

Meeting Minutes Summary

October 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. Bill Peyton was not present due to a death in the family. A motion was made by Mr. Preston to excuse Mr. Peyton from today's board meeting. A second was made by Mr. Kerrick and the motion passed unanimously.

I. PRAYER

Mr. Dean opened the meeting with prayer.

II. SAFETY MOMENT

Mr. Kerrick discussed the need for caution in times of inclement weather and especially those residing in locations close to flooding or the coast.

III. ADOPTION OF AGENDA

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

IV. REVIEW OF SEPTEMBER 2024 MEETING MIINUTES [held October 3, 2024]

The Board reviewed the minutes of the September meeting which was held on October 3, 2024. 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 SEPTEMBER 2024 MEETING SUMMARY MINUTES [held October 3, 2024]

The September 2024 summary minutes [held Oct 3, 2024] were reviewed. Mr. Todd made a motion to approve the summary minutes. Mr. Kerrick 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 – Ms. Kurtz advised there were negative margins for September in the amount of (\$166,000). September 2024 OTIER was (1.65) and TIER was .07. Year to date operating revenues is up \$822,000 from last year and over budget by \$4M. The budget year to date for net margins is \$246,000 and currently net margins are \$1,500,000. Year to date OTIER is 1.67 and TIER is 2.00.

Total services in place increased by 1.4 % and the miles of line increased by 1.70%.

A review of the FFB borrowing rates for approximate quarterly interest rates between September and October of 2024 were mixed with some being higher and some lower for the given maturity period.

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

B. Office Services – Ms. Kurtz advised that 14 accounts were overdue and older than June 1, 2024. The total for those overdue accounts was \$2,192.48. Mr. Goggin made a motion to assign these accounts to bad debt and send them to collections pursuant to the PSC regulations. Mr. Kerrick made a second to the motion and the motion passed unanimously.

A graph of the membership creditworthiness was displayed. Only 47.4% of new members have 'good' credit scores.

C. Operations – Mr. Phelps was not present. Mr. Carter discussed the current changes in the department and how widespread they were. Mr. Carter discussed the plant account work done including 311 new work orders in September and new construction that was approximately \$2,801,229. There were 200 poles installed and nearly 13,402' of conductor added to the plant.

An update on the staking and field inventory activity for the month was provided.

The joint-use project was discussed, and it is expected that a large number of requests may be delayed until the start of the new year.

The right-of-way chart was presented as of the end of September and the total line cleared was below that of the initial projections but is projected to be completed on time.

The AMI installation is on schedule and all gateways have been installed. This includes 33 of 460 routers that are in place and 7,000 meters have been installed. The new radio system is scheduled for mid-November.

September outages totaled 6,204 with 19,398 hours without power. This was a result of the hurricane and was deemed a major event.

D. Member Services – Mr. Hitchcock discussed the Key Account Monthly Summary comparison for 2024. Year to date, these accounts totaled \$12,290,595 of power purchased.

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

A report on the impacts of the hurricane was presented and it was noted that a Rivian electric vehicle was covered in mud during the flood. The vehicle operated as expected and was dry inside. The battery packs worked perfectly and were not damaged as the Rivian is built to withstand exposure to water. A graph of 2024 sponsorships was presented and reflected that YTD total was \$23,269.00. He also presented images of a GM based Chevy Silverado tactical electric/diesel vehicle.

A member is in the process of purchasing a Generac generator and the details of that transition were discussed.

E. Executive – Mr. Carter discussed the spreadsheet relating to the construction plan. He advised that equipment purchases were significantly higher, and he discussed the new meters were a major part of that sum. Mr. Carter then displayed images of employee work anniversaries noting that six (6) people were celebrating work service anniversaries with a total of 106 years of service.

1. Christmas Blessings - Mr. Carter gave an update on the items to be listed in the sale.

2. Corporate Services - Mr. McGuffey discussed his report for the month of September. The September 2024 Recordable Incident Rate, DART Rate and Severity Rate were all zero. Year to date the Recordable Incident Rate was 4.33, DART Rate was 2.17 and Severity Rate was 2.17. There were leaks found at the Danville office after the historic rainfall and wind event from a recent hurricane. The leaks have been repaired. A report of line workers that were sent to help with repairs needed due to the two hurricanes.

3. Information Technology and Cyber Security Report

i. Phishing 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. Cole Parson presented a device capable of gaining access to data from other devices or credit cards. He discussed how vulnerable devices and credit cards are to these sort of attacks. Diligence is needed and protection of devices and credit cards continues to be particularly important.

ii. Federated Email - Mr. Bach also discussed the recent letter from the cyber insurer that existing devices must be updated for cyber security issues. The respective updates were already current, and the insurer was advised.

VIII. LEGAL/REGULATORY/POLICY

- A. Policy 109 - Employee and Temporary Personnel Classifications (Review)
- B. Policy 218 - Travel Expenses (Review)
- C. Policy 222 - Compensation for Injuries on the Job (Review)
- D. Policy 302 - Work Rules and Termination of Personnel (Review)

The staff presented the above-listed policies and did not recommend any changes. The Board reviewed the policies and likewise did not have any changes. Mr. Kerrick moved to approve the review of each of the policies and noted there were no changes. Mr. Todd made a second to the motion and 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 and OTIER were in the ‘green’ category. The equity metrics all fell within the target ‘green area’ of the chart. He noted the equity will drop in the next few months due to the AMI system. Likewise, the turnover factor is due to the purchase of equipment and poles for the AMI system. He expected that the factor would improve as the inventory is depleted.

