

POWERING A BRIGHTER FUTURE

Karnes Electric Cooperative ANNUAL MEMBERSHIP MEETING

Thursday, June 12

Karnes City ISD Performing Arts Center

5:00 p.m. Walkthrough

7:00 p.m. In-Person Meeting

Official Notice of Annual Meeting of Members

In accordance with Article III of the cooperative's bylaws, the annual meeting of the members of Karnes Electric Cooperative is to be held at Karnes City ISD Performing Arts Center, 400 N. Highway 123, Karnes City, TX 78118, at 5 p.m. Thursday, June 12, 2025, to take action upon the following matters:

1. Reports of officers, directors and committees.
2. The election of two (2) directors.
3. All other business that may come before the meeting or any adjournment or adjournments thereof.

In connection with the election of two (2) directors, which is scheduled for this meeting, the members listed have been nominated for directors by the committee on nominations appointed by the board of directors of the cooperative or by petition pursuant to the bylaws. The members of the nominating committee were Russell Osburn, District 1; Chris Turner, District 4; and Larry Yosko, at large.

Each nominee for director must meet the qualifications specified in Article IV of the cooperative's bylaws. The results of the election will be reported at the annual meeting. Each member (as so defined in Article I of the cooperative's bylaws) of legal voting age under the laws of the state of Texas is entitled to one vote, regardless of the number of meters held. The bylaws-required voter qualifications are as follows:

1. The voting member must be the same person holding the membership.

2. If two spouses hold a joint membership they shall jointly be entitled to one (1) vote and no more.

3. Persons casting votes for organizations, i.e., corporations, churches, associations, partnerships, trusts, or other types of associations or businesses, must have on file at the cooperative's office, or in hand, a resolution certified by the appropriate officer naming and authorizing a person, and/or an alternate person, to vote as its authorized representative for such organization.

4. All estates shall be voted by the duly appointed executor, administrator or, if the membership is a joint membership, the joint survivor, or any one of the three. Before any of the three shall be allowed to vote, there shall be on file with the cooperative, or person voting shall have in hand, a duly signed request naming the executor or the administrator or the surviving joint member of the deceased member.

A copy of the bylaws may be obtained from the cooperative's website, karnesec.org.



Larry R. Schendel
Secretary-Treasurer

87th Annual Membership Meeting

Thursday, June 12, 2025 • Karnes City ISD Performing Arts Center

Members can choose between attending a walk-through hand delivery of ballots and viewing of the annual report video or an in-person meeting.

Walk-Through 5–7 p.m.

Walk-through attendees will be able to view co-op informational reports in the auditorium, visit with employees and board members, vote in the directors election, and pick up a gift on the way out. All walk-through participants who register for the meeting will be entered in a drawing to win a door prize. Members do not have to be present to win.

In-Person Meeting 7–8 p.m.

The in-person meeting will be in the traditional format, similar to past Karnes EC annual meetings. Members will have the opportunity to pick up a gift, participate in the business meeting and vote in the directors election. Every member who registers the day of the meeting will be entered in a drawing to win one of many door prizes.

We hope you'll join us as we celebrate 87 years of service!



Member Registration Card

Karnes Electric Cooperative
87th Annual Membership Meeting
Thursday, June 12, 2025

Walk-Through 5–7 p.m. | In-Person Meeting 7–8 p.m.
Karnes City ISD Performing Arts Center
400 N. Highway 123, Karnes City, TX 78118



Join us for our annual meeting and take advantage of your chance to win exciting door prizes.

GRAND PRIZE:
\$250 BILL CREDIT!

The first 350 members who register will receive a \$25 bill credit.

Please tear off this card and bring it with you to the annual meeting. It serves as your registration card and ticket for prize drawings.

KARNES ELECTRIC COOPERATIVE

Official Voting Representative Credential

If you are the designated representative of a member company, corporation, firm, organization or estate, you will need this completed form to cast that member's vote.

The form must be signed by an officer or executor of the member company, corporation, firm, organization or estate, and the title must be designated.

Please print or type your information below.

FIRM

ACCOUNT NUMBER

ADDRESS

The following are hereby certified as official voting representatives of the above member-organization to represent it at the annual meeting, any specially called meeting or for any vote brought to the membership of the cooperative. We understand that the alternate is certified to act only in the absence of the voting representative.

VOTING REPRESENTATIVE

ALTERNATE

SIGNED

TITLE

DATE

This form remains valid until Karnes EC is notified of any change.

Registration Card

For use at the 2025 Annual Membership Meeting



87th Annual Membership Meeting

Please bring both parts of this card with you to the 87th Annual Membership Meeting. You can exchange this portion of the card for a gift at the meeting.

I hereby certify that I am a member of Karnes Electric Cooperative in personal attendance at the above meeting. I understand that only a member present is eligible to vote and receive an attendance prize.

MEMBER SIGNATURE

MEMBER PRINTED NAME

Please tear off this card and bring it with you to the annual meeting. It serves as your registration card and ticket for prize drawings.

