

## Meeting Minutes Summary

December 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. Todd opened the meeting with prayer.

### II. SAFETY MOMENT

Mr. Kerrick gave a safety moment on the perils of cold weather hazards. Those included carbon monoxide, ice, snow shoveling with heart related issues and others.

### III. ADOPTION OF AGENDA

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

### IV. REVIEW OF NOVEMBER 30, 2023 MINUTES

The Board reviewed the minutes of the November 30, 2023, Board Meeting. Mr. Peyton made a motion to approve the minutes. Mr. Kerrick made a second to the motion and the motion passed unanimously.

### V. REVIEW OF NOVEMBER 30, 2023 SUMMARY MINUTES

The November 2023 summary minutes were reviewed. Mr. Preston made a motion to approve the summary minutes of the November 2023 board meeting. Mr. Peyton made a second to the motion and the motion passed unanimously.

### VI. 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 November 30,

2023, meeting, each of the respective departments presented present a summary of their activities included in the board packet of each of the Directors of the Cooperative.

A. Finance and Administration – November operating revenues were down \$482,000 from last year and purchase power was down \$109,000. Operating expenses are \$587,000 lower than last year. The budget for November 2023 projected negative margins of \$21,000. The actual margins were approximately \$755,000. For November 2023 OTIER was 6.57 and TIER was 5.01. Year-to-date margins were just under \$749,000. The year-to-date OTIER is 1.85 and TIER is 1.98.

A review of the approximate quarterly interest rates was compared between November and December of 2023. Rates over the respective maturities were all lower for December.

Ms. Kurtz presented data on returns on investments of the Cooperative. The finance report ended with review of the Form 7 report.

B. Office Services – Mr. Carter thanked Ms. Stocker for her 30 years of service. Today is Ms. Stocker's last board meeting, as she will retire in early January of 2024. She advised 30 accounts were overdue and older than August 1, 2023, and that total was \$3,903.92.

The year-to-date collections for the on-line utility exchange total were approximately \$20,000 with commissions for collection paid totaling approximately \$5,000.

Attached to the board documents was a comparison of the overdue balances that were not collectible. The comparison ran from 2017 to 2023. It was noted the balances from 2017 totaled approximately \$203,000 and by 2023 the balances written off were reduced to approximately \$83,000.

C. Operations – Mr. Phelps presented the details included in the board material. Activity and the plant account work included 811 new work orders in November, with new construction totaling approximately \$903,000. There were purchases of \$182,000 and 52 poles and 21,304 feet of conductor were added to the plant. The report noted that staking was underway for new line extensions including several new lines and new three phase lines were added. Distillers continue to expand operations and work includes adding a new transformer, relocation of underground line and new car wash in Lebanon will include a 300-kilowatt load when completed and operational.

Charter Cable has been billed over \$1.7 million and has paid over \$1.6 million for pole change out work.

An update was given on the construction work being conducted throughout the Cooperative between the Cooperative crews and contract crews.

The right-of-way clearing for the 2023 cycle and spraying work is complete.

Interviews for new positions are ongoing and Mr. Phelps and staff will continue to keep the Board apprised of the progress of hiring an Engineer.

The report ended with a summary of the construction crews, NISC software integration issues and system integrity data.

D. Member Services – Mr. Hitchcock presented his report and started with the key account data. The 2022 total for all members included was \$17,500,000. As of the meeting in 2023 that total was \$18,340,000. The largest key account continues to be Diageo with 74% of the top five largest key accounts.

Images of Montebello's facilities were displayed and future plans for the work were discussed.

Mr. Hitchcock ended his report with an update on EV issues in Kentucky and the US. Images of the new truck from Tesla were displayed.

E. Executive - Mr. Carter presented images of board and employee work anniversaries. A summary of ongoing construction projects throughout the service territory was discussed and the spread sheet identifying the data was presented. This summary is comprised of a review and comparison from 2013 to 2023.

1. NRTC Voting - Mr. Carter noted that Kevin Preston was listed as the voting delegate.

2. Corporate Services - Mr. McGuffey was absent and Mr. Carter discussed the details of his report. It was good to note there were no new incidents or injuries to report.

3. Information Technology and Cyber Security Report - Mr. Bach was absent, and Mr. Carter discussed the details of his report.

## **VIII. 2024 BUDGET APPROVAL**

Mr. Carter presented the final budget report and Ms. Kurtz confirmed there were no changes to the proposed budget as presented to the Board at the last meeting. Mr. Todd made a motion to approve the budget as presented. A second was made by Mr. Kerrick. After discussion, the motion passed unanimously.

**IX. LEGAL /REGULATORY/POLICY**

**A. Policy 209** - Mr. Carter presented Policy 209 with the revisions and asked the Board to review and approve the amended policy. Mr. Preston made a motion to approve Policy 209 with the proposed changes. Mr. Peyton seconded the motion. After discussion, the motion passed unanimously.

**X. 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 the same and requested suggestions on additional agenda items and invitations to extend to those 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.

**XI. COMMITTEE REPORTS**

**A. Governance**

1. **Board Self-Assessment** – Mr. Carter presented a bar chart of the responses to the assessment. He reviewed each of the questions and the Board discussed the summary and responses.

**XII. EKPC**

Chairman Spalding and Mr. Carter gave an update on the EKPC Board meeting held last month. The discussion included generator use and functioning, incentives, gas/fuel storage and other matters.

**XIII. KEC/UUS**

Mr. Todd advised the Legislative Reception was set to occur at The Foundry in Frankfort on February 21, 2024. He advised the sales of electrical equipment continue to increase and sales outside the cooperative membership have been robust. There is no clear end of when that demand will ease.

**XIV. NRECA**

**A. Board Governance**

Participants in the video discussed various aspects of succession planning. The Board entered into a discussion after the video concluded and stressed the importance of continued due diligence. Mr. Carter and Mr. Dean continue to review existing documents with the

Board. This topic is also being considered as an additional item to be included in the Annual Calendar.

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

No report.

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

A. CFC Financial Workshop is scheduled for January 22-23, 2024, at Lexington Embassy Suites Coldstream in Lexington, Kentucky. Chairman Spalding advised any board member wishing to attend needs to give Ms. Coleman notice as soon as possible.

**XVII. CAPITAL CREDIT DISBURSEMENTS**

For November 2023 there was \$20,453.74 in estate retirements. Mr. Todd made a motion to approve the retirements as stated. Mr. Peyton made a second to the motion. After discussion, the motion passed unanimously.

**XVIII. WORK ORDERS FOR NOVEMBER**

A. Work Order #202311 - \$467,490.46.

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

**XIX. APPROVE NEW MEMBERS FOR OCTOBER 2023**

A. 107 New Members

B. \$5,350 in membership fees were paid.

Mr. Preston made a motion to approve the new members and the amount of fees stated, which was seconded by Mr. Todd. 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 Friday, January 26, 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.

**XXI. OTHER BUSINESS**

None.

**XXII. EXECUTIVE SESSION** – A motion was made by Mr. Todd for the Board to enter into executive session for purposes of personnel evaluation of the board attorney. A second was made by Mr. Peyton and passed unanimously.

A motion was made by Mr. Peyton for the Board to return from the executive session to the regular monthly board meeting. The motion was seconded by Mr. Kerrick and unanimously approved.

Mr. Spalding presented the details of the evaluation and appreciation of the Board for the work performed by Mr. Dean and his staff. A one-time performance payment was recommended and approved by the Board.

**XXIII. ADJOURN**