

## Meeting Minutes Summary

March 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. Goggin opened the meeting with prayer.

### II. SAFETY MOMENT

Mr. Kerrick gave the safety moment. It involved the safe use of power equipment, including chain saws. As a result of the recent windstorm, many families throughout the service territory have experienced down trees and/or large limbs. Great care should be used with this type of power equipment. This is especially true for those that may not use those items on a regular basis. Proper clothing, gloves, boots, head, face, and hearing protection were all part of the discussion.

### 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 February 24, 2023, Board Meeting. Mr. Peyton made a motion to approve the minutes. Mr. Todd made a second to the motion and the motion passed unanimously.

### V. FEBRUARY 2023 SUMMARY MINUTES

February 2023 summary minutes were reviewed. Mr. Kerrick made a motion to approve the summary minutes of the February 24, 2023, board meeting. Mr. Goggin made a second to the motion 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 March 24, 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 – For the month, the Cooperative ended up with positive margins of \$256,157.00. Unfortunately, the budgeted margins for this month were approximately \$523,000.00. OTIER for February 2023 was 2.61 and TIER was 2.67. The primary driving force for these margin numbers on a year-to-date basis revolves around operating revenues being down \$2.7 million dollars and being otherwise under budget by \$2.5 million dollars. The purchase power was \$648,000.00 lower than last year at this time and is under budget for \$1.4 million dollars. These data points are driven by extraordinarily warm weather over the last two months. The distribution plant increased by 1.24 percent while the miles of line increased by .42%.

A review of the current FFB rates effective March 2023 were compared to those of February 2023. The comparison showed that all interest rates across the board went down at a nominal or marginal amount.

The February 2023 investment returns for commercial paper as of March 21, 2023 were displayed and discussed.

The Form 7 Report was presented and reviewed by the Board, along with the working capital status report forecast. A review was conducted of the interest income report from January 23 through February 23. That reflected the current month was just under \$9,000.00 and for year-to-date just under \$21,000.00. The conclusion of the financial report included a review of the February 2023 line items for budgeted and central financial data.

B. Office Services – The report reflected there were 24 accounts for bills that were older than November 1, 2022 which totaled \$4,677.68. Mr. Todd made a motion to approve those accounts to be assigned to bad debt and sent to collections pursuant to PSC regulations. Mr. Preston made a second to the motion and the motion passed unanimously. A review of the on-line utility exchange was made, and the collection summary was presented. The year-to-date total collected was \$7,892.86 with the total commission paid for that same time frame of just over \$1,973.00. Ms. Stocker concluded her report with a review of the personnel activities for the month.

C. Operations – Mr. Phelps was on vacation at the time of this month’s board meeting and Mr. Carter discussed the content of that report with the Board and staff present. The widespread outages across the system as a result of the March 3 storm were significant. It is estimated 55 poles were broken. The costs of this storm will be submitted to FEMA for reimbursement if eligible.

D. Member Services – A general overview of the activity report as well as a summary of member service department activity was given. The Key Account chart reflected the 2023 total cost of power for those members for January and February. It was noteworthy that the amount of power consumed in February for the Key Accounts was just over \$1,564,000.00. A pie chart of the top 5 Key Accounts for 2023 was presented. Again, Diageo accounted for nearly three quarters of the power of those members of the Key Accounts.

Mr. Hitchcock presented a spreadsheet outlining the sponsorships and donations for several of the service territories ending 2022.

An image and narrative regarding a Ford Lightening pickup truck was presented. This particular set of images illustrated that the owner of the truck was using a backup generator to plug in and charge the truck. Mr. Hitchcock noted with this type of generation equipment it can take up to 24 hours to charge the truck.

He next presented a personal account from Marsh Scheibe regarding a recent trip he made in an EV. Mr. Scheibe is the CEO at Heartland RECC in Girard, Kansas. This report chronicled a nearly 1250 miles round trip from Kansas to Nashville. Some of his “takeaway points” on this matter were displayed and discussed with the Board. Some of the takeaways were as follows:

- Charging was too slow at 150 kW
- Having a 350 kW charging system would greatly improve the functionality
- Navigation software on the Ford does not work well
- Concerns over constantly calculating and verifying range along the trip was unsettling.

The conclusion of Mr. Scheibe was that driving a F-150 Lightening takes a lot more planning than he first expected. The lack of DC fast charging at almost every exit makes it hard to remain confident and comfortable for extended trips.

