

Meeting Minutes Summary

July 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. Bill Peyton was not able to attend due to a medical condition. Mr. Goggin moved to excuse the absence and Mr. Kerrick made a second to the motion. The motion passed unanimously.

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

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

I. PRAYER

Mr. Todd opened the meeting with prayer.

II. SAFETY MOMENT

Mr. Kerrick circulated an article to the Board on the importance of getting eye exams. He advised those exams can discover health issues beyond simple vision issues including diabetes.

III. 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.

IV. REVIEW OF JUNE 25, 2024 MINUTES

The Board reviewed the minutes of the June 25, 2024, board meeting. Mr. Goggin made a motion to approve the minutes. Mr. Todd made a second to the motion and the motion passed unanimously.

V. REVIEW OF JUNE 25, 2024 SUMMARY MINUTES

The June 2024 summary minutes were reviewed. Mr. Goggin made a motion to approve the summary minutes of the June 2024 board meeting. Mr. Preston 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. 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 – June ended with negative margins of \$58,172. June 2024 OTIER was .62 and TIER was .66. Year to date operating revenues is up \$1,000,000 from last year and over budget by \$3.3M. The budget year to date for net margins of \$83,798 and current net margins are \$881,951. Year to date OTIER is 1.77 and TIER is 1.95.

Total services in place increased by 1.22% and the miles of line increased by .02%.

KRTA ratio 28 discount rate is 3.75% for the next 12 months versus 4.93% from the prior year.

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.

Ms. Kurtz and Mr. Carter discussed the need for additional capital and listed the various fixed and variable rates over the terms available. The amount requested totaled \$5 million with that broke down into \$3 million and \$2 million. Mr. Kerrick made a motion to approve the requested capital for a 5-year term with a fixed rate of just over 4%. Mr. Preston made a second to the motion and the motion passed unanimously.

The finance report ended with 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 \$9,995.67. Mr. Kerrick made a motion for these 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. Year to date there are 185 accounts overdue with a total amount of \$47,402.51 sent to be written off.

A graph from Smart Hub showed 13.20% are using paperless billing.

C. Operations – Mr. Phelps discussed the plant account work completed which included 185 new work orders in June and new construction was approximately \$3,386,996. There were 104 poles installed and nearly 15,751 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 56% of Danville and 44% 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 691 work orders have been created and of those 542 have been completed.

The right of way chart was presented, and Mr. Phelps noted that the miles cleared were well below the amount that was projected at this point in the year. He advised the chart is not consistent with the actual completion in the field. The chart does not reflect work done until invoices are received and paid. He expected that the chart will show the ROW is on schedule for the August meeting.

Mr. Phelps gave an update on Pernod Ricard and advised some delays to have arisen and advised on the status of the AMI installation and the Radio System projects.

1. Full Periodic Inspection Report from the PSC- Mr. Phelps advised of the attached letter in BoardPaq.

D. Member Services – Mr. Hitchcock discussed the Key Account Monthly Summary comparison for 2024. June reflected over \$1,245,305 of power purchased by the key accounts.

Diageo represents a 68% portion of the pie chart of the top five Key Accounts, and it is followed by 12% by Makers Mark.

Images of the Pernod Ricard construction were presented along with renderings of what the expected finished product will look like. That included the color scheme and landscape around the building.

Mr. Hitchcock compared a 1913 electric vehicle to the 2024 H2 Hummer Omega pickup truck which carried a price of \$150,295. The 1913 Model 3 cost \$32,200 which was a massive sum for a vehicle at that time.

He also advised of recent vandalism in Minneapolis-St. Paul done to charging stations. He also advised there is a rash of thefts of charging cables from EV's that were charging.

The report ended with a listing and discussion of the Member Services Activity Report and the Department.

1. Generac PowerPoint- A PowerPoint presentation on the standby generator program was presented.

E. Executive – Mr. Carter discussed the construction plan spread sheet. Mr. Carter then displayed images of employee work anniversaries noting that four (4) people listed were celebrating work service anniversaries with a total of 69 years of service.

1. 2023 Cooperative Financials

Mr. Carter displayed a chart comparing all Kentucky cooperatives noting the total margins and operating margins. He noted the Cooperative ranked second in the highest operating margins.

