

Meeting Minutes Summary

April 2023

Chairman of the Board, Joseph H. Spalding, called the meeting to order.

After roll call, it was noted that the following directors were present either in person or via video/phone conference, to-wit:

Joseph H. Spalding	J. Kevin Preston
Lou Kerrick	Bill Peyton
Jason E. Todd	Allen Goggin

Also present and participating were President and CEO Jerry Carter and Board Attorney J. Hadden Dean.

I. PRAYER

Mr. Carter opened the meeting with prayer.

II. SAFETY MOMENT

Mr. Preston gave the safety moment. He recently observed a vehicle exhibiting “road rage” when it passed a series of slow-moving vehicles. The point of the discussion was to remind drivers to remain patient when faced with slow moving traffic.

III. ADOPTION OF AGENDA

Chairman Spalding presented the agenda for review. Mr. Kerrick made a motion to approve the agenda. Mr. Goggin seconded the motion and the motion passed unanimously.

IV. REVIEW OF MINUTES

The Board reviewed the minutes of the March 24, 2023, Board Meeting. Mr. Todd made a motion to approve the minutes. Mr. Peyton made a second to the motion and the motion passed unanimously.

V. MARCH 2023 SUMMARY MINUTES

March 2023 summary minutes were reviewed. Mr. Goggin made a motion to approve the summary minutes of the March 24, 2023, board meeting. Mr. Preston made a second to the motion and the motion passed unanimously.

VI. FINANCIAL AUDIT

The financial audit was presented by representatives of Jones, Nale & Mattingly. The report was reviewed by each board member. Overall, the report reflected there were no material misstatements or findings that required any amendments to the financial statements. The audit committee made a motion to approve the audit as presented. A second was made by Mr. Todd and the motion passed unanimously.

VII. REPORTS

Departments

The minutes will reflect that each of the respective department heads have in the past and will continue to provide summaries of monthly activities, budgets, and other commentary, all to be included in a packet distributed to each of the Directors prior to the meeting. For April 28, 2023, meeting, each department director presented a detailed summary of their activities in the board packet for the Directors of the Cooperative.

A. Finance and Administration – The Cooperative experienced positive net margins of \$409,000.00 and had only budgeted positive margins of \$17,000.00. OTIER for the month was 3.38 and TIER was 3.69. Year-to-date OTIER is 1.92 and TIER was 2.06. A comparison was made of the kWh purchased from the prior month and it reflected there was approximately 2.4% more power purchased for the month of February, 2023.

Total services in place increased by 1.26% while the miles of line increased by only .46%. Ms. Kurtz did a review of the FFB quarterly rates which appear to have incremental increases in most categories.

A review of the recent storm damage was made with the final assessment not yet complete due to some outstanding billing from out-of-state contractors. It is still unclear if both Boyle and Mercer County will be declared as disaster areas, as that analysis was not complete as of the time of the board meeting. For those counties that had declared, Mr. Carter advised approximately 87% of the amount submitted will be reimbursed. Ms. Kurtz estimated over \$715,000.00 of costs for storm damage or repair will be submitted to FEMA.

Form 7 data was presented and reviewed along with the income statement, working capital status report, and forecast for the monthly budget for March 2023. It was noted that the total costs of services, less any power purchased, were over budget by \$190,428.00.

Ms. Kurtz requested the Board to review and approve a debt owed to RUS of approximately \$900,000.00 that was coming due. After discussion, a motion was made by Mr. Preston to lock in the balance of the loan that was coming due for 5 years at 2.5%. A second was made by Mr. Todd. After discussion, the motion passed unanimously.

The Board reviewed the KREC medical expense summary. That summary depicted the actual costs of medical care for the employees of EKPC and the Cooperatives throughout Kentucky compared to the amounts each of those respective entities paid into the fund. Ultimately, EKPC paid off any funds that might have been due from the local cooperatives that had not paid a sufficient sum to cover their actual costs. That total balance, including the amount owed by EKPC and its nearly 700 employees, totals approximately \$1.6 million.