An image of the upcoming 2023 Washington Youth Tour participants was presented. The three members went to Frankfort on Wednesday, March 22, 2023 and were greeted by speakers including Governor Andy Beshear, Senate President Robert Stivers, Secretary of State Mike Adams, and representative Samara Heavrin.

The Board then reviewed some data regarding the comparison of electric vehicles between 2018 and 2022, as well as a comparison from 2021 to 2022. The key points from that comparison included in 2018 there were approximately 32,800 hybrid/gas/electric vehicles in the subject area. In 2022, that number had grown to just under 51,400 vehicles. It was also noted that though the Cooperative only serves a small portion of Madison County, it had 124 electric vehicles in 2022. This comprised almost 50% of the total electric vehicles in the counties served by the service territory of the Cooperative.

E. Executive – Mr. Carter reviewed the construction project summary. He presented the 2023 March service anniversaries and calculated approximately 110 years of experience with the Cooperative for these employees working in the energy industry.

1. Corporate Services – Mr. McGuffey was happy to announce there were no incidents to report since last month's board meeting. He advised the recordable incident rate, DART rate and severity rate were all zero for February 2023 and for year-to-date. He then advised of the crew visits he engaged in February. The topic for the March safety meeting is traffic flagging. Charlie Lewis is scheduled to come from KEC and present the material. In addition to that information, Mr. McGuffey and Mr. Carter announced the KEC Safety presentation for the last five (5) years. The 2023 safety goals were presented and discussed.

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. Review District Composition. The Board reviewed the director district composition data including county growth for the last five (5) years for the service territories, the number of bills by county and other data. After review of that information and taking into consideration the current bylaws that identifies directors shall be elected at large by all of the members throughout the service territory, Mr. Goggin made a motion to acknowledge the data received, the current bylaws as it relates to how the directors are elected and that no change be made to the district composition and/or the territorial lines among the districts. A second was made by Mr. Peyton and after discussion the motion passed unanimously.

B. Review of Upcoming Election Process (Boyle and Garrard Districts). Mr. Carter reviewed the upcoming deadlines based on the date on which the Annual Meeting has been set.

C. Appoint Credentials & Elections Committee and Officer (Casey, Lincoln, Marion, and Mercer). Mr. Carter asked for each of the directors to identify the members from their district that will serve as an appointee to the Credentials and Elections Committee. Those were as follows: Marion County – Janet Cornish; Mercer County – Ronnie Long; Lincoln County – Jeremy Boyle and Casey County – Stanley Burris. Mr. Carter then solicited a motion to appoint a board member to serve as the officer on the Credentials and Elections Committee. Mr. Goggin made a motion to appoint Mr. Kerrick. Mr. Todd made a second to the motion and the motion passed unanimously. Mr. Carter identified that May 10, 2023 at 11:00 a.m. will be the tentative date for the Credentials and Elections Committee and officers to meet to undertake the duties as ascribed in the bylaws. That date and time is subject to change. He concluded that April 28, 2023 was the deadline for filing petitions for those wishing to seek election to the board.

#### **IX. LEGAL /REGULATORY/POLICY**

Mr. Carter advised that Policy 319 is still under review by staff and it will be presented to the Board for consideration of any changes or modifications at a later board meeting.

Mr. Carter then presented a list of employee policies. He recommended those be changed to procedures. A list of the policies was presented. After reviewing the request by staff, Mr. Kerrick made a motion to approve the redesignation of those policies to personnel procedures and that those be managed by Mr. Carter and staff. A second was made by Mr. Peyton and the motion passed unanimously.

#### **X. BOARD/CEO SESSION**

A. Annual Calendar Review - Annual calendar was presented and discussed. The Board and Mr. Carter are going to work on having visitors come to the board meeting and speak to one or more of the upcoming issues. No specific individual or subject matter was identified.

B. Dashboard Review – The key indicator dashboard from February 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 TIER year-to-date is primarily as a result of extraordinarily warm weather. He also noted that the equity dashboard was still very positive in that the year-to-date distribution equity was at 21.25% with the year-to-date total equity just exceeding 38.5%.

C. Board Policy Review – Mr. Carter presented Board Policies 406, 423, 424 and 425. He had reviewed the same and had not recommended any changes. Mr. Preston made a motion to make note that the policies be identified as having been reviewed with no changes,

as of the date of the board meeting. Mr. Peyton made a second to the motion and the motion passed unanimously.