Board of Directors



Paul T. Brysch Jr.
President



Clif Royal
Vice President



Larry R. Schendel
Secretary-Treasurer



Frank A. Geyer Jr.
Asst. Secretary-Treasurer



Boyd Vaughan

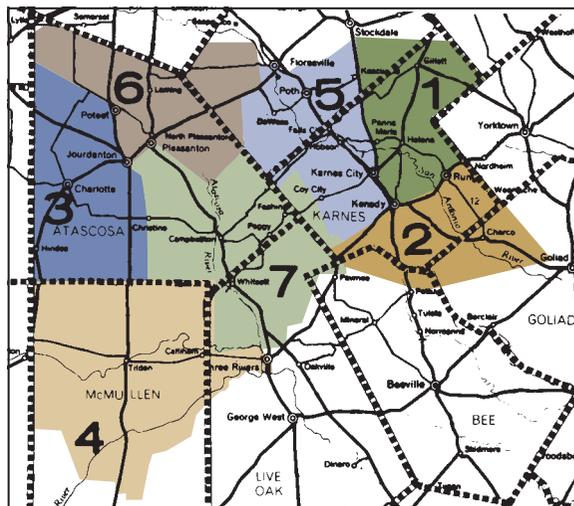


L. Scott McClagherty IV



David R. Nieschwitz

Director Districts



Director Nominees

DISTRICT 1

Larry R. Schendel

DISTRICT 4

L. Scott McClagherty IV

DISTRICT	DIRECTOR	TERM EXPIRES
1	Larry R. Schendel	2025
2	Boyd Vaughan	2027
3	Frank A. Geyer Jr.	2026
4	L. Scott McClagherty IV	2025
5	Paul T. Brysch Jr.	2027
6	Clif Royal	2027
7	David R. Nieschwitz	2026



2024 ANNUAL REPORT

Powering a Brighter Future



GENERAL
MANAGER

ERIC
HALFMANN

KARNES ELECTRIC COOPERATIVE'S board of directors and employees are honored to invite you to our 87th annual meeting. The annual meeting provides a forum to participate in the cooperative's business through the election of directors. Additionally, the annual meeting provides an opportunity to meet your cooperative team and learn about Karnes EC's activities and goals.

We thank you, our member-owners, for entrusting us with the responsibility of providing quality service to empower our communities and improve lives. This is a responsibility that your KEC team is dedicated to delivering with excellence, and we remain humbly blessed to have the opportunity to brighten the future of the members we serve.



PRESIDENT

PAUL T.
BRYSCH JR.

This past year brought about many transitions affecting your cooperative. With this change also came the opportunity to invest in the growth of our greatest asset—our team. By focusing on team development and collaborative operations, we

were able to thrive under these changing conditions and deliver growth in safety performance, system improvements, storm response, and member satisfaction and sales, while hitting our financial targets. These results are a testament to the skill and dedication of our team.

Empowering Communities

In 2024, KEC grew by 433 consumers and 45 miles of energized line. This contributed to a 10.5% increase in sales, with annual sales totaling 1.5 billion kilowatt-hours. As you will see in the financial report, the cooperative remains financially strong.

Based on this financial position, the board of directors authorized a total of \$1,022,700 in capital credits to be returned to our members in 2024. This increased the total amount of capital credits returned to KEC members since 1989 to \$24,444,881.95.

In 2024, the average residential rate paid by our members, based on a monthly usage of 1,000 kWh, was 10.3 cents per kWh, as compared to 11.1 cents per kWh in 2023. This is a competitive rate when compared to the statewide average of 15.3 cents per kWh. The lower rate in 2024 is primarily driven by lower natural gas prices, reducing the cost of wholesale power, which makes up 77.7% of KEC's operating expenses.

To manage competitive rates and ensure adequate generation supply and transmission infrastructure to meet system growth, we are working closely with South Texas Electric Cooperative and San Miguel Electric Cooperative, our generation and transmission suppliers, to strategically plan for the future

and capitalize on growth opportunities.

These efforts have included pursuing opportunities through the federal government's Empowering Rural America program, evaluating available generation technologies and monitoring new generation being developed through the Texas Energy Fund. This also includes working with cooperatives across the nation to advocate for the interests of our members at both the state and national level to protect the reliability and affordability of our service.

Cost of Service

The team's effort to minimize operating costs through more efficient processes and alternative material supply options has helped offset the impact of the continuing increases in the costs of labor, materials, insurance and other services necessary to deliver safe and reliable electricity.

In just the past five years, the cost of materials for construction and maintenance has increased drastically. These increased costs have outpaced revenue growth, resulting in declining margins. These margins are needed to cover the cost of system improvements required to meet growth demand and maintain reliability.

This prompted an update to the financial forecast in 2024, which identified the need to conduct a cost-of-service study in 2025. This cost-of-service study will determine the amount of rate increase required and when the increase needs to be implemented.

In support of accurately evaluating the cost of service, the team completed a capital credits analysis and a 2025–26 work plan update.

These strategic initiatives assist staff in preparing for the future needs of the cooperative, to ensure KEC can continue to deliver service excellence while remaining financially strong.

Quality Service

We are dedicated to our mission of providing quality service that improves lives. This is achieved through a focus on safety, improving reliability and exceeding member expectations.

The cooperative remains committed to providing the tools, equipment, training and time required to complete each job safely. It is a pleasure to see this attitude and hard work pay off as the team was recognized for achieving zero lost time incidents in 2024 and for surpassing 1 million hours worked without a lost-time incident.

