

## Meeting Minutes Summary

May 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	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. Carter opened the meeting with prayer and announced the passing of lineman, Austin Wethington, who tragically died in a car wreck earlier in the week.

### II. SAFETY MOMENT

Mr. Kerrick discussed an article that addressed cellular phones have the ability to access 911 services even though there may be no service.

### III. ADOPTION OF AGENDA

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

### IV. REVIEW OF MAY 1, 2024 MINUTES

The Board reviewed the minutes of the May 1st, 2024, (April) Board Meeting. Mr. Todd made a motion to approve the minutes, noting a single change regarding the fact that no student applied for the scholarship from Casey County. Mr. Preston made a second to the motion and the motion passed unanimously.

### V. REVIEW OF May 1<sup>st</sup>, 2024 SUMMARY MINUTES

The May 1, 2024 (April) summary minutes were reviewed. Mr. Goggin made a motion to approve the summary minutes of the May 1, 2024 (April) 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 – April ended with positive margins of \$344,686. April 2024 OTIER was 2.91 and TIER was 3.04.

Total services in place increased by 1.28% and the miles of line increased by 1.76%.

A review of the approximate quarterly interest rates was compared between April to May of 2024 and were down over every maturity timeframe. It continues to be difficult to predict what the Federal Reserve will do with interest rates at its next meeting.

Ms. Kurtz presented data on returns on investments of the Cooperative in commercial paper.

A comparison report of contributions paid versus benefits received was displayed. There was a discussion of how to address the increased cost which could include a premium increase or decrease in benefits. Ms. Kurtz explained some of the options with plan designs and marginal rate increases for premiums.

Ms. Kurtz discussed the upcoming PSC-FAC Base Rate Order 2023-00014 regarding a mistake where the Commission published a rate that was inaccurate. There will be an increase in the rates, but when and exactly how much that will be is yet to be determined.

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

B. Action on Proposed Increase of CoBank Line of Credit - Ms. Kurtz and Mr. Carter discussed the reason for the request in the line of credit. Mr. Todd made a motion to approve the increase in the line of credit from \$3 million to \$5 million. Mr. Preston made a second to the motion and after discussion the motion passed.

C. Office Services – Alyssa Kurtz presented the report and advised that 15 accounts were overdue and older than January 1, 2024, and that the total was \$2,641.77. Mr. Goggin made a motion that these accounts be assigned to bad debt and sent to collections pursuant to the PSC regulations. Mr. Preston made a second to the motion and the motion passed

unanimously. Year to date there are 119 accounts overdue with a total amount of \$25,873.09, sent to be written off.

D. Operations – Mr. Phelps discussed the plant account work done including 393 new work orders and new construction that was approximately \$2,350,000. There were 117 poles installed and nearly 26,000' of conductor added to the plant. He then updated the staking and field inventory activity for the month.

Construction work for contract and company crews were listed. Two major storm events happened in the past week and Mr. Phelps was very pleased with how quickly the power was restored. He noted that the dispatch and current software programs all operated as expected.

The right of way clearing chart was discussed and Mr. Phelps noted that more lines were cleared than the chart reflects. He explained the chart will not be updated until the bill for work done has been submitted and paid.

E. Member Services – Mr. Hitchcock and Mr. Carter discussed the rate change with Diageo and their current production schedule.

A display of the members that have secondary insurance for 2 months of billing was presented. The total of all those bills for the two-month period is approximately \$1,495,000. The cost to the Cooperative was discussed and is not significant in the scheme of the risk presented.

Mr. Hitchcock discussed the purchase of 30 solar panels by a member and discussed return on that investment and how that will fluctuate based on when power from these panels is generated.

The 2024 Top 5 Key Accounts pie chart was displayed. Diageo still dominated the chart at 72% and it was followed by Maker's Mark at 10%.

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

F. Executive – Mr. Carter discussed new growth in the service territory and referenced the construction plan spread sheet and noted the meter replacement project is soon to roll out. The costs for this project are substantial. Mr. Carter displayed images of various board and employee work anniversaries noting that five people listed were celebrating work service anniversaries with a total of 102 years of service. He also listed two charts with one- and five-year date on outage information without major events. In both charts the Cooperative performed at the very top of the list of the cooperatives listed. He attributes this to the Cooperative's commitment to ROW clearing.

1. Risk Rankings - Mr. Carter displayed a list of eight items that was lead with Cybersecurity and ending with Terrorism as listed in the Emergency Response Plan. He also listed the Enterprise Risk Assessment and listed his top nine concerns and then went on to outline what those items included.

2. BoardPaq Library - with the replacement of this software for board meetings Mr. Carter gave an update on how the content of the library may be accessed. He noted that the Board will soon shift to using "Call to Order" to replace BoardPaq.

