

## Meeting Minutes Summary

August 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	Allen Goggin
Jason E. Todd	

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

Mr. Peyton participated by phone due to illness.

Mr. Goggin was not able to attend the meeting due to a family medical condition. Mr. Kerrick moved to excuse the absence of Mr. Goggin and Mr. Todd made a second to the motion. The motion passed unanimously.

Mr. Carter recognized the retirement of Melvin Johnson. He also recognized Margaret Brown as a new dispatcher and Cole Parson who is working in IT with Mr. Bach.

### I. PRAYER

Chairman Spalding opened the meeting with prayer.

### II. SAFETY MOMENT

Mr. Preston discussed the death of a neighbor of his family who passed away and it was not discovered for an extended period of time. He recommended the use of devices to notify health conditions as well as keeping family in touch with loved ones up in age. Chairman Spalding advised the deer population is expanding, and that he had had a deer do significant damage to his truck recently.

### III. ELECTION OF OFFICERS

Board counsel solicited nominations for election of officers. Mr. Kerrick made a motion to keep Chairman Spalding as Chairperson, Mr. Todd as Vice Chairman and Mr. Preston as Treasurer. Mr. Peyton made a second to the motion and after discussion the motion passed unanimously.

### IV. ADOPTION OF AGENDA

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

## **V. REVIEW OF JULY 26, 2024 MINUTES**

The Board reviewed the minutes of the July 26, 2024, Board Meeting. Mr. Peyton made a motion to approve the minutes. Mr. Preston made a second to the motion and the motion passed unanimously.

## **VI. REVIEW OF JULY 26, 2024 SUMMARY MINUTES**

The July 2024 summary minutes were reviewed. Mr. Todd made a motion to approve the summary minutes of the July 2024 board meeting. Mr. Preston made a second to the motion and the motion passed unanimously.

## **VII. 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. 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 – July ended with positive margins of \$722,000. July 2024 OTIER was 5.27 and TIER was 2.29. Year to date operating revenues is up \$1,000,000 from last year and over budget by \$2.8M. The year-to-date budget for net margins is \$356,000 and currently Net Margins are \$1.6M over budget by \$1.3M. Year to date OTIER is 2.27 and TIER is 2.42. Total services in place increased by 1.24% and the miles of line increased by .03%.

A review of the FFB Borrowing rates for approximate quarterly interest rates between July and August of 2024 were down over every maturity term listed.

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

B. Office Services – Alyssa Kurtz advised 27 accounts were overdue and older than March 1, 2024, and the total for those overdue accounts was \$12,899.52. Mr. Preston made a motion that these accounts 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. Year to date there are 217 accounts overdue with a total amount sent to be written off of \$60,302.03.

A graph from Smart Hub showed that 30.59% are using “Auto Pay.”

C. Operations – Mr. Phelps discussed the plant account which included 295 new work orders in June and new construction was approximately \$2,688,124. There were 112 poles installed and nearly 20,016 feet of conductor added to the plant.

He then updated the staking and field inventory activity for the month.

The bi-annual line inspection is underway and 62% of Danville and 46% of Lebanon have respectively been completed.

The joint-use project was discussed and the billing and make ready sums were displayed to the board. To date 715 work orders have been created and of those 622 have been completed.

The right-of-way chart was presented, and Mr. Phelps noted the miles cleared trended closer to the projected miles. He expected the chart would continue to show the ROW schedule trend closer to the projections for the time frames involved.

Mr. Phelps gave an update on Pernod Ricard and said the work is complete on the Cooperative's side of the project. He discussed the process of serving another member from the Pernod Ricard substation.

Mr. Phelps updated the Board on the AMI change out and said there have been about 650 meters installed per week. He advised the installation is on schedule for the service territory. The Radio System console equipment installation is delayed until September 23 due to the equipment being back ordered.

D. Member Services – Mr. Hitchcock discussed the Key Account Monthly Summary comparison for 2024. He advised in July the top five accounts accounted for more than \$7,906,000 of power purchased year to date.

Diageo represents a 67% portion of the pie chart of the top five Key Accounts, followed by 13% by Makers Mark.

Images of the Makers Mark Solar Farm were presented. He discussed the production of 924 panels. The images included the panels and transformers and other infrastructure. There will be fencing and other aesthetic aspects pertaining to the project around the transformers as the construction is near completion. Sheep will be introduced to keep the grass under control.

Images of the Rec Center in Lebanon were displayed. It is framed and work continues on the project. The expected completion date is February or March of 2025.

Mr. Hitchcock discussed the use of EV's with the Cooperative. Ford vehicles will not be able to participate with the program that allows \$.02 incentive to charge during nonpeak hours. In order to get the discount each EV owner must sign up for the off-peak discounts.