To continually improve system reliability and performance, maintenance programs were implemented to optimize the capabilities of intelligent devices such as reclosers.

Additionally, \$10,467,988 in work plan new connections, system improvements and maintenance projects were completed. This included the construction of 536 new connections, installation of 2,297 new poles, inspection of 5,879 poles and replace-

ment of 689 deficient poles. To support these improvements, 369 miles of rights-of-way clearing and tree trimming were completed.

Progress also continues on the construction of the Loxley substation in north Atascosa County, which is scheduled to be energized in the fourth quarter of 2025. Completing the construction of the backbone lines required to interconnect the Loxley substation with existing infrastructure is a top priority in 2025, along with a system improvement project out of the Rossville substation. The work plan projects are vital to enabling growth and improving reliability.

System reliability extends into business processes and technology infrastructure. Mobile staking was implemented to optimize the new connection process. The geographical information system licensing was restructured to reduce cost, and the GIS model is being enhanced to enable the implementation of operational analytics that will reduce outage response time and the cost of system analysis.

To support the demands of a growing system, data center switches were upgraded, and the Ethernet link bandwidth capacity was increased. These investments support a robust technology infrastructure and cybersecurity posture, which is a priority for delivering quality service.

Exceeding Expectations

To measure KEC's performance in meeting member expectations, an American Consumer Satisfaction Index survey was completed in 2024.

The co-op's ACSI score improved to 89, up from a score of 85 in 2021. This exceeded the average co-op and investor-owned utility scores of 78 and 74, respectively, and reflects our ongoing commitment to enhancing the member experience through improved service delivery, responsiveness and innovation.

In addition to this accomplishment, we expanded our member interaction-based surveys, integrating them into three additional touchpoints. The additional feedback enables us to better understand and address members' needs and preferences. Thank you for taking the time to respond to these surveys.

In tandem with these efforts, we launched a new membership agreement with an updated service addendum. We also refreshed our website, completing a redesign of the homepage and updating content, which creates a more user-friendly online experience.

Concern for Community

Our dedication to brighten the future extends beyond the distribution of electricity and into supporting our local community and other electric cooperatives.

As part of our local community support, we award scholarships to graduating students pursuing higher education. We are proud to announce that in 2024, we awarded \$2,500 scholarships to 20 students across our service area.

In 2024, we also supported more than 70 charitable and community organizations, and our employees participated in more than 30 community outreach events.

This support included partnering with CoBank, one of our financial lenders, through their Sharing Success program. Through this program, we proudly awarded \$3,000 to the Safer

Path Family Violence Shelter, \$3,500 to the Bountiful Blessings Food Pantry and \$3,500 to the Basket Food Pantry in Karnes County. CoBank generously matched each donation.

Improving Lives

We know access to reliable electricity is foundational to improving the quality of life. Our team works hard every day to prepare the system for damaging storms and reduce the likelihood of power outages.

We know that power outages still occur, and we remain prepared to answer the call, day or night, in clear skies or adverse conditions, to safely restore power as quickly as possible. We appreciate your understanding when outages occur, and we want you to know that there's a dedicated team working swiftly to respond.

KEC was fortunately not impacted by the widespread storm devastation that impacted many cooperatives across Texas in 2024. When these co-ops called for assistance, our team answered the call.

In May 2024, we had linemen travel to northeast Texas to assist with restoration following a storm. Then again in July, following the landfall of Hurricane Beryl, linemen went to assist. We're proud of our crew for making this sacrifice and using their talents to serve those in a time of need.

Electric cooperatives were formed to provide reliable electric service, and mutual aid among the cooperative community embodies the sixth cooperative principle of Cooperation Among Cooperatives. Since the creation of electric cooperatives, like the communities they serve, cooperatives rely on each other to assist in times of need.

By sharing resources, co-ops significantly enhance capabilities, enabling a more efficient response. By participating in mutual aid efforts, we grow our network of support and gain experience and knowledge that improves our own operations.

The successes of 2024 reflect the collective effort and dedication of the KEC employees and board of directors. With a renewed focus on innovation, growth and member satisfaction, we are well positioned to continue delivering exceptional value.

We hope you will join us at this year's annual meeting June 12. Once again, we're offering members a choice between a walk-through option with—hand delivery of ballots and viewing of the annual report video beginning at 5 p.m. prior to the meeting—and in-person attendance at the 7 p.m. meeting.

Whichever choice you make, we look forward to seeing you.



Paul T. Brysch Jr.



