

## Meeting Minutes Summary

November 2022

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 conference, to-wit:

Joseph H. Spalding	J. Kevin Preston
Lou Kerrick	Bill Peyton
Jason E. Todd	Allen Goggin

Also present and participating was President and CEO Jerry Carter. Board Attorney J. Hadden Dean was participating virtually due to illness.

### I. PRAYER

Mr. Kerrick opened the meeting with prayer.

### II. SAFETY MOMENT

Mr. Kerrick gave a safety moment regarding stroke awareness. He gave an acronym of “FAST” when considering how to determine if someone is having a stroke. He explained the same stands for Face, Arms, Speech and Time. He acknowledged an article referencing lifesaving and/or life altering care that may be provided based on how quickly the person’s receives medical treatment. Delays in diagnosing and/or treating a stroke may be catastrophic when they otherwise might be avoidable if timely care was provided.

### III. ADOPTION OF AGENDA

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

### IV. REVIEW OF MINUTES

The Board reviewed the minutes of the October 28, 2022, Board Meeting. Mr. Todd made a motion to approve the minutes. Mr. Preston made a second to the motion and the motion passed unanimously.

### V. OCTOBER 2022 SUMMARY MINUTES

October 2022 summary minutes were reviewed. Mr. Kerrick made a motion to approve the summary minutes of the October 28, 2022, board meeting. Mr. Goggin made a second to the motion and the motion passed unanimously.

## VII. 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 the November 30, 2022, meeting, each of the respective departments did in fact present a summary of their activities included in the board packet of each of the Directors of the Cooperative.

A. Finance and Administration – Ms. Kurtz advise margins for October of 2022 totaled just over \$153,000.00 which resulted in an OTIER of 1.86 and a TIER of 1.97. For the year to date, net margins were just over \$1,843,000.00 resulting in a OTIER of 2.13 and a TIER of 2.31.

She then made a comparison of the Purchase Power Bill and acknowledged for October of 2022 there was approximately 1% decrease in the amount of kilowatt hours purchased. She advised the total services in plant increased by 1.27% year-to-date. She confirmed the miles of line increased by 0.6390%. She then made a comparison of the FFE interest rate ending November 22, 2022 and compared those to the prior month ending October 24. She noted the 30-year interest rate had gone down .4% but the shorter-term rates had all gone up.

She also gave an update of the investments and confirmed that two of those would be maturing in early January of 2023. Those principal balances total \$5 million or \$2.5 million per investment.

B. Office Services – Ms. Stocker advised there were 20 accounts for bills older than July 1, 2022, that totaled \$4,984.90 which she recommended to be declared as bad debt and sent to collections pursuant to PSC regulations. A motion was made by Mr. Goggin to approve those accounts being assigned to bad debt and sent to collection. Mr. Peyton made a second to the motion and the motion passed unanimously.

She further noted in the upcoming weeks that certain forms will be available to the membership to sign for purposes of claiming exemptions of sales tax for their primary residence. While details and the questions about how the tax will apply continue, she advised these forms will need to be signed by every member if they wish to avoid sales tax on their utility bills.

A multi-page Power Point presentation was given. The same included a new membership agreement and the tax form regarding exemptions.

C. Operations – Mr. Phelps was absent from the meeting. Mr. Carter presented the Operations report and advised there were 149 new work orders begun in October and new construction costs coming in were just over \$964,000.00. Purchases of materials totaled over \$126,000.00.

He reviewed the various engineering projects going on throughout the Cooperative territory which included work at Makers Mark, a three-phase line around the Lebanon Bypass, new circuits on Highway 27 at the Lancaster substation and pole change out for Windstream and Charter Communications. He also proposed that a three-phase extension be installed for Kentucky helium producers on Boones Creek.

He discussed the field inventory that was underway.

He went on to discuss the contract crew and company crew work throughout the service territory and presented a graph of the right-of-way clearing for 2022 and acknowledged the amount cleared is just slightly below the amount scheduled to be done at this time of the year. He confirmed the year-to-date cycle costs was \$1,423,142.00 for 351.21 miles or approximately \$4,052.00 per mile. The maintenance crew cutting for the year was just over \$181,000.00 while the spray costs totaled just over \$263,000.00. He acknowledged the overall right-of-way clearing costs for year-to-date totaled \$1,864,265.00.