Generac home generators can now be purchased from the Cooperative. The website contains a link that provides all of the details on this unit.

E. Executive – Mr. Carter discussed the construction plan spread sheet. Mr. Carter then displayed images of employee work anniversaries noting that five (5) people listed were celebrating work service anniversaries with a total of 22 years of service.

1. Corporate Services - Mr. McGuffey discussed his report for August. There was one recordable incident due to a bad case of poison ivy that required a steroid shot. Crew visits were discussed, and the July 2024 Recordable Incident Rate was 1.93 and the DART Rate and Severity Rate were all zero. Year to date the recordable incident rate was 5.64, DART was 2.82 and Severity Rate was 2.82. Safety Demonstrations were conducted during Pioneer Days in Harrodsburg and at the Gravel Switch Fire Department.

Mr. Carter asked the Board to approve the purchase of three trucks in 2024 which were slated for 2025. Motion to amend the budget to allow the purchases was made by Mr. Preston with a second by Mr. Kerrick. After discussion, the motion passed unanimously.

2. Information Technology and Cyber Security Report

Mr. Bach discussed the “phishing security tests” over the last six (6) months. He noted the report is still in the “yellow” for the timeframe evaluated. He advised that Mr. Parson’s phishing test was targeted to a known retirement of an employee and several employees clicked on the email.

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

A. Policies 105, 111, 206 were all reviewed with no changes. Policy 224 was presented with redline changes. Mr. Kerrick made a motion to note the policies listed were reviewed and to approve the changes to policy 224. A second to the motion was made by Mr. Todd. The motion was approved 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.

Mr. Carter discussed the Pernod Ricard rate structure and its approval. He advised of the approach of how this member opted to enter into the contract and it will be a usage-based charge at a slightly higher rate as opposed to a demand-based agreement when there is a strong likelihood of charges for purchase of power that may not be used.

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. The equity metrics all fell within the target 'green area' of the chart. He noted the issues with the inventory turnover and discussed how the data was impacted.

**X. COMMITTEE REPORTS**

No report.

**XI. EKPC**

Chairman Spalding mentioned June margins were \$4.4M above budget and \$1.3M above budget YTD. Total YTD margins for EKPC are \$13M. In 2023 margins were \$17M, but much of that was attributed to PJM payments. Without the PJM payments, 2023 margins would have been much lower.

The Board also discussed all requirement contracts and the proposals that ran through 2072. Concerns discussed at the meeting included the 40+ year term of the contract. The EKPC management wanted all local cooperative boards to approve the long-term contract so it could be considered in the December, 2024 EKPC Board meeting.

A. 2024 Load Forecast Resolution

Mr. Carter presented a spreadsheet with details of forecast. Mr. Todd made a motion to approve and a second was made by Mr. Kerrick. Motion passed unanimously.

**XII. KEC/UUS**

Mr. Todd discussed the annual meeting in Louisville. He also discussed upcoming political races and the candidates which KEC was supporting. Response was good to the content and speakers. Mr. Dean advised the attorney session was very informational, and he provided several issues to the Board and staff on a variety of issues.

**XIII. NRECA**

A. Board Governance Video- not played due to time constraints and the absence of a director.

B. Region 2 & 3 Meeting is set for October 7-9, 2024, in Columbia, South Carolina.

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

No report.

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

a. Chairman Spalding gave an update of his attending the CFC Annual meeting in Indianapolis, Indiana.

b. Mr. Carter advised he would be at a NISC meeting in the middle of September.

**XVI. CAPITAL CREDIT DISBURSEMENTS**

For July 2024 there was \$8,609.46 in estate retirements. Mr. Todd made a motion to approve the retirements as stated. Mr. Kerrick made a second to the motion. After discussion, the motion passed unanimously.

**XVII. WORK ORDERS FOR JULY 2024**

A. Work Order #202407- \$492,562.21.

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

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

A. 143 New Members

B. \$7,150.00 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. Kerrick. The motion passed unanimously.

**XIX. MISCELLANEOUS**

Chairman Spalding requested the Board submit their expense sheets by providing those to Farrah Coleman. A motion by Mr. Todd and second by Mr. Preston to reschedule upcoming monthly meetings. The September and November meetings date changes were discussed. The September meeting date was changed to October 3<sup>rd</sup>, 2024 8:30 a.m. and the November meeting was changed to November 26<sup>th</sup>, 2024 at 8:30 am.

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**

None.

**XXI. ADJOURN**

A motion to adjourn was made by Mr. Preston. A second was made by Mr. Kerrick and the motion passed unanimously. The meeting was adjourned at 1:56 p.m.