Eric Halfmann

Statement of Income and Patronage Capital

AS OF DECEMBER 31

2024

2023

OPERATING REVENUES

Residential	\$ 22,774,679	\$ 24,660,536
Irrigation	3,566,183	3,816,565
Commercial and Industrial	93,617,948	92,635,403
Rent From Electric Property and Other Electric Revenue	39,528	19,849
Other	541,103	643,606
Unbilled Revenue	1,001,000	(2,417,000)
Total Operating Revenue	\$121,540,441	\$ 119,358,959

OPERATING EXPENSES

Purchased Power	\$ 93,435,604	\$ 91,949,247
Distribution—Operation	3,338,904	2,825,350
Distribution—Maintenance	4,086,886	3,922,338
Consumer Accounts	2,256,565	1,803,113
Administrative and General	5,362,042	5,137,536
Depreciation and Amortization	10,589,582	9,923,554
Taxes	193,575	314,624
Other Interest Expenses	224,948	65,889
Total Operating Expenses	\$119,488,106	\$ 115,941,651

OPERATING MARGINS

Before Fixed Charges	\$ 2,052,335	\$ 3,417,308
Interest on Long-Term Debt	(758,090)	(800,525)
After Fixed Charges	\$ 1,294,245	\$ 2,616,783
Capital Credits—G&T	7,001,620	7,467,329
Capital Credits—Other	391,984	757,863
Net Operating Margins	\$ 8,687,849	\$ 10,841,975

NONOPERATING MARGINS

Interest Income	\$ 438,418	\$ 448,241
Other Nonoperating Income	(8,004)	(83,672)
Net Nonoperating Income (Loss)	\$ 430,414	\$ 364,569
Net Margins	\$ 9,118,263	\$ 11,206,544

NET MARGINS

Patronage Capital—Beginning of Year	\$169,666,508	\$ 157,777,141
Unbilled Revenue Transferred to Other Equities	(1,001,000)	2,417,000
Patronage Capital Retired	(1,022,700)	(1,734,177)
Patronage Capital—End of Year	\$176,761,071	\$ 169,666,508



MESSAGE
FROM
SECRETARY-
TREASURER

LARRY R.
SCHENDEL

To the members of
Karnes Electric Cooperative,
Karnes City:

The accounting firm of Bolinger,
Segars, Gilbert & Moss LLP
performed an audit of our
financial statements for the
year ended December 31, 2024.

We received a clean opinion on
that audit. The complete audit
report is on file at the head-
quarters office of Karnes Electric
Cooperative.

Larry R. Schendel
Secretary-Treasurer
Karnes Electric Cooperative

Balance Sheet

YEARS ENDED DECEMBER 31

2024

2023

ASSETS

UTILITY PLANT AT COST

Electric Plant in Service	\$366,058,948	\$ 346,402,675
Construction Work in Progress	5,889,939	2,438,780
Aid to Construction	(194,824,909)	(183,889,933)
	\$ 177,123,978	\$ 164,951,522
Less: Accumulated Provision for Depreciation	51,555,896	41,950,068
	\$ 125,568,082	\$ 123,001,454

OTHER PROPERTY AND INVESTMENTS AT COST OR STATED VALUE

Investments in Associated Organizations	\$ 68,696,102	\$ 61,528,092
Other Investments	337,214	375,457
	\$ 69,033,316	\$ 61,903,549

CURRENT ASSETS

Cash—General	\$ 9,521,085	\$ 11,487,890
Short-Term Investments	3,000,000	3,000,000
Accounts and Notes Receivable (Less Allowance for Uncollectibles of \$36,710 in 2024 and \$118,106 in 2023)	7,014,746	6,916,718
Unbilled Revenue	9,684,000	8,683,000
Materials and Supplies at Average Cost	8,808,428	8,518,215
Other Current and Accrued Assets	259,007	230,493
	\$ 38,287,266	\$ 38,836,316
Total Assets	\$232,888,664	\$223,741,319

EQUITIES AND LIABILITIES

EQUITIES

Memberships	\$ 73,170	\$ 91,615
Patronage Capital	176,761,071	169,666,508
Other Equities	10,021,398	9,014,044
	\$186,855,639	\$178,772,167

LONG-TERM DEBT

RUS Mortgage Notes Less Current Maturities	\$ 358,307	\$ 415,883
FFB Mortgage Notes Less Current Maturities	9,081,901	9,506,108
CFC Mortgage Notes Less Current Maturities	5,050,530	5,210,513
CoBank Mortgage Notes Less Current Maturities	3,538,964	4,110,382
	\$ 18,029,702	\$ 19,242,886

OTHER LONG-TERM LIABILITIES

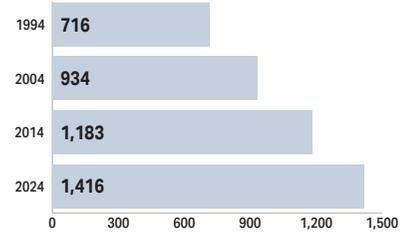
Deferred Compensation	\$ 43,257	\$ 81,700
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CURRENT LIABILITIES

Current Maturities of Long-Term Debt	\$ 1,206,000	\$ 1,164,000
Accounts Payable	541,393	295,334
Accounts Payable—Purchased Power	7,521,960	6,500,709
Consumer Deposits and Prepayments	4,435,473	4,554,010
Accrued Taxes	778,489	744,906
Other Current and Accrued Liabilities	1,013,555	894,461
	\$ 15,496,870	\$ 14,153,420
Deferred Credits	\$ 12,463,196	\$ 11,491,146
Total Equities and Liabilities	\$232,888,664	\$223,741,319

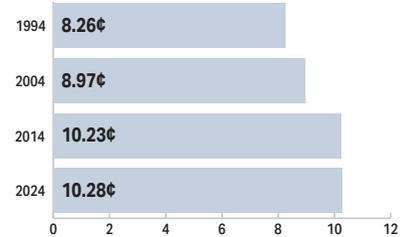
Average Monthly KWh Usage per Consumer

(Residential Classification)