#### **XI. COMMITTEE REPORTS**

A. Governance Committee – The committee asked that Mr. Carter and Mr. Dean review policies 420 and 421 for further evaluations and potential modification.

B. Board Quiz – Chairman Spalding asked Mr. Dean to conduct the quiz of board members on several different subject matters in various areas. The board spent almost an hour going through 15 various questions and discussed the correct and incorrect answers to each of those respective questions.

#### **XII. EKPC**

Mr. Carter advised it was time to nominate a board member to serve and represent the Cooperative at the EKPC board of directors. Mr. Todd made a motion to nominate Joe Spalding to continue in that capacity. Mr. Preston made a second and the motion passed unanimously.

Chairman Spalding then gave an update and advised there is a \$500,000.00 contribution made by NOLIN RECC to EKPC with funds to be designated for economic development. This is a part of the concessions that were made as a result of the exchange of territory around the Ford Battery plant. Chairman Spalding advised of the upcoming retirement of MaryJane Warner at EKPC. He identified her service and abilities were exceptional and it will be very difficult to replace her. Chairman Spalding also announced that the upcoming annual meeting at EKPC will be conducted in person. There may be a virtual option for those that might not be able to attend. He also advised of the status of any potential fine that may be levied by PJM, as a result of the inability for certain generation units to be brought on-line as required under the agreement.

#### **XIII. KEC/UUS**

Mr. Todd advised that revenues had gone up dramatically and further noted the bulk of that increase in sales is a result of recent storm damage throughout the eastern United States.

#### **XIV. NRECA**

Chairman Spalding advised due to handling the board quiz and best practices and questions, the Board Governance video would be postponed. The Legislative Conference in Washington, D.C. is scheduled to occur April 17- 19, 2023. At the time of the meeting, no directors or staff had requested to attend the conference.

Summer School for Directors is scheduled to occur in Myrtle Beach, South Carolina, June 9 – 13, 2023. Mr. Todd said he would like to consider the opportunity to attend but wanted to

review the curriculum before he committed to attending. However, he did request the Board to approve his travel should the curriculum be of interest. Mr. Kerrick made a motion approving the travel and costs for Mr. Todd to attend. Mr. Goggin made a second to the motion and the motion passed unanimously.

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

Mr. Carter gave an update on the existing preference claim matter that has been filed with the bankruptcy court in Lexington, Kentucky.

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

The CoBank Energy Director's Conference is set to occur on July 24-26, 2023 in Colorado Springs, Colorado. The CFC Forum is set to occur in Seattle, Washington on June 19-21, 2023. Currently, Chairman Spalding and Mr. Carter are scheduled to attend. Mr. Preston showed an interest in attending. Mr. Todd made a motion to approval the travel of all directors who may choose to attend. Mr. Peyton made a second to the motion and the motion passed unanimously.

**XVII. CAPITAL CREDIT DISBURSEMENTS**

For February 2023 there was \$15,788.64 in capital credit disbursements. Mr. Peyton made a motion to approve the capital credit disbursements. Mr. Kerrick made a second to the motion and the motion passed unanimously.

**XVIII. WORK ORDERS FOR FEBRUARY 2023**

- A. Work Order #2059 - \$413,986.35

Mr. Goggin made a motion to approve the work order, which was seconded by Mr. Peyton. The motion passed unanimously.

**XIV. APPROVE NEW MEMBERS FOR FEBRUARY 2023**

- A. 130 New Members
- B. \$6,500.00 Membership Fees

Mr. Todd made a motion to approve the new members and the amount of fees stated, which was seconded by Mr. Kerrick. 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 April 28, 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**

Ms. Kurtz returned to the meeting after completing some financial calculations on the repricing of certain debt instruments of the Cooperative. Mr. Kerrick made a motion that the approximate \$4.8 million of debt in question be invested at the 10-year rate. At that time, the 10-year rate was just over 3.3% and the 30-year rate was 3.66%. It is understood that at 10 years, this note may be repriced, retired, or alternatively reinvested at a lower rate. Mr. Todd made a second to the motion and after discussion on the same, the motion passed unanimously.

**XXII. ADJOURN**

A motion to adjourn was made by Mr. Todd and Mr. Goggin made a second to the motion. The motion passed unanimously, and the Board adjourned at 2:40 p.m.