3. Corporate Services - Mr. McGuffey discussed his report for the month of April. There was an incident when a truck loaded with two 55' poles mounted to a truck struck a commercial line on the roadway. As a result of the low hanging line, a 3-phase pole was broken and had to be replaced.

A random EPA Inspection was performed on May 16<sup>th</sup> and the results were successful. The final inspection report was just received, and it was all clear.

4. Information Technology and Cyber Security Report - Mr. Bach advised there were no phishing clicks. He noted the Cooperative is still in the "yellow", however, if the no phishing click trend continues the Cooperative will shift out of the "yellow" category. He again noted that the Teams App is a more secure platform, but care should always be taken when opening any attachment or clicking any link. Mr. Carter advised that an additional employee will be hired for the IT department.

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

Mr. Carter presented Policy 307 Harassment Free Workplace for review. No changes were recommended. Mr. Kerrick made a motion to reflect that the Board did review the policy referenced above and no changes were requested. Mr. Peyton made a second to the motion and after discussion the motion passed 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.

B. Dashboard Review - Mr. Carter reviewed the dashboard and went over the metrics outlined therein, including safety, financial, operational and customer indicators. He noted that TIER, OTIER were in the 'green' category. The Equity metrics all fell within the target 'green area' of the chart. He advised for purposes of any rate change request one of the most important

metrics is OTIER [which encompasses financial performance from operations only and did not include any G&T Capital credits or other patronage payments.]

C. Discussion on Revisions to CEO Appraisal Form - The Board reviewed the revised form and discussed that with Mr. Carter. Mr. Kerrick made a motion to approve the revised 'redline' version of the CEO Performance Appraisal Form provided in BoardPaq. Mr. Preston made a second to the motion. After discussion, the motion passed unanimously.

D. Generac Generator Discussion - Mr. Carter displayed some information regarding generators for residential members and the possibility of the Cooperative selling these to both members and nonmembers. The Board asked Mr. Carter to collect more information on the project for consideration.

#### **X. COMMITTEE REPORTS**

No report.

#### **XI. EKPC**

EKPC Annual Meeting is set for June 11, 2024, at 10:30 am in Winchester, Ky. The voting delegate is Mr. Preston, and the alternate is Mr. Kerrick. A virtual option is available for Board members who cannot make the in-person meeting. A copy of the agenda was presented in the BoardPaq meeting.

Chairman Spalding and Mr. Carter gave an update on the EKPC Board meeting held last month and discussed the regulations that have recently been announced. The issues included coal fired plants and deadlines to meet carbon capture options.

Margins were approximately \$12.6 million below budget for the year.

#### **XII. KEC/UUS**

Mr. Todd, Chairman of KEC, advised the KEC Annual Meeting is August 12-13, 2024. The voting delegate is Chairman Spalding, and the alternate delegate is Mr. Preston. Mr. Todd said a discussion on the development of solar arrays was had. This discussion included how that development is being received by landowners. Representatives from Kentucky Farm Bureau were present and added additional information and context to the discussion. He also noted strategic planning was completed last month and there continues to be a need for storage of transformers and other equipment. He said a search for warehouses in Kentucky and surrounding states is underway. Finances are strong but slightly under last year's sales numbers. A discussion on the results of local primary elections included losing some key supporters of the Cooperative' positions. Last, the audit was presented and there were no negative comments or findings.

**XIII. NRECA**

Board Governance Video – was not played due to the lack of time.

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

No report from Federated.

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

A. CFC Director Election is upcoming in Indianapolis, Indiana. Mr. Todd nominated Chairman Spalding to serve as the voting delegate. Mr. Kerrick made a second to that motion. Motion passed.

B. Election of NCSC Voting Delegate and Alternate for Annual Meeting [held during CFC Forum]. Mr. Kerrick made a motion to nominate Chairman Spalding to serve as the voting and Mr. Todd made a second to that motion. The motion passed.

**XVI. CAPITAL CREDIT DISBURSEMENTS**

For April 2024 there was \$15,902.20 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. Total capital credit retirements as of April 2024 is \$14,579,598.

**XVII. WORK ORDERS FOR APRIL 2024**

A. Work Order #202404- \$690,723.99.

Mr. Goggin 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 APRIL 2024**

A. 143 New Members

B. \$7,150.00 in membership fees were paid.

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

**XIX. MISCELLANEOUS**

Chairman Spalding requested the Board submit their expense sheets by providing those to Farrah Coleman. The upcoming June board meeting was previously rescheduled and will occur on Tuesday, June 25, 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.

**XX. OTHER BUSINESS**

**XXI. ADJOURN**