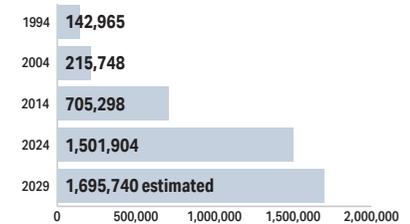
Average Monthly KWh Cost per Consumer

(Residential Classification)

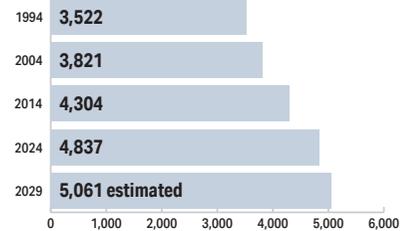


Annual KWh Sales

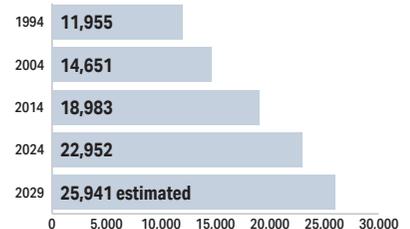
(In Thousands)



Miles of Line



Number of Meters



Where Your Dollar Went



YEAR	PURCHASED POWER	OPERATIONS AND MAINTAINING SYSTEMS	DEPRECIATION	INTEREST	TAXES AND INSURANCE	MEMBERS' CAPITAL CREDITS AND MARGINS
2001	66.7¢	16.0¢	7.5¢	4.9¢	2.0¢	2.9¢
2002	63.8¢	14.8¢	7.3¢	4.0¢	2.4¢	7.7¢
2003	65.0¢	15.8¢	7.4¢	3.7¢	2.4¢	5.7¢
2004	69.0¢	15.5¢	7.3¢	3.7¢	2.4¢	2.1¢
2005	70.5¢	13.3¢	6.4¢	4.1¢	2.1¢	3.6¢
2006	70.8¢	13.4¢	6.0¢	4.4¢	2.0¢	3.4¢
2007	70.6¢	14.8¢	6.5¢	5.1¢	1.8¢	1.2¢
2008	76.4¢	12.2¢	5.5¢	4.3¢	1.5¢	0.1¢
2009	70.7¢	12.2¢	5.3¢	4.4¢	1.4¢	6.0¢
2010	67.9¢	13.0¢	5.4¢	4.3¢	1.4¢	8.0¢
2011	67.2¢	14.1¢	5.3¢	4.0¢	1.4¢	8.0¢
2012	66.2¢	14.6¢	5.2¢	3.7¢	1.4¢	8.9¢
2013	69.4¢	12.7¢	4.3¢	2.6¢	1.1¢	9.9¢
2014	70.5¢	10.8¢	3.1¢	1.8¢	1.0¢	12.8¢
2015	67.6¢	9.4¢	4.0¢	1.6¢	1.1¢	16.3¢
2016	68.3¢	9.3¢	5.2¢	1.3¢	1.1¢	14.8¢
2017	68.8¢	9.4¢	5.3¢	1.1¢	1.1¢	14.3¢
2018	69.8¢	9.0¢	5.2¢	1.0¢	1.0¢	14.0¢
2019	69.1¢	9.8¢	5.5¢	1.0¢	1.0¢	13.6¢
2020	72.5¢	11.4¢	6.5¢	1.0¢	1.5¢	7.1¢
2021	74.0¢	14.9¢	8.2¢	0.7¢	1.4¢	0.8¢
2022	78.0¢	9.3¢	7.0¢	0.6¢	1.1¢	4.0¢
2023	76.3¢	11.4¢	8.3¢	0.7¢	1.2¢	2.1¢
2024	76.2¢	12.3¢	8.6¢	0.8¢	1.1¢	1.0¢

Where Your Revenue Came From

	2017	2018	2019	2020	2021	2022	2023	2024
Farms and Ranches	14.3%	14.4%	14.2%	15.2%	14.5%	12.4%	12.1%	11.3%
Towns and Subdivisions	7.7%	8.0%	7.9%	8.5%	8.5%	8.2%	8.1%	7.6%
Irrigation	2.6%	2.5%	2.5%	3.2%	2.5%	3.6%	3.1%	3.0%
Small Commercial	7.6%	7.6%	7.8%	7.5%	7.2%	9.3%	9.3%	9.0%
Large Commercial	42.5%	41.5%	41.2%	41.9%	41.9%	42.9%	42.5%	43.5%
Public Buildings	0.1%	0.2%	0.2%	0.1%	0.2%	0.1%	0.2%	0.1%
Oil Wells	24.7%	25.3%	25.7%	23.3%	24.7%	23.0%	24.2%	25.0%
Other Revenue	0.5%	0.5%	0.5%	0.3%	0.5%	0.5%	0.5%	0.5%
TOTAL	100.0%							

