

Meeting Minutes Summary

April 2025

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	John Henry Russell

Also present and participating were President and CEO Jerry Carter and Attorney J. Hadden Dean representing the Cooperative.

I. PRAYER

Mr. Preston opened the meeting with prayer.

II. SAFETY MOMENT

Mr. Kerrick announced that March is national work zone awareness month. It is critical to recognize the importance of being aware of your surroundings when approaching construction/work zone areas.

III. ADOPTION OF AGENDA

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

IV. ACTION ON MARCH 26, 2025 BOARD MEETING MINUTES

The Board reviewed the minutes of the March 26, 2025, Board Meeting. Mr. Todd made a motion to approve the minutes with one minor change. Mr. Preston made a second to the motion. After a brief discussion, the motion passed unanimously.

V. ACTION ON MARCH 26, 2025 SUMMARY MINUTES

Summary minutes from the March 26, 2025 meeting were reviewed. Mr. Preston made a motion to approve the summary minutes. Mr. Kerrick a second to the motion and the motion passed unanimously.

VI. REPORT OF THE 2024 FINANCIAL AUDIT (JONES, NALE & MATTINGLY)

Mr. Mattingly reviewed the preliminary audit and was happy to announce that there were no problems he found with the audit. He discussed various sections of the balance sheet and discussed how those respective data points changed and the causes of those changes.

VII. EXECUTIVE SESSION (BOARD, ATTORNEY AND AUDITORS)

Mr. Preston made a motion to go into executive session. Mr. Goggin made a second to the motion and the motion passed. The Board went into executive session with representation from the auditor and general counsel for the Cooperative. Mr. Kerrick made a motion to come out of executive session and Mr. Goggin made a second to the motion. The motion passed. There was no action taken.

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 commentaries, all to be included in a packet distributed to each of the Directors prior to the meeting. 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 – Ms. Kurtz advised that March had positive margins of \$203,345 and OTIER was 2.11 and TIER was 2.07. The year-to-date operating revenues are \$21.2M and \$1.3M higher than last year. The budget year-to-date for Net Margins was \$389k and currently Net Margins are negative \$597k. Year-to-date OTIER is (.07) and TIER is (.07).

A comparison of purchased power bills from February and March of 2025 were displayed. There were significant decreases in those months. A later comparison displayed the changes for March of 2024 and 2025. Those differences were much smaller with .5% increase in purchased power, total charges increased by 3.4% and the average cost of kWh was 2.9% higher in 2025.

There was also a chart of overtime payroll for March of 2023, 2024 and 2025. There are significant differences in the amounts for each year. The causes of this change have a direct correlation to the various storms that happened during March of the respective years.

A display was presented showing the borrowing rates for approximate quarterly interest rates between January through April of 2025. The rates varied only a small amount for reach maturity period.

Ms. Kurtz gave an outline of the need to draw down funds for the work plan and gave different options for fixed or variable rates and terms. Mr. Todd made a motion to borrow \$5M in the form of two loans for three-year terms locked in a fixed rate. Each loan will be repriced at the end of three years. Mr. Preston made second to the motion. The motion passed unanimously.

Ms. Kurtz and Mr. Carter discussed the Working Capital and Forecast Status report.

The finance report ended with review of the Form 7 report and interest income report.

1. Revenue and EKPC Power Bill

Mr. Carter displayed a series of charts that reflect revenue trends compared to power bills and how those flow together from 2022 through 2025 YTD. He discussed the chart trend change in February of 2025 and one of the primary causes of that change was from an industrial member which shut down production for a period of time.

B. Office Services – Mr. Kurtz advised that 9 accounts were overdue and older than December 1, 2024, and the total for those overdue accounts was \$1,772.07. Mr. Russell made a motion that these accounts be assigned to bad debt and sent to collections pursuant to the PSC regulations. Mr. Goggin made a second to the motion and the motion passed unanimously. Year-to-date overdue accounts totaled 81 with approximately \$19,115.89 owed. Currently there are 624 members with prepaid accounts with an approximate balance of \$23,700.