B. Office Services – The report reflected there were 24 accounts for bills that were older than December 1, 2022 which totaled \$6,541.57. Mr. Goggin made a motion to approve those accounts to be assigned to bad debt and sent to collections pursuant to PSC regulations. Mr. Peyton made a second to the motion and the motion passed unanimously. Ms. Stocker gave an update on the debt management and advised there are 93 accounts currently participating in debt management with a total balance just under \$55,600.00. Of those accounts, 47 exceed a balance of \$500.00 per account. She confirmed that Community Action has presented approximately \$40,000.00 for bill assistance in the 2023 calendar year.

She ended her report with a review of personnel activities for her and the department.

C. Operations – Mr. Phelps discussed the current work on the plant account. He confirmed there were approximately 162 new work orders in March and that new construction was just under \$664,000.00. He noted purchases total approximately \$211,000.00.

The staking and field inventory were discussed and identified in the board report. The construction crews were working on Kentucky Helium Producers Project on Boone's Creek and a new circuit is being installed on Highway 27 Double Circuit Project out of the new Lebanon Substation. An update on the unification of poles for replacement was made.

A graphical depiction of the miles of right-of-way cleared in 2023 was presented with the chart reflecting that process was on track and actually slightly ahead of schedule. The approximate costs for cycle clearing of right-of-way for 2023 is \$4,648.00 per mile, year-to-date maintenance cutting was just over \$35,000.00 and year-to-date spray costs were just over \$103,000.00. Total year-to-date right-of-way costs were just under \$587,000.00.

D. Member Services – A review of the member service department activities was presented. An update of the residential heat pump loan program was made. It was noted there are currently 34 loans with only three above \$5,000.00 and the other 31 below \$5,000.00 balances. The average balance for a loan under this program is \$2,543.00. An update was given on the Washington Youth Tour, advising 62 students will be attending the program this year. One of the cooperative's employees will be attending as a chaperone and the tour is set to occur June 12 – 17, 2023. A review of the scholarships for this year was made.

The key accounts chart and top key accounts were displayed in a graphical format. It is clear that the bourbon industry by far is the major consumer of power within the service territory with approximately 84% of the entire top 5 key accounts being related to bourbon production in the service territory. Diageo remains at the top with approximately 74% of the revenue for the month.

Member Service report concluded with a reference to an article in RFDI Alliance International for the winter issue of 2023. It identified an exclusive interview with Kentucky Governor Andy Brashear.

Mr. Hitchcock also presented a series of analytics regarding website usage for 2023.

E. Executive – Mr. Carter reviewed the construction project summary. The summary detailed a series of accounts going back to 2013. These accounts identify the areas in which the work plans are being utilized to satisfy monies paid for each of the respective account numbers under the work plan.

Services anniversaries for the month of April were reviewed and highlighted by noting Farrah Coleman and Jason Todd have served the Cooperative for 18 years, followed by six other employees.

1. Corporate Services – Mr. McGuffey gave an update on the safety issues pertaining to the injury of an employee. Luckily, there was no permanent injury, and the employee was able to perform work tasks without any difficulty. For March of 2023, the recordable incident rate was 1.31 with the DART and severity rate both being zero. The April Safety Meeting will be held in the community room and will be hosted by Charlie Lewis from KEC.

2. Cyber Security Update – Chris Bach advised there has been no breach or other activity since the last meeting. He advised there was at least one “click” on a legitimate phishing type of email. No damage resulted from the opening of that email/correspondence.

VIII. ANNUAL MEETING

A. Scholarship drawing. Mr. Hitchcock and Mr. Bach utilized a random selection process for awarding the scholarships. One scholarship of \$1,000.00 was awarded to an applicant from each of the service districts of the Cooperative. Those names will be identified, and funds provided to the student in the near future.

B. Member Appreciation Days. Mr. Carter discussed the scheduling of member appreciation days in light of the fact that there will be no voting for the unopposed positions for the board for this calendar year. Additional discussions were held regarding the timing as well as any items that will be presented to members as they attend this function.

IX. LEGAL /REGULATORY/POLICY

Nothing to report at this time.