Employees

NAME	TITLE	YEARS OF SERVICE
Jacob Asebedo	First-Class Lineman	7
Sonny Barrientez	Serviceman	29
Jesse Benavides II	Operations Manager	9
Jennifer Berger	Member Service Representative II	4
Madelyn Braudaway	Assistant Staking Coordinator	1
Leroy Castillo	Warehouse Coordinator	6
Esperanza Cumpian	Member Service Representative II	16
Fredrick Currie	Line Locate Coordinator	18
Adolfo De La Garza	Warehouse Materials Handler	32
George De Los Santos Jr.	Second-Class Lineman I	3
Jessica De Los Santos	Member Service Representative I	2
Cory Ebrom	Purchasing Agent	22
Joe Escandon	Construction Foreman	26
Michael Espinoza	First-Class Lineman	3
Rebecca Frazier	GIS Technician	10
Suzanne Friesenhahn	Consumer Accounting Representative	13
Pedro Garcia	Operations Supervisor	21
Richard Garcia	Staking Foreman	14
Daniel Garza II	Staking Technician I	Less than 1
Alejandro Gonzales	Pleasanton Warehouse/Work Order Coordinator	3
Leslie Gonzales	Member Service Representative II	3
Justin Gray	Serviceman	15
Eric Halfmann	General Manager	2
Kole Hamilton	Second-Class Lineman I	3
Jared Helms	ROW Assistant	1
Clifton Henke	Technology Manager	8
Bart Homeyer	Apprentice Lineman I	3
Shayne Hons	Equipment Operator	Less than 1
Trentyn Hosek	Apprentice Lineman I	1
Troy Hughey	Second-Class Lineman I	3
Emelia Janysek	Executive Assistant	23
Patrick Janysek	Construction Manager	38
Cody Jarzombek	Mechanic II	3
Justin Jarzombek	Staking Technician II	6
Steve Jonas	Apparatus and Maintenance Technician	25
Hunter Jurgajtis	Operations Supervisor	10
Teren Jurgajtis	Maintenance Foreman	19
Glenn Kelley	Aerial Bucket Operator	15
Christopher Knight	Distribution Services Manager	11
Russell Korzekwa	Engineering Manager	24
Barbara Kotzur	AMI Support Specialist	18
Thomas Kowalik Jr.	Building/Grounds Maintenance Technician	4
Nathan Krudwig	Second-Class Lineman I	3
Tammy Labus	Finance and Accounting Manager	40

NAME	TITLE	YEARS OF SERVICE
Jesse Ledesma Jr.	Apprentice Lineman I	1
Alfredo Lopez	Serviceman	10
Hector Lopez	Assistant Fleet Shop Foreman	23
Charles Luttrell	Second-Class Lineman I	6
Robison Lyman	IT Technician I	1
Kaleb Martinez	Groundman	Less than 1
Rebecca Mueller	Lead Member Service Representative	29
Randy Ortiz	Maintenance Foreman	13
Ernest Pacheco	Serviceman	37
Kevin Palermo	First-Class Lineman	14
Donna Pawelek	Staking Coordinator	39
Gary Pawelek	First-Class Lineman	34
Tosha Pennington	Dispatcher	4
Irma Pesqueda	Member Service Representative II	4
Brenda Quintanilla	Operations Coordinator	23
Nicolas Quintanilla	Accountant I	3
Candace Reynolds	Accountant II	8
Xavier Ribble	IT Technician II	5
Paul Rodriguez	Serviceman	14
Andrew Rojas	Apprentice Lineman II	3
Clinton Royal	Serviceman	27
Cody Salas	Aerial Bucket Operator	10
Jacob Sanchez	GIS Field Technician	8
Kimberly Sanchez	Member Communications Coordinator	5
Alicia Sandoval	Work Order Clerk	10
John Saucedo	Second-Class Lineman I	5
Tommy Shoemaker	Staking Technician II	4
Sonya Sizemore	Dispatcher	15
Steve Stanley	Aerial Bucket Operator	9
Zachary Swierc	Operations Engineer	2
Megan Thompson	Business Development Coordinator	3
Rudolfo Torres	Construction Foreman	19
Amanda Turner	Billing Coordinator	10
Christopher Vajdos	Meter Technician	13
Vanessa Villanueva	Lead Member Service Representative	4
Jason Vyvecka	Fleet Shop Foreman	1
Bonnie Wiatrek	Human Resources Coordinator	41
Darlene Woelfel	Senior Accountant	41
Robert Zuniga	Safety Coordinator	9

Service Awards

NAME	TITLE	YEARS OF SERVICE
Tammy Labus	Finance and Accounting Manager	40
Steve Jonas	Apparatus and Maintenance Technician	25
Sonya Sizemore	Dispatcher	15
Justin Gray	Serviceman	15
Glenn Kelley	Aerial Bucket Operator	15
Alicia Sandoval	Work Order Clerk	10
Rebecca Frazier	GIS Technician	10
Amanda Turner	Billing Coordinator	10
Cody Salas	Aerial Bucket Operator	10
Alfredo Lopez	Serviceman	10
Hunter Jurgajtis	Operations Supervisor	10
Xavier Ribble	IT Technician II	5
Kimberly Sanchez	Member Communications Coordinator	5
John David Saucedo	Second-Class Lineman I	5

