul reminded the Committee that the next regular meeting is scheduled for January 26, 2023, in Wamego.

Item No. 3 – Adjourn Meeting

The meeting was adjourned at 11:51 a.m.



Mike Muirhead, Secretary/Treasurer