Last he gave an update on the CPCN for the AMI Program and advised the first round of questions had been served and the answers were due on December 9, 2022. He confirmed the Winter Conference for KEC was ongoing at the time and identified the staff attending the same. He also confirmed that all three Ford F-150 pickup trucks that were ordered are now in and are in the process of having the same accessories installed. Last, he confirmed there is an effort to retain recycling containers for the warehouse and office.

D. Member Services – Mr. Hitchcock gave an update on the Member Service Department activity for the month throughout the service territory. He also gave an update on the COOP Connections prescriptions card. He advised from January through October of 2022, there were a total of six (6) prescriptions filled with a total retail amount of \$359.00 with a savings of \$247.00.

He then presented a bar graph of the key account chart for the month ending October 2022, along with a pie chart for the top five key accounts for 2022. He acknowledged Diageo's power usage still dwarfs the other four key accounts diagram as it represents approximately 66% of the total kilowatt hours purchased of the top five accounts.

He then presented several images of the interior of a house which represented how heat is lost through windows and/or doors. A thermal imaging camera was used to demonstrate the areas and a range of a spectrum of blue being cool and red reflecting warmer temperatures. He then presented images of areas where insulation had settled thus allowing for heat loss. He reiterated the importance of having proper insulation and even potentially going in and reinsulating

areas of the home where there is a substantial heat loss. He then presented images of a solar powered tractor and discussed the ongoing nature of electric vehicles.

E. Executive – Mr. Carter presented the construction project summary along with a VISA rebate summary for the year. He noted the rebate amount totaled just over \$3,680.00 for the year-to-date. He then acknowledged eight (8) different service anniversaries, which accumulated over 112 years of service to the Cooperative. He highlighted this with acknowledging Bill Peyton’s 27 years of service to the Board along with Allen Goggin enjoying 8 years serving as a director.

1. Safety/Loss Prevention Summary – Bo McGuffey gave his report and was happy to advise the reportable incident rate, DART rate and severity rate were all zero for October of 2022. He stated year-to-date the recordable incident rate was at 8.40 but was very pleased the DART rate and severity rate were all zero for year-to-date.

He gave an update on crew visits, as well as the safety meeting and safety demonstrations that were performed during the month.

2. Cyber Security Update – Chris Bach advised he continues to conduct tests of the staff and employees to confirm they understand the importance of cyber security and do not get caught by some of the most recent well designed phishing scams.

#### **VIII. PRELIMINARY 2023 BUDGET PRESENTATION**

Mr. Carter and Ms. Kurtz reviewed the 2023 budget. Ms. Kurtz gave an index referencing items 1 through 20. All department heads and staff present reviewed the budget with the Board.

#### **IX. LEGAL /REGULATORY/POLICY**

Mr. Carter presented Policy 227 and Policy 326 for review. Mr. Carter recommended deletion of Policy 227 and amendments to Policy 326. After discussion, Mr. Preston made a motion to delete Policy 227 and accept the recommended changes under Policy 326. Mr. Kerrick made a second to the motion and the motion passed unanimously. Mr. Carter also discussed Policy 211. This policy dealt with human resource issues with employees who are called in to active duty with the military. He advised he and the staff would review that and place the matter back on the agenda for Board consideration.

#### **X. BOARD/CEO SESSION**

A. Annual Calendar Review - Mr. Carter reviewed the annual calendar with the Board. Some of the discussions regarding human resource issues is related to hiring new employees. He also discussed Sunday and holiday pay. His recommendation was to do that at two times regular salary, versus time and a half.

B. Dashboard Review - Mr. Carter then reviewed the dashboard with the Board including safety, financial, operational and customer indicators.

**XI. COMMITTEE REPORTS**

No report given.

**XII. EKPC**

Chairman Spalding gave an update on the purchase of one engine which was purchased for a total cost of \$15,000,000.00. This engine would power the generators when there was a loss in power. The amount of money lost when the fleet of generation for EKPC is compromised was substantial and he advised the Board had acknowledge the cost, but it was justifiable under the circumstances. Chairman Spalding advised margins for EKPC for the month of September were \$2.7 million with year-to-date margins of \$63.8 million.

