

## Meeting Minutes Summary

April 2024

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. Goggin opened the meeting with prayer.

### **II. SAFETY MOMENT**

Mr. Kerrick gave a safety moment on the dangers of driving or walking near railroad crossings. There is an accident every three hours involving a train making an impact with a person or vehicle.

### **III. ADOPTION OF AGENDA**

Chairman Spalding presented the agenda for review. Mr. Preston made a motion to approve the agenda. Mr. Peyton made a second to the motion and the motion passed unanimously.

### **IV. REVIEW OF MARCH 22, 2024 MINUTES**

The Board reviewed the minutes of the March 22, 2024, Board Meeting. Mr. Goggin made a motion to approve the minutes, noting a single change to the margins. Mr. Peyton made a second to the motion and the motion passed unanimously.

### **V. REVIEW OF MARCH 22, 2024 SUMMARY MINUTES**

The March 2024 summary minutes were reviewed. Mr. Goggin made a motion to approve the summary minutes of the March 2024 board meeting. Mr. Kerrick made a second to the motion and the motion passed unanimously.

### **VI. REPORT OF THE 2023 FINANCIAL AUDIT - JONES, NALE & MATTINGLY**

Travis Frick presented the audit materials and summarized each while viewing those documents. No material findings were discovered during the process and the audit report conclusion was discussed with the Board. The audit found that as of December 31, 2023, the

financial statements referred to in the report present fairly, in all material respects, the financial position of the Cooperative.

**VII.** Chairman Spalding called for an executive session to have a meeting with the auditor, the Board and Board Attorney. Mr. Preston made a motion to go into executive session for the purposes of discussing the audit. Mr. Goggin made a second to the motion and the motion passed unanimously. The Board then went into executive session.

Chairman Spalding advised there was no action taken from the discussion with the auditor, the Board and Board Attorney. Mr. Todd made a motion to come out of executive session. Mr. Peyton seconded the motion and the motion passed unanimously.

## **VIII. DEPARTMENT 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. The normal April board meeting was held on May 1, 2024 due to schedule conflicts. Each of the respective departments presented a summary of their activities included in the board packet of each Director of the Cooperative.

A. Finance and Administration – March ended with positive margins of \$707,164 and some of the issues that drove those positive margins surrounded the requirement of booking unbilled revenue. March 2024 OTIER was 4.65 and TIER was 5.20.

Total services in place increased by 1.22% and the miles of line increased by 1.66%.

A review of the FNB quarterly interest rates was compared between March and April of 2024. Those rates were up over every maturity time frame except the 3-month maturity. It is difficult to predict what the Federal Reserve will do with interest rates at its next meeting.

Ms. Kurtz presented data on returns on investments of the Cooperative in commercial paper and select notes as of April 26, 2024. A review of the KREC 2023 Annual Recap of health care costs was displayed and showed an over contribution of approximately \$25,000 for the year. The PSC-Environmental Surcharge[ES] review summary was also presented and showed the Cooperative was under-recovered by \$176,386. This will add approximately \$1.11 to each monthly bill for the next six (6) billing cycles.

The finance report ended with review of the Form 7 report.

B. Office Services – Ms. Kurtz advised 28 accounts were overdue and older than December 1, 2023 and that total was \$6,002.45. Mr. Peyton made a motion that these

accounts be assigned to bad debt and sent to collections pursuant to the PSC regulations. Mr. Kerrick made a second to the motion and the motion passed unanimously.

C. Operations – Mr. Phelps gave an update on the joint use project with Charter Cable. At this time, the pole change out is up to date. However, the plans for the next series of requests may require additional crews or other means in order to meet the installation schedule.

An image of a collector in Shelby City was displayed and explained to the Board. This is a device that collects data from meters and routers. There will be 31 collectors installed throughout the service territory to collect data.

The right of way chart was also displayed and reflected the progress year-to-date was just under the projection line.

A graph of the SADI was presented. The target for the year is 100 minutes of outage.

Jerry Carter also noted the significant number of new constructions in several areas throughout the service territory which include a land fill RNG project, Lebanon Community/Activity Center, Subdivision in Boyle County, Buckeye Road Bottling, and distillery in Garrard County that are underway.

D. Member Services – A presentation on charging stations and costs was discussed.

Mr. Hitchcock discussed a member's request for testing of electromagnetic force [EMF]. Images of construction sites in Marion County were displayed [new Kentucky Farm Bureau office building and Pernod Ricard distillery].

The 2024 Top 5 Key Accounts pie chart was displayed. Diageo still dominated the chart at 74% and it was followed by Maker's Mark at 9%.

1. Scholarship Drawings. Mr. Bach used a random selection app to select the six scholarship winners. No student applied from Casey County. The Board requested that the Casey District scholarship be given to a candidate at-large from the other districts.

E. Executive – Mr. Carter discussed new growth in the service territory and referenced the construction plan spreadsheet. This includes new meters and transformers as the basis for the significant increase over 2023. Mr. Carter displayed images of various board and employee work anniversaries noting that nine (9) people listed were celebrating work service anniversaries with a total of 106 years of service.

1. CoBank Strategic Planning Session at ICE on November 6-7.

Mr. Carter advised that CoBank is expected to send a questionnaire to begin the process for the upcoming strategic planning session.

2. "Call to Order" Preview.

Mr. Carter presented a review of "Call to Order" for board meetings platform and discussed the distinctions of that software and BoardPaq. This new software system provided by NISC will be replacing BoardPaq.

3. Corporate Services – Bo McGuffey

Mr. McGuffey was in attendance at a safety conference during this month's board meeting. In his absence, Mr. Carter advised there were no incidents for the month of April.