Annual Meeting Program

Thursday, June 12 • 7 p.m. • In-Person Meeting

1. Call Meeting to Order
2. Invocation
3. Welcome Address
4. Introduction of Guests
5. Secretary's Report of Number Present/Reading of Official Notice
6. Approval of 2024 Annual Meeting Minutes
7. Election of Directors
8. Naming of Canvassing Committee
9. Treasurer's Report
10. Annual Management Report
11. Unfinished Business
12. New Business
13. Report of Election
14. Adjournment of Meeting
15. Drawing of Attendance Prizes

2024 Minutes

Karnes Electric Cooperative, Inc., Annual Membership Meeting
Karnes City, Texas • June 11, 2024

THE ANNUAL MEMBERSHIP Meeting of Karnes Electric Cooperative, Inc. (KEC) was held at the Karnes City ISD Performing Arts Center in Karnes City, Texas, on Tuesday, June 11, 2024. KEC Board President Paul T. Brysch, Jr. Called to Order the Annual Meeting at 5:30 p.m. and announced that the walkthrough phase of the meeting would now begin. Members present during this phase of the meeting were allowed to cast their vote in the Director Election and view a prerecorded President's Welcome Address, Treasurer's Report and Annual Management Report.

At 7:00 p.m., Mr. Brysch announced the continuation of the Annual Meeting with the invocation given by Minister James Schendel. Mr. Brysch then led the Membership in the presentation of the National Anthem followed by the Pledge of Allegiance.

Mr. Brysch then introduced the prerecorded President's Welcome Address. In his address he welcomed all in attendance, introduced the Board of Directors and thanked them for their leadership and dedicated service to the Cooperative. He mentioned that a cost-of-service study was completed in 2023 to evaluate the Cooperative's revenue needs and at this time there is no immediate need for a cost increase. He commented on how we continue to work closely with our wholesale power supplier, South Texas Electric Cooperative, to manage generation resources and ensure that we get the best possible savings for our members. Mr. Brysch discussed the retirement of Brad Bierstedt at the beginning of the year and welcomed Eric Halfmann the newly appointed General Manager. He concluded his message by thanking the membership for their attendance and support.

Mr. Brysch then called on General Manager Eric Halfmann for the Introduction of Guests. Mr. Halfmann recognized all past and present military personnel in attendance and introduced special guests.

Secretary-Treasurer Larry R. Schendel was now given the floor to present the Secretary's Report on Number Present and announced that 219 members were present at the Annual Meeting as indicated by registrations submitted at check-in and that a quorum was present. He then turned the floor back over to Mr. Brysch. For reporting purposes, the final number of registrants was 226 at the close of registration.

Mr. Brysch asked those in attendance if they wished to dispense with the Reading of Official Notice of the Annual Meeting that was published in the June 2024 issue of *Texas Co-op Power* magazine, which was mailed to the membership on May 29, 2024, or have it read now. A motion was made and seconded to dispense with the Reading of Official Notice of the Annual Meeting. Motion carried.

Mr. Brysch then asked those in attendance if they wished to dispense with the reading of the minutes from the June 13, 2024, Annual Meeting, published in the June 2024 issue of *Texas Co-op Power* magazine or have them read now. A motion was made and seconded to dispense with the reading of the minutes and approve them as published. Motion carried.

Counsel for the Cooperative, Melissa Sykes, with the law firm of McGinnis Lochridge LLP was then given the floor to conduct the Election of Directors. She summarized Article IV Section 5 of the Bylaws explaining the nomination process for directors. She recognized the Nominating Committee who met on Wednesday, April 3, 2024, and nominated the candidates for districts 2,5, and 6.

Mrs. Sykes then informed the Members that the incumbent directors were nominated for election by the Committee for District No. 2, District No. 5, and District No. 6 and there were no nominations by petition.

Mrs. Sykes then named the members appointed to serve on the 2024 Canvassing Committee and instructed all the voting members to mark their ballots.

The ballots were collected by the Canvassing Committee, who then retired to count the votes.

Mr. Brysch then introduced the prerecorded 2023 Treasurer's Report presented by the Secretary Treasurer Larry R. Schendel. Mr. Schendel reported that the Cooperative remains financially sound, ending the year with a very strong equity ratio and operating margins of \$2,616,783 and finished the year with total assets of \$223,741,318. He shared that the Cooperative refunded capital credits totaling \$1,707,279 increasing the total amount of capital credits returned to members since 1989 to \$23,422,181. He concluded by reporting that the Cooperative's rates continue to be very competitive, and the Cooperative is in excellent financial condition.

Mr. Brysch then called on General Manager Eric Halfmann to give the Annual Management Report. Mr. Halfmann expressed his appreciation to the Board and Employees for their hard work and dedicated service. He thanked the membership for the opportunity to serve and become a part of the Cooperative family.

He then introduced the prerecorded Annual Management Report, which covered supply chain issues, and the critical role electric co-ops play in Regulatory and Market Reform affairs. He highlighted the strain on the Texas grid due to increased electrical demand, increased renewable generation, and proposed regulation that threatens reliability. Mr. Halfmann stated how the co-op team will be actively engaged in regulatory and market reform affairs representing the members' interest.

Mr. Halfmann announced the Cooperative's growth, with 441 new meters installed and 37 miles of new energized line. Sales for the year totaled 1.36 billion kilowatt hours leading to a 4.3% increase.

