

Meeting Minutes Summary

July 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	Allen Goggin

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

I. PRAYER

Mr. Preston opened the meeting with prayer.

II. SAFETY MOMENT

Chairman Spalding noted school is soon to be in session and reminded everyone to be careful while driving as kids and teachers return to school.

III. ELECTION OF BOARD OFFICERS

Mr. Dean conducted the election of officers for the upcoming term of the Board of the Cooperative. Mr. Kerrick made a motion to nominate the existing officers, Mr. Spalding to serve as Chairman, Mr. Todd to serve as Vice-Chairman and Mr. Preston to serve as Secretary/Treasurer. Mr. Peyton seconded the motion. The motion passed unanimously.

IV. ADOPTION OF AGENDA

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

V. REVIEW OF JUNE 16, 2023 MINUTES

The Board reviewed the minutes of the June 16, 2023, Board Meeting. Mr. Todd made a motion to approve the minutes. Mr. Goggin made a second to the motion and the motion passed unanimously.

VI. REVIEW OF JUNE 2023 SUMMARY MINUTES

June 2023 summary minutes were reviewed. Mr. Goggin made a motion to approve the summary minutes of the June 16, 2023, board meeting. Mr. Peyton made a second to 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. For the July 25, 2023, meeting, each of the respective departments did in fact present a summary of their activities included in the board packet of each of the Directors of the Cooperative.

A. Finance and Administration – Ms. Kurtz presented financial reports for both May and June due to a change in the accounting software. The financial reports for each of those respective months were attached to the board packet. For May of 2023, the Cooperative had an OTIER of 2.98 with a TIER of 3.11 and year-to-date, OTIER was 1.49 and TIER was 1.56. For the month of June, the Cooperative had an OTIER of 2.67 and a TIER of 2.85. The year-to-date, as of June 2023, OTIER was 1.69 and TIER was 1.77.

The Cooperative submitted approximately \$588,000.00 to FEMA for reimbursement due to recent storm damages. Ms. Kurtz and Mr. Carter estimate that the amount that will be reimbursed is typically 87.5% of the sums presented and approved by FEMA. The costs were not reflected in the financial statements as a receivable at that time. She noted year-to-date the budget for net margins was \$901,500.59 and the actual net margins totaled just over \$725,000.00. Again, the amount of the storm damage and any reimbursement from FEMA will directly impact and improve the profitability of the Cooperative. The kilowatt hours purchased increased 4.9% for the month of June. The total services in place year-to-date increased by 1.22% and the miles of line also increased by .53%. The FFB rates were compared and the rates, across all maturities, increased.

The commercial paper return for funds invested in short-term were displayed. The rates for 1-2 days were 4.515% and for categories leading up to 21 to 45 days, being in the longest category, yielded 4.895%.

Form 7 was presented along with an interest income report. A confidential report reflecting the working capital status report and forecast for the 2023 budget was presented and reviewed. The overall review of the June monthly budget noted the total cost of service less power purchased was budgeted at \$1,563,717.00 and that the amount actually received was \$1,752,162.00. That sum exceeded the budget by \$188,445.00.

B. Office Services – Ms. Stocker advised that 34 accounts were overdue and older than March 31, 2023, and that total was \$16,048.16. Mr. Preston made a motion to approve those accounts to be assigned to bad debt and sent to collections pursuant to the PSC regulations. Mr. Todd made a second to the motion and the motion passed unanimously. There

were 593 accounts on prepay account service. August 23rd will be the last day for access to the old software system.

C. Operations – Mr. Phelps presented both May and June reports due to an ongoing upgrade and change in software. Work orders increased significantly over the last two months. In May there were 155 work orders compared to 673 in June 2023. The bulk of these work orders dealt with pole change outs for Charter Communications.

Mr. Phelps reviewed the staking projects underway. He also described the field inventory work that is being done throughout the service territory.

A summary of the work the contract crews were performing throughout the service territory was reviewed. He noted pole replacements were underway and clearance issues were being carefully reviewed. Mr. Phelps then gave an update on the right-of-way clearing throughout the service territory and displayed a diagram reflecting the miles of right-of-way cleared through June of 2023. The chart reflected there were actually more miles of line cleared than budgeted for this time of the year.