C. Operations – Mr. Phelps discussed the plant account work included 289 new work orders were started in March. New construction costs were just over \$2,441,000. There were 98 poles installed and nearly 15,162' of conductor added to the plant and 61 poles and 4,557' were removed from the plant.

The joint-use project was discussed, and Charter has been billed \$5,960,000 for joint use make ready and has paid \$4,545,000. Year-to-date there have been 947 Work Orders created and of those 713 have been completed. In March there were 1137 bud calls [82 were Cooperative members] and there were 74 new service orders.

Bi-annual line inspections are 22% complete for Danville and 30% for Lebanon.

Construction crew report included work by 5-Star and Elliott crews. All Cooperative crews are currently working on new work orders.

The right of way clearing was a bit behind schedule. Mr. Phelps noted the maintenance costs for work throughout March were \$34,255. Total year-to-date billing is \$275,523 for 66 miles of clearing and the total YTD costs were \$309,779 excluding work orders.

Approximately 22,600 meters have been installed as part of the AMI project.

D. Member Services – Mr. Hitchcock discussed the Key Account Chart and explained that Diageo was at 66% of the top 5 accounts. Year-to-date the Key Accounts totaled \$4,074,479.

Mr. Hitchcock gave an example of how the new meter can generate useful data. One example will be to show members how their bills are generated and the relative temperatures. He also gave an example of high bill complaint that was ultimately traced back to a bad well pump.

A review of the Member Services Report was presented, and the contacts were discussed. He also presented renderings of a new Nissan electric truck and the timing for its possible production.

1. Annual Meeting. Mr. Hitchcock advised he planned to provide the members who attend the annual meeting in person with popcorn again this year.

a. 2025 Scholarship Drawing

Mr. Bach prepared a 'spin wheel' to randomly choose the winners from the separate districts. Mr. Carter participated in the 'spin wheel' for each and the winners were announced.

b. Credentials and Elections Committee Meeting.

A meeting of the Credentials and Elections Committee will be held Thursday, May 8, 2025, at 10:00 a.m.

E. Executive – Mr. Carter discussed the construction plan spread sheet. He noted a large amount of the expenses incurred last year came from investment in the new AMI program. Mr. Carter then displayed images of employee work anniversaries noting that nine (9) people listed were celebrating work service anniversaries with a total of 115 years of service.

1. Corporate Services - Mr. McGuffey was on vacation and Mr. Carter gave an outline of the details in his report. The Recordable Incident, DART, and Severity Rates were all 0.0. For 2025 the Recordable Incident Rate is 5.90 and other rates are both 0.0.

2. Information Technology and Cyber Security Update - Mr. Bach advised there was a click on a "phishing security test." The employee clicked on an improper link on their phone. The advice is to never click any unsolicited emails and go to the direct source to secure what, if any, legitimacy the email or text may have.

IX. LEGAL/REGULATORY

A. Policy 111- Nepotism (Review). Mr. Todd made a motion to note this policy was reviewed with no changes. Mr. Russell made a second to the motion. Following a discussion, the motion passed.

B. Policy 327- Employee Use of AI. Mr. Carter presented this new policy to the Board and discussed the status of AI usage at the Cooperative. The policy is the beginning of the Cooperative's use of AI. Mr. Kerrick made a motion to approve the policy as presented. Mr. Goggin made a second to the motion and after discussion, the motion passed.

X. BOARD /CEO SESSION

A. Annual Calendar Review

Mr. Carter reviewed the annual calendar and advised he is looking to invite KEC staff to visit with the Board.

B. Dashboard

Mr. Carter discussed the issues with margins and continued with good news on the year-to-date metrics for safety, SAIDI and CADI. TIER and OTIER are both negative. Equity continues to be stable, but the upcoming borrowing will have some understandable impact on these metrics.