Mr. Halfmann then discussed the significant milestones achieved from work plan projects. The projects included new distribution line construction, voltage conversions, service capacity increases, pole replacement, system sectionalizing and wire replacements. He discussed the implementation of the Cooperative's lineman apprentice progression program and completion of the construction of field training facilities. He stated the pole inspections exceeded 6,300 resulting in the replacement of 989 poles. Mr. Halfmann reported the total miles cleared from right of way crews included 252 to aid in the number of service interruptions. He discussed the Cooperative's improvements to enhance system resilience by investing in advanced metering infrastructure upgrades and fortifying cyber security defenses through upgrading data center servers and safeguarding backup data. Mr. Halfmann also discussed the addition of service descriptions in outage notifications to Cooperative members, member interaction-based surveys, and the ACSI survey planned for 2024. Mr. Halfmann then expressed

appreciation to all members who take the time to respond to surveys and help the Cooperative continually improve service.

Mr. Halfmann then introduced Kimberly Sanchez, Member Communications Coordinator.

Mrs. Sanchez then reported on the Cooperative's concern for the communities it serves and stated that the Cooperative partnered with the CoBank Sharing Success Program. She announced that the Cooperative awarded donations to three organizations, with CoBank generously matching each donation for a combined total of \$20,000 in community support. The recipients included Cowboy's Ranch, Courage Ranch and NRECA International.

Mrs. Sanchez then reported that since 1998, the Cooperative has awarded a total of 288 scholarships, totaling \$322,200. She then recognized the following twenty (20) winners of \$2,500 scholarships for 2024:

Cayla Albers	Falls City ISD
Paul Bernal	Pleasanton ISD
Evelynn Caraway	Pleasanton ISD
Ariana Coolidge	McMullen County ISD
Marti Ducote	Jourdanton ISD
Wendy Fuentes	Poteet ISD
Kaylie Garcia	Kenedy ISD
Rosemary Garcia	Pleasanton ISD
Julia Johnson	Karnes City ISD
Jayden Jones	McMullen County ISD
Halleigh Kopecki	Poth ISD
McKenzie Lutz	Jourdanton ISD
Tyler Martinez	Poteet ISD
Logan Pawelek	Poth ISD
Samantha Saenz	Falls City ISD
Caden Soliz	Three Rivers ISD
Kevin Tam	Kenedy ISD
Ryan Trudeau	McMullen County ISD
Riley Turner	McMullen County ISD
Kiley Wiechring	Pleasanton ISD

Mrs. Sanchez announced the 2024 Government-in-Action Youth Tour winners, Ryan Bailey from Pleasanton ISD and Kianna Cruz from Jourdanton ISD. Mrs. Sanchez concluded her presentation by explaining how the Cooperative has made an impact in the community by partnering with local schools and organizations.

Mr. Halfmann then underscored the Cooperative principle of 'Concern for Community', emphasizing its reach beyond our local service territory. In 2023, the Cooperative joined several south Texas cooperatives alongside NRECA International. Mr. Halfmann then introduced the two linemen from the Cooperative who volunteered on this project, Randy Ortiz and Glenn Kelley, who then shared their experiences in providing electrification in a rural village in Matasano, Zapaca in the Republic of Guatemala. Randy and Glenn detailed the scope of the project and explained their struggles with the terrain and challenging weather conditions. Mr. Halfmann recognized and thanked Randy Ortiz and Glenn Kelley for their excellent service to the cooperative purpose.

Mr. Halfmann then recognized the following employees and directors for their dedicated service to the Cooperative:

Leroy Castillo	Warehouse Coordinator	5 Years
Justin Jarzombek	Staking Tech II	5 Years
Charles Luttrell	Second-Class Lineman I	5 Years
Christopher Knight	Distribution Services Manager	10 Years
Pedro Garcia	Operations Supervisor	20 Years
Bonnie Wiatrek	Human Resources Coordinator	40 Years
Darlene Woelfel	Senior Accountant	40 Years

Mr. Halfmann then recognized and expressed gratitude to the retirees for their dedicated service to the Cooperative.

Mr. Halfmann concluded his report by thanking all the Cooperative employees for their hard work and dedication, the Board for their service, and the Members for the opportunity to serve them.

Mr. Brysch then opened the meeting up for Member comments. Members were asked to limit their comments to five minutes or less. There were no comments from the Members.

Mr. Brysch then asked if there was any Unfinished Business to come before the meeting. There being none, Mr. Brysch asked if there was any New Business.

There being none, Mr. Brysch then called upon Mrs. Sykes for the Report of Election. She reported the official election results:

District No. 2	Boyd Vaughan	169
District No. 5	Paul T. Brysch, Jr.	177
District No. 6	Cliff Royal	173

There being no further business, upon motion made, seconded, and carried, the meeting adjourned.

Mrs. Sanchez then conducted the drawing for door prizes, which included a combination of twenty-six (26) gift cards, (1) tool set, (1) Apple watch, (1) smart TV, (1) Pit Boss grill, and a \$250 bill credit for those registrants that brought in their preprinted registration card.

Paul T. Brysch Jr.
President

Larry R. Schendel
Secretary-Treasurer