He ended his report with miscellaneous discussions including the status of the construction at Pernod Ricard and progress of the NISC software system installation. He also advised ARCHAEA Energy had contacted staff about establishing a methane plant at the Tri-K Landfill near Halls Gap Hill in Lincoln County. This plant will capture and make ready for transfer, methane gas from the local landfill. He advised that work orders for pole change outs on the Charter Make Ready project is underway and particularly challenging. He closed his report by giving an outline of the recent outages in June and the number of members affected. The pie chart presented also gave an outline of why the outage occurred with the most significant portion of outages being overwhelmingly caused by weather related issues. Other causes of outages were trees and other unknown causes. The sum of each of those three categories totaled just over 75% of all outages experienced by the members in the service territories for June of 2023. New home construction in 2022 rose sharply and throughout the service territory there were 223 homes constructed, with most homes being constructed in Garrard County (62), followed by Lincoln (49), Marion (41) and Boyle (37).

D. Member Services – Mr. Hitchcock reviewed the summary of the member service department activity, as well as the member service activity report. He then discussed a chart of how monthly solar credits are accounted for. The chart contained data from 2018 through 2022. The Cooperative had a total of 342 solar panels that have been purchased with 330 of those being purchased by Diageo and the remainder belonging to residential customers. It is noteworthy that board member Louis A. Kerrick owns two solar panels. That makes Mr. Kerrick the leading owner

of solar panels, more than any other member of the Cooperative. The key account summary data for June of 2023 was displayed along with the data on power consumption for the top five key industrial accounts. Diageo dominated the chart with 73% of the entire consumption of those key accounts listed. Makers Mark followed with 10% of the consumption and the remaining three-members accounted for approximately 17% of the total.

Images were then presented of a safety trailer demonstration for Diageo in Marion County. That was followed by images of what appeared to be a “scam” against individuals who are promised a free dinner to purchase materials that purport to greatly reduce heat loss in the attic space of residential homes. He also confirmed the reflective material in question has no R-value or insulating value to it. Other notes mentioned included a diagram and discussion of how 3-D houses are printed, the 2024 Silverado Electric Vehicle (truck) and construction that is on-going at Pernod Ricard.

E. Executive - Mr. Carter reviewed the construction project summary spreadsheet along with a discussion of the July 2023 service anniversaries for four employees.

1. 2022 Reliability Ranking – A presentation was given including a series of data points where the Cooperative was compared to its peer groups for the calendar year of 2022.

2. KRTA Statistics – A review of the KRTA data was completed.

3. 2022 Key Ration Trend Analysis - A review was made of the 2022 Key Ration Trend Analysis data.

4. 2022 KRTA Master Report – An overview of the KRTA Master Report was reviewed with the Board.

5. KEC Statistics – Statistics were reviewed. It was noted that the purpose of these reviews was to look at the various financial metrics and compare those to other cooperatives throughout the service territory.

6. Taylor County Rate Increase – Mr. Carter advised of the proposed rate increase by Taylor County, as well as other cooperatives throughout the service territory. He reviewed the recent statistics and more current data with each of those respective cooperatives and discussed those in relation to the data of the Cooperative.

7. Safety Award – Mr. Carter was pleased to announce that as of this time, the employees of the Cooperative have gone for two years without work time loss or injury incident. He proposed to grant all employees one extra day vacation as a result of a great safety report. A motion was made by Mr. Kerrick and a second by Mr. Goggin to approve the additional day off in light of the safety metrics achieved by the Cooperative’s staff over the last two years. The motion passed unanimously.

8. Corporate Services – Mr. McGuffey presented his Safety and Loss Prevention Summary for July of 2023 and discussed the contents thereof. He again was happy to advise there were no loss time incidents for the month of June 2023.

9. Info Technology/Cyber Security – Mr. Bach was pleased to announce there were no employees who engaged in phishing exercises that were presented or that may have come through email from outside sources. He appreciated Mr. Carter's leadership in this area in reinforcing the critical thought process that must go into identifying and deciding whether to open an email or whether to click on a link from any emails that are received outside of the Cooperative.

IX. ANNUAL MEETING RECAP

Mr. Carter, Chairman Spalding, and the Board discussed and reviewed the recent Annual Meeting. One board member inquired about what other cooperatives are doing in relation to an annual meeting event. Mr. Carter gave a general description of what others of similar size were doing throughout Kentucky.

In conclusion, Chairman Spalding and Mr. Carter advised there are multiple different avenues for the members to receive information, including social media, the Cooperative's website, the newsletters, and information contained in *The Kentucky Living* magazine. The magazine is received by every member. All members are able to access summary minutes from each board meeting and those can be found on the Cooperative's website. Mr. Carter suggested each Board member and all staff to be diligent when speaking to the cooperative's members and inquire if the membership is satisfied with the sources of information they are getting from the Cooperative.