C. Discussion on Strategic Plan

Mr. Carter gave an update on the plan and how the staff and employees are addressing the elements identified. He discussed the materials sent out. The Board mentioned the strategic planning event did not include a lot of direction and/or initiatives. Mr. Carter noted the employees have seen the plan and, to some degree, helped to develop it. There was also some discussion about merit-based bonus structure and the staff and the Board will continue to consider that aspect of the plan.

D. Board Policy Review

1. Policy 400 Policy Formation and Approval (Review).

Mr. Kerrick made motion that Policy 400 was reviewed without changes. Mr. Russell made a second to the motion and it passed.

2. Policy 401 Function of the Board of Directors (Review)

The Board wanted to further review this policy, and no motion was made to approve this policy, and it should be placed on the agenda for a future meeting.

E. Governance

1. Discussion of Revising Bylaws to include Pulaski County.

Mr. Preston made a motion to modify the bylaws to include the portion of Pulaski County where some members reside and receive power. Mr. Kerrick made a second to the motion. After a brief discussion, the motion passed unanimously.

2. Policy 422 Director Qualifications - Qualifications for Eligibility to Serve on the Board of Directors (Action on the Proposed Revisions)

Mr. Preston made a motion to approve the proposed changes to clarify and update the qualifications to run for a board position and to serve on the Board of the Cooperative. Mr. Russell made a second to the motion. After a brief discussion, the motion passed unanimously.

F. COMMITTEE REPORTS

A. Audit Committee

Mr. Preston reported on the work of the Audit Committee. Mr. Preston was nominated to become the Audit Committee Chairperson. He advised of the review of the 2024 audit. There is also a request to seek out a longer-term contract with the auditor and see if any savings might be made.

Mr. Preston made a motion to approve the audit for 2024 as presented earlier in the meeting. Mr. Todd made a second to that motion. After discussion, the motion passed unanimously.

B. EKPC

Chairman Spalding gave an update on the operations at EKPC. Margins were \$2.6M over budget and YTD margins were approximately \$8.5M above budget. He continued with a discussion about the additional transmission costs which were recently discovered, beyond the budgeted amount. He added the staff made recommendations to mitigate the unforeseen costs.

C. Election of representative and alternate representative for EKPC Annual Meeting (June 10, 2025)

Mr. Goggin nominated Mr. Preston to continue to serve as the Representative and Mr. Kerrick as the Alternate Representative for the Cooperative at the Annual Meeting. Mr. Russell made a second to the motion. After discussion, the motion passed unanimously.

D. KEC/UUS

KEC has not met since the last Cooperative meeting and Mr. Todd advised he would provide a report next month. The next meeting for KEC is May 20th.

- a. KEC Annual Meeting- August 25-28, 2025 (Louisville)
 - ii. Directors Course: August 23rd- 988.1 The Board's Role in Safety
 - iii. Director Course: August 24th – 928.1 Artificial Intelligence and Electric Cooperatives

XI. NRECA

A. Board Governance Video

Due to timing the board did not view a video this month.

XII. FEDERATED RURAL ELECTRIC INSURANCE / BOARD LEGAL UPDATE

No report.

XIII. RUS-CFC-COBANK NEWS/UPDATES

No report.

XV. CAPITAL CREDIT DISBURSEMENTS

For March 2025 there was \$10,749.79 in estate retirements. Mr. Russell made a motion to approve the retirements as stated. Mr. Todd made a second to the motion. After discussion, the motion passed unanimously.

XVI. WORK ORDERS FOR MARCH 2025

A. Work Order #202503 - \$860,222.85.

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

XVII. APPROVE NEW MEMBERS FOR MARCH 2025

A. 158 New Members

B. \$7,900.00 in membership fees were paid.

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

XVIII. MISCELLANEOUS

A. Expense sheets

Chairman Spalding requested all members of the Board submit their expense sheets.

B. Next Board Meeting – Thursday, May 22, 2025, 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.

XIX. OTHER BUSINESS

None.

XX. ADJOURN

A motion to adjourn was made by Mr. Russell. A second was made by Mr. Todd and the motion passed. The meeting adjourned at 1:15 p.m.