4. Information Technology/Cyber Security Update

Mr. Bach discussed various phishing issues with continued 'clicks' by staff on test emails. He noted that the number of 'clicks' on test emails placed the Cooperative into the 'yellow' segment. He displayed the 'phishing' emails and noted that the Teams App is a more secure platform, but care should always be taken when opening any attachment or clicking any link.

### **VIII. LEGAL/REGULATORY/POLICY**

Mr. Carter presented policies 208 and 304 for review. No changes were recommended. Mr. Kerrick made a motion to state that the Board did review the aforementioned policies with no changes. Mr. Preston made a second to the motion and after discussion the motion passed unanimously.

### **IX. BOARD /CEO SESSION**

A. Annual Calendar Review

Mr. Carter gave an update on the status of the annual calendar and listed the schedule of upcoming months. He invited the Board to review and requested suggestions on additional thoughts on agenda items and invitations to extend for attending the board meeting.

B. Dashboard Review

Mr. Carter reviewed the dashboard and went over the metrics outlined therein, including safety, financial, operational and customer indicators. He noted TIER and OTIER were in the 'green' category due to the positive margins in March. The equity metrics fell within the target 'green area' of the chart.

C. Discussion on Revisions to CEO Appraisal Form

The Board reviewed the revised form and discussed that with Mr. Carter. Chairman Spalding asked the Board to review the draft provided and be ready to discuss and make any other changes at the next meeting.

D. Review of District Composition

Mr. Carter displayed the current map of the service territory of the Cooperative. He noted the voting for each district's board member is made at large. He also reviewed the current population and member data for each district. After reviewing this information Mr. Peyton made a motion to approve of the same geographic boundaries for each district as presented. Mr. Kerrick made a second to the motion and the motion passed unanimously.

**X. COMMITTEE REPORTS**

A. Audit Committee Report

Mr. Peyton noted the audit was presented earlier in the meeting and advised that the committee approved the report. A motion came from the Audit Committee to approve the audit. Mr. Todd made a second to the motion. After discussion, the motion passed unanimously.

**XI. EKPC**

Chairman Spalding and Mr. Carter gave an update on the EKPC board meeting held last month. Margins were approximately \$2.5 million and \$12.7 million unfavorable budget variance over the budgeted margins. Chairman Spalding advised that warm weather played a major factor in demand.

Chairman Spalding advised the 'stranded asset' expense should be paid off by December of 2026. A discussion on how the approximate \$12,000,000 currently received from the PJM relationship will be accounted for as that 'stranded asset' is paid off.

Mr. Dean advised that Chairman Spalding's certification to serve for the next term at EKPC had been sent to the appropriate person at EKPC.

A motion was made by Mr. Goggin for the voting delegate to be Mr. Preston and for Mr. Kerrick to be the alternate delegate at the EKPC annual meeting in June, 2024. Mr. Todd seconded the motion and the motion passed unanimously.

**XII. KEC/UUS**

Mr. Todd, Chairman of KEC, gave an update for last month's meeting.

A. Appoint Representatives to KEC Board of Directors.

Mr. Kerrick made a motion to nominate Mr. Todd and Mr. Carter to be the KEC representatives. Mr. Goggin made a second to the motion and the motion passed unanimously.

B. Appoint Voting Delegate and Alternate Delegate for KEC Annual Meeting – August 12-13, 2024.

Mr. Todd made a motion to nominate Chairman Spalding to be the voting delegate and Mr. Preston to serve as alternate delegate. Mr. Kerrick made a second to the motion and the motion passed unanimously.

**XIII. NRECA**

- A. Discussion of 2024 Member Resolutions.
- B. Board Governance Video

Chairman Spalding advised no video was going to be played due to time expended by the Board reviewing the audit and meeting with auditors.

C. Summer School for Directors (Online) June 6-11, 2024. Mr. Carter discussed the format and that participants must log on to receive credits.

D. Summer School for Directors (Branson, MO) – July 19-23, 2024  
(Registration Opens Soon)

**XIV. FEDERATED RURAL ELECTRIC INSURANCE / BOARD LEGAL UPDATE**

No report from Federated. Mr. Carter and Mr. Dean gave an update on the pending litigation matter.

**XV. RUS-CFC-COBANK NEWS/UPDATES**

A. CFC Director Election [Mr. Pat Hargadon is running for District 2]. CFC Forum is set to be conducted June 17-19, 2024 in Indianapolis, Indiana. The cutoff date is May 20, 2024 for reserving accommodations. Chairman Spalding will attend for EKPC.

B. CoBank Energy Directors Conference is set to be conducted in Boston, MA July 17-19, 2024.

**XVI. CAPITAL CREDIT DISBURSEMENTS**

For March 2024 there was \$9,466.67 in estate retirements. Mr. Kerrick made a motion to approve the retirements as stated. Mr. Todd made a second to the motion. After discussion, the motion passed unanimously. Total capital credits retired as of March 2024 is \$14,563,696.

**XVII. WORK ORDERS - MARCH 2024**

- A. Work Order #202403 - \$1,060,740.21.

Mr. Todd made a motion to approve the work order as stated. Mr. Goggin made a second to the motion. The motion passed unanimously.

**XVIII. APPROVE NEW MEMBERS FOR MARCH 2024**

- A. 125 New Members

B. \$6,250.00 in membership fees were paid.

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

**XIX. 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 Friday, May 31, 2024, at 8:30 a.m. The Board was reminded of the conflict for the June board meeting and advised the meeting was rescheduled to Tuesday, June 25, 2024 at 8:30 a.m.

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

**XX. OTHER BUSINESS**

There was no other business discussed.

**XXI. ADJOURN**

A motion to adjourn was made by Mr. Goggin. A second was made by Mr. Peyton and the motion passed unanimously. The meeting was adjourned at 1:40 p.m.