Chairman Spalding discussed the different member appreciation days that are going to be conducted throughout the service territory in the near future.

X. LEGAL /REGULATORY/POLICY

A. Policy 210 - Leaves of Absence (FMLA) – Mr. Carter presented an overhead view of this policy. The only change was language added to acknowledge any forms mentioned in the policy are available upon request. After reviewing this suggested change, Mr. Todd made a motion to approve the policy changes as presented. Mr. Peyton made a second to the motion and the motion passed unanimously.

B. Policy 323 - Whistleblower Policy (review) – Mr. Carter noted he and staff had reviewed the policy and did not have any suggested changes or updates. No changes were suggested by the Board. Chairman Spalding asked that this policy be acknowledged as having been reviewed in the July 2023 meeting.

XI. BOARD/CEO SESSION

Jerry Carter gave an update on the status of the annual calendar and listed the schedule of upcoming months. Mr. Kerick asked if there were any additional visitors being considered for the immediate future. Mr. Carter continued to inquire with the Board as to individuals who may be able to speak about board issues at upcoming meetings.

In addition to the items listed on the annual calendar, a discussion ensued regarding the current status of the Cooperative and recent developments in the service territory regarding providing broadband internet connectivity throughout the service territory. Mr. Carter advised at this stage he does not recommend getting into this endeavor in light of this enormous capital cost, the lack of any protection in the service territory from other providers and the likelihood that other providers have and will continue to explore presenting opportunities for the members in the service territory to get high speed internet.

Mr. Carter then reviewed the dashboard and went over the metrics outlined therein, including safety, financial, operational and customer indicators. He again wanted to reiterate that the safety indicators have been very positive over the last two years, and he appreciate the efforts the staff has put in to acknowledge the importance safety plays in the daily lives of the employees and members of the cooperative.

In review of the financial indicators, he discussed the OTIER, TIER and equity as described in the report provided by Ms. Kurtz. He anticipates there could be an increase in the SADI in the near future and in light of the prediction for inclement weather over the next eight or so weeks.

XII. COMMITTEE REPORTS

None.

XIII. EKPC

Chairman Spalding gave an update on the current financial status of EKPC and advised they experienced a loss for the month of June 2023.

XIV. KEC/UUS

A. KEC Annual Meeting is set to take place August 7-8, 2023, in Louisville, Kentucky. The agenda was reviewed, and it was noted on Monday morning Governor Andy Brasher will be speaking, followed by candidate Daniel Cameron. Cooperatives are looking at creating a safety manual for the operations and office safety department. Many individuals and businesses made contributions to a Disaster relief fund. However, due to an IRS ruling distributing those will be limited to only those deemed to be impoverished.

B. Mr. Todd reviewed the minutes from the last meeting and gave highlights from those minutes. He also confirmed the upcoming meeting will include an election of officers and he anticipates that he will be elected as president for the upcoming year.

XV. NRECA

A. Board Governance- deferred until the next meeting.

B. Region 2 & 3 Meeting is scheduled to occur in Louisville, Kentucky on October 11-13, 2023. Registration must be made by September 8, 2023.

XVI. FEDERATED RURAL ELECTRIC INSURANCE / BOARD LEGAL UPDATE

No report.

XVII. RUS-CFC-COBANK NEWS/UPDATES

A. Mr. Carter gave an update on the upcoming CoBank 2023 director election. He had a ballot and information on the two candidates that have filed, but advised other information for seeking election was available if wanted.

XVIII. CAPITAL CREDIT DISBURSEMENTS

For June 2023 there was \$19,840.03 in estate retirements. As of June 2023, the Cooperative has retired over \$14,462,105.00 in capital credits. Mr. Peyton made a motion to approve the capital credit disbursements to the estate listed. Mr. Goggin made a second to the motion and the motion passed unanimously.

XIX. WORK ORDERS FOR MAY AND JUNE 2023

A. Work Order (May) #202305 - \$398,621.96

B. Work Order (June) #202306 - \$470,702.14

Mr. Todd made a motion to approve the two work orders as stated. Mr. Kerrick made a second to the motion. The motion passed unanimously.

XX. APPROVE NEW MEMBERS FOR June 2023

A. 163 New Members

B. \$8,150.00 in membership fees were paid.

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

XXI. 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 August 18, 2023, at 8:30 a.m. The board meeting for November was moved to Tuesday, November 30, 2023 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.

XXII. OTHER BUSINESS

None.

XXIII. ADJOURN

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