2. 2023 KRTA

Mr. Carter discussed the status of the data included in the attachment.

3. Corporate Services

Mr. McGuffey discussed his report for the month of July. There was one incident of a burn to the back of an employee's hand. Crew visits were discussed and the June 2024 Recordable Incident Rate, DART Rate and Severity Rate were all zero. Year to date the Recordable Incident Rate was 3.31, DART Rate was 3.31 and Severity Rate was 3.31.

4. 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 gave an update on recent cloud issues with the CrowdStrike issues and experiences of the airline industry. Cole Parsons has been hired to help in the IT department. He starts August 12th, 2024, pending preemployment requirements.

i. Annual Meeting History- Lebanon

Chairman Spalding reviewed the Appsuite Annual Meeting History chart attached to BoardPaq.

VIII. LEGAL/REGULATORY/POLICY

Procedure 24 – Flowers

The Board reviewed the revisions proposed by the staff. The review was for informational purposes only and no action was needed.

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 activities for the 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.

B. Dashboard Review

Mr. Carter reviewed the dashboard and went over the metrics outlined therein, including safety, financial, operational and customer indicators. He noted both 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 plans to install gas lines and how the data was impacted.

X. COMMITTEE REPORTS

No report.

XI. EKPC

Chairman Spalding mentioned the budget for May was to lose \$12M. EKPC actual loss was only \$4M. The Board voted to approve \$679,000,000 solar projects. Most of this cost is for transmission lines and infrastructure. He also discussed upcoming plans to install gas lines and purchase of CT units for generation.

XII. KEC/UUS

Paul Tucker from Bluegrass Energy resigned from KEC Board at the last meeting due to health reasons. Doug Fritts will replace him on the Board. Kent Chandler resigned from the Public Service Commission and advised the KEC Board he is looking for another opportunity in the energy industry. Mr. Perry discussed and presented a topic relating to gambling with the grid. He presented slides which showed the challenges with peak demand dates due to cold weather and demand curves. He then displayed the "Gambling with the Grid" PowerPoint prepared by KEC. Reliability issues are being considered at the national and state levels. Competing political and industrial issues including supply and demand needs are at the forefront of these discussions.

XIII. NRECA

A. Board Governance Video.

Due to time constraints, the video was not played.

- B. Region 2 & 3 Meeting is set for October 7-9, 2024, in Columbia, South Carolina. Early registration is August 19, 2024.

1. The previously approved Delegate, Chairman Spalding and Alternate Delegate, Kevin Preston were confirmed for Regional Meeting. The approval occurred in December of 2023 for the Annual and Regional Meetings in 2024.

XIV. FEDERATED RURAL ELECTRIC INSURANCE / BOARD LEGAL UPDATE

Tony Hermesch was in Danville this week for a yearly update on the Cooperatives insurance policies and coverage.

- A. Subscriber Agreement.

The agreement was discussed however, no action was taken at this time. Mr. Dean spoke to the document and called for questions and discussion.

XV. RUS-CFC-COBANK NEWS/UPDATES

A. Chairman Spalding gave an update of the CFC Annual meeting which he attended in Indianapolis, Indiana.

XVI. CAPITAL CREDIT DISBURSEMENTS

For June 2024 there was \$15,257.64 in estate retirements. Mr. Todd made a motion to approve the retirements as stated. Mr. Goggin made a second to the motion. After discussion, the motion passed unanimously.

XVII. WORK ORDERS FOR JUNE 2024

- A. Work Order #202406- \$465,381.29.

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

XVIII. APPROVE NEW MEMBERS FOR JUNE 2024

- A. 185 New Members
B. \$9,250.00 in membership fees were paid.

Mr. Todd made a motion to approve the new members in the amount of fees stated. Mr. Goggin seconded the motion and the motion passed unanimously.

XIX. MISCELLANEOUS

Chairman Spalding requested the Board submit their expense sheets by providing those to Farrah Coleman. The August meeting has been rescheduled to August 30, 2024, at 8:30 a.m.

Chairman Spalding advised 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

XXI. ADJOURN

A motion to adjourn was made by Mr. Todd. A second was made by Mr. Kerrick and the motion passed unanimously. The meeting adjourned at 11:51 a.m.