He also followed up on the discussion about a capital credit retirement and was not sure as to what timeframe the checks would be distributed to their distribution cooperatives. He also acknowledged to the best of his knowledge there was no allocation of capital credits with the Cooperative and most of the other cooperatives throughout Kentucky prior to 1982.

**XIII. KEC/UUS**

Mr. Todd advised there was an upcoming meeting but there was nothing additional to report at this time for the month of October or November.

**XIV. NRECA**

A. Board Governance Video

Chairman Spalding advised due to time constraints and other agenda items; he would defer the playing of the Board Governance video at this time.

B. Directors Conference

Mr. Carter discussed the upcoming CEO Close-Up scheduled to occur January 9 and 10 of 2023 in Marco Island, Florida. He advised he would be attending and would provide an update when he returned. The Board was happy he is participating.

Mr. Carter reviewed the calendar for the Director's Conference scheduled for February 4 – 7, 2023 in Kansas City, Missouri. There will be an on-line option available February 6- 7, 2023. The cutoff for registration is January 13, 2023. Those wishing to attend need to seek board approval, on or before that date.

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

No report given.

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

Chairman Spalding acknowledged the CFC statewide workshop for directors is scheduled to take place January 23-24, 2023, at the Marriott Griffin Gate Resort in Lexington, Kentucky. He did advise there is a virtual option. Following discussion, Mr. Kerrick made a motion to approve the in-person attendance or virtual option for all board members. Mr. Goggin made a second to the motion and the motion passed unanimously.

**XVII. CAPITAL CREDIT DISBURSEMENTS**

For October 2022 there were no capital credit disbursements. This is a result of a fraudulent check which was drawn on the capital credit account. The bank advised it would be prudent to close the account down and open a new account. The new checks have been ordered and it is anticipated any retirements that would have taken place in October will be addressed in November of 2022.

**XVIII. WORK ORDERS FOR OCTOBER 2022**

A. Work Order #2054 - \$647,844.92

Mr. Peyton made a motion to approve the work orders as stated. Mr. Todd made a second to the motion. After discussion, the motion passed unanimously.

**XIX. APPROVE NEW MEMBERS FOR OCTOBER 2022**

A. 160 New Members

B. \$7,965.00 Membership Fees

Mr. Carter added that he discounted the amount of the transfer of a membership from a widow to a widower and therefore, there is an odd number of funds received for new members for October of 2022. Mr. Kerrick made a motion to approve the 160 new member applications for membership and the fees as stated. Mr. Goggin made a second to the motion. The motion passed unanimously.

**XXI. 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 Wednesday, December 28, 2022, at 8:30 a.m.

Chairman Spalding suggested that anyone wishing to have an item placed on the agenda for upcoming board meetings do so by providing the same to Ms. Coleman.

**XXII. EXECUTIVE SESSION**

Mr. Todd made a motion to go into Executive Session for purposes of discussing human resource issues and the CEO Evaluation of Mr. Carter. Mr. Kerrick made a second to the motion and the motion passed unanimously.

At the conclusion of the Execution Session Mr. Peyton made a motion to come out of Executive Session. Mr. Goggin made a second to the motion and the motion passed unanimously.

At the conclusion of the Executive Session, the Board advised they were overall pleased with Mr. Carter's performance during the 2022 calendar year and encouraged him to seek additional education and training as possible and to continue with the good work of the Cooperative. The adjustments in salary were discussed and Mr. Todd made a motion to approve the adjustments. Mr. Preston made a second to the motion and the motion passed unanimously. The adjustment in salary was provided to Lena Tate, Human Resources Administrator, to go into the personnel file of Mr. Carter.

Mr. Dean participated and made an update to the evaluation forms of the directors and the summation form. A copy of that form was provided to Chairman Spalding electronically. Upon confirming its accuracy, it will be presented to Mr. Carter and ultimately placed in a personnel file. Due to Mr. Dean's absence, the attorney review by the Board will be deferred until December of 2022.

### **XXIII. ADJOURN**

A motion to adjourn was made by Mr. Todd. Mr. Kerrick seconded the motion and the motion passed unanimously. The Board adjourned at 3:25 p.m.