X. COMMITTEE REPORTS

A. Audit Committee Report

The Audit Committee met, and five RFPs were sent out for quotes to perform the financial audit of the cooperative. There was only one response. A motion from the Audit Committee to grant the bid to Jones, Nale and Mattingly, the only entity providing an RFP. Mr. Goggin made a second to the motion and the motion passed unanimously.

B. Governance

1. Equity Management

The policy was presented in Boardpaq, and the Board reviewed that in consideration of whether or not a general retirement of capital credits will be made.

2. Consideration of Capital Credit Retirement

Mr. Carter gave a presentation and noted the expenditure on the AMI system and other borrowing and considering the uncertainty in the next months he did not recommend a general retirement of capital credits. The Board considered the current financial situation, as well as staff recommendations. After discussion, Mr. Preston made a motion to confirm a review was made and it was not prudent to pay a general retirement of capital credits. Mr. Todd made a second to the motion. The motion passed unanimously. The Board noted before consistent general retirements of capital credits can begin, it would need to be comfortable that any retirement not put the Cooperative in a position to compromise financial health.

3. Board Self-Assessment

The self-assessment was discussed with the Board, and it was decided that it is a better expenditure of time to perform this assessment every other year to be performed on odd numbered years. This will also be mated with strategic planning every other year in even numbered years.

4. Board Attorney Review

The forms were distributed to the Board for review.

5. Distribute CEO Annual Review Forms (Review in November)

Mr. Carter presented his self-assessment which included a copy of the strategic plan. The Board is encouraged to have the reviews to Board counsel by November 8, 2024.

XI. EKPC

No board meeting since the last Cooperative meeting. Chairman Spalding gave an update on the meeting at Maker's Mark and the discussions on the site which included a long list of people who attended. Comments at the time included the commitment Maker's Mark has to renewable energy.

XII. KEC/UUS

Mr. Todd advised there was nothing to report.

XIII. NRECA

A. Board of Governance Video

Mr. Carter advised the videos will be available for review and the Board should go to the monthly board materials for the link to the board video and be prepared to discuss at the meeting. This will save the Board time during the meetings and the Board to continue to seek out best practices in governance.

B. Winter School for Directors- December 13- 17, 2024 (Nashville, TN).

C. CEO Close-Up- January 12-14, 2025 (Marco Island, FL).

Mr. Carter is attending this year.

D. Director's Conference – January 25-28, 2025 (Ponte Vedra Beach, FL)
(Available online January 26-28, 2025).

Chairman Spalding is attending thru his position with EKPC. If any other director wants to attend, they may do so and will need to seek approval at the next board meeting.

XIV. FEDERATED RURAL ELECTRIC INSURANCE / BOARD LEGAL UPDATE

A. Federated Insurance Renewal 2024-2025 (Action on Proposal)

Mr. Carter advised the renewal documents were resubmitted and all insurance documents that were needed by Federated were received. New quotes on the policies for the Cooperative were sent. Mr. Carter presented the renewal documents and discussed the cyber insurance coverage and changes for the premiums. The overall increase was 16% for the next policy term. The maximum coverage for cyber insurance policy is \$3 million which costs \$20,081.00. To get additional coverage of \$2 million for a total of \$5 million, the cost would be \$12,975.00. In 2024-25 the coverage costs for the full \$5 million will be over \$33,000. It is notable that in 2023 the total cost was \$18,200 for \$5 million of coverage. After discussion, Mr. Kerrick moved to purchase the \$5 million of coverage for the premium stated for 2024-2025 at just over \$33,000. The motion passed unanimously.

B. Discussion on Medical Marijuana

Mr. Carter advised that he and other staff members will be meeting with Mr. Dean to discuss the current policies and any updates that may need to be made to address the upcoming law that allows doctors to prescribe medical marijuana.

XV. RUS-CFC-COBANK NEWS/UPDATES

None.

XVI. CAPITAL CREDIT DISBURSEMENTS

For September 2024 there was \$8,551.12 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 SEPTEMBER 2024

A. Work Order #202409- \$699,074.48.

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

XVIII. APPROVE NEW MEMBERS FOR SEPTEMBER 2024

A. 146 New Members

B. \$7,300.00 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. Goggin. The motion passed unanimously.

XIX. MISCELLANEOUS

Chairman Spalding requested the Board submit their expense sheets by providing those to Farrah Coleman. The regular November meeting is set for November 26th, 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. EXECUTIVE SESSION

Mr. Todd made a motion to enter an executive session and Mr. Goggin made a second to that motion.

Mr. Goggin made a motion to come out of executive session and Mr. Todd made a second to the motion. The motion passed unanimously.

There was no action taken.

XXI. OTHER BUSINESS

None

XXII. ADJOURN

A motion to adjourn was made by Mr. Todd. A second was made by Mr. Kerrick and the motion passed unanimously. The meeting was adjourned at 1:05 p.m.