X. BOARD/CEO SESSION

A. Annual Calendar Review - Annual calendar was presented and discussed. No specific individual or subject matter was identified.

B. Dashboard Review – The key indicator dashboard from March 2023 was reviewed. This included the safety, financial, operational and customer indicators. A graphic display of TIER, OTIER and equity were presented. Mr. Carter advised the outage data for the service territory had been significantly impacted by recent storms. He reminded the board that these outage numbers could have been worse had the cooperative not taken an aggressive approach at right of way clearing. However, the cost for restoring power was significant and will take some time to determine the exact amount of reimbursements that may be obtained for the cooperative.

XI. COMMITTEE REPORTS

A. Governance Committee – The board, Mr. Carter and Mr. Dean continued the review policies 420 and 421 for further evaluations and potential modification.

XII. EKPC

Mr. Spalding advised that EKPC had approximately \$10.7 million in net margins. He also advised there are three new Directors on the EKPC Board this year. EKPC has a strategic plan session scheduled for October.

Mr. Spalding invited nominations for the voting and alternate delegate for the EKPC annual meeting. Mr. Kerrick, nominated Mr. Preston for voting delegate and Mr. Preston nominated Mr. Kerrick for alternate delegate. Mr. Peyton made a second to the motion. After discussion the motion passed unanimously.

XIII. KEC/UUS

Mr. Todd advised that due to the Spring Manager's Meeting, there was no Board Meeting this month.

The KEC Annual Meeting will be held August 7-8, 2023 in Louisville. Mr. Spalding discussed the pre-meeting Director Courses that will be offered, for those who may be interested in participating. Registration and a complete Annual Meeting schedule should be available soon.

XIV. NRECA

Mr. Spalding advised that due to Mr. Carter and Mr. Dean stepping away for another meeting, the Board Governance Video should be postponed.

Director Summer School is scheduled for June 9-13, 2023, in Myrtle Beach, SC. Mr. Todd advised he is planning to attend and was approved for travel at last month's meeting. He will speak with Ms. Coleman about registration.

XV. FEDERATED RURAL ELECTRIC INSURANCE / BOARD LEGAL UPDATE

No report given.

XVI. RUS-CFC-COBANK NEWS/UPDATES

Mr. Spalding discussed the cooperative's 2023 contribution to the Integrity Fund. After discussion, the Directors agreed this should be tabled until the May Board Meeting when Mr. Carter would be present to advise of the amount contributed in 2022.

Mr. Spalding reminded everyone of the upcoming CFC Forum to be held June 19-21, 2023, in Seattle, WA, and advised that he, Mr. Carter and Mr. Preston would be attending.

The CoBank Energy Director's Conference will be held July 24-26, 2023, in Colorado Spring, CO. No one showed interest in attending at this time.

XVII. CAPITAL CREDIT DISBURSEMENTS

For March 2023 there was \$18,827.89 in capital credit disbursements. Mr. Goggin made a motion to approve the capital credit disbursements. Mr. Peyton made a second to the motion and the motion passed unanimously.

XVIII. WORK ORDERS FOR MARCH 2023

A. Work Order #2060 was a retirement without replacement.

Work Order #2061 - \$357,800.11

Mr. Todd made a motion to approve the work orders, which was seconded by Mr. Kerrick. The motion passed unanimously.

XIV. APPROVE NEW MEMBERS FOR MARCH 2023

A. 169 New Members

B. \$8,450.00 Membership Fees

Mr. Peyton made a motion to approve the new members and the amount of fees stated, which was seconded by Mr. Goggin. The motion passed unanimously.

XX. MISCELLANEOUS

Chairman Spalding requested the Board submit their expense sheets by providing those to Farrah Coleman. Chairman Spalding noted the next regular board meeting is scheduled for May 26, 2023, at 8:30 a.m.

Chairman Spalding suggested that anyone wishing to have an item placed on the agenda for upcoming board meetings do so by providing the same to Ms. Coleman.

XXI. OTHER BUSINESS

None.

XXII. ADJOURN