

Meeting Minutes Summary

September 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	Bill Peyton

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

I. PRAYER

Mr. Preston opened the meeting with prayer.

II. SAFETY MOMENT

Mr. Kerrick discussed the need to be cautious when approaching a traffic control device, especially when the light is changing from yellow light. Vehicles should be under proper control and capable of coming to a safe stop.

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 AUGUST 30, 2024 MINUTES

The Board reviewed the minutes of the August 30, 2024, 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. REVIEW OF AUGUST 30, 2024 SUMMARY MINUTES

The August 2024 summary minutes were reviewed. Mr. Peyton made a motion to approve the summary minutes of the August 2024 board meeting. 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 was in Wisconsin in training and Mr. Carter gave her report. August ended with positive margins of \$33,909. August 2024 OTIER was 1.08 and TIER was 1.18. Year-to-date operating revenues are \$828,000 higher than last year and exceeded budget by \$4M. Year to date OTIER is 2.11 and TIER is 2.25. The year-to-date margins are just over \$1,722,000.

Total services in place increased by 1.4% and the miles of line increased by .03%. Interest rates decreased over every applicable time period referenced including 5% decrease in the 3-month maturity and the 30-year maturity went from 4.1% to 4.07%.

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

B. Office Services – Mr. Carter advised that 24 accounts were overdue and older than March 1, 2024, and the total for those overdue accounts was \$5,024.23. Mr. Preston made a motion that these accounts be assigned to bad debt and sent to collections pursuant to the PSC regulations. Mr. Goggin made a second to the motion and the motion passed unanimously.

A graph of the membership creditworthiness was displayed. Only 66% of new members have 'good credit' scores.

C. Operations – Mr. Phelps discussed the plant account work done including 402 new work orders in August and new construction that was approximately \$2,170,303. There were 197 poles installed and nearly 18,212' of conductor added to the plant.

He then updated the staking and field inventory activity for the month.

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, and Mr. Phelps noted that the miles cleared were well below the amount that was projected at this point in the year. The chart shows the estimated amount of line clears is just under 200 and the goal at this point in the year was approximately 270 miles. Mr. Phelps stated that the contractors still believe the goal of clearing will be met by year's end.

The AMI installation is on schedule and all gateways are installed. Of the 460 routers, there are 35 remaining to be installed, and contractors have installed just over 4000 meters.

D. Member Services – Mr. Hitchcock discussed the Key Account Monthly Summary comparison for 2024. Year to date, these accounts totaled \$10,877,475 of power purchase.

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

A graph of 2024 sponsorships was presented and reflected that YTD total was \$23,269.00.

Governor Beshear was at the ‘ribbon cutting’ for the 1st EV Charging Station in the southeastern US that was supported by a Federal Program. The program noted that the current administration has doubled since 2020.

The Cooperative has its first member from Marion County who is going to install a wind turbine with federal subsidies. It is not clear what the total costs will be. Mr. Hitchcock presented some of the data related to the project. It is also noted that if these projects continue to be put in place the sales of power from the Cooperative will go down.

Mr. Hitchcock discussed the demand side management [DSM] rebate and how it was recently increased for some appliances and/or heat pumps.

E. Executive – Mr. Carter discussed the construction plan spread sheet. He noted how much the increase in the expenditures are compared to prior years. This is primarily due to the AMI program. The purchase of the meters and change out costs are substantial. Mr. Carter then displayed images of employee work anniversaries noting that five (5) people listed were celebrating work service anniversaries with a total of 60 years of service. Mr. Carter gave certificates to Mr. Hitchcock for 30 years of service and Mr. McGuffey has 20 years of service.

1. Corporate Services

Mr. McGuffey discussed his report for the month of August. There was one ‘near miss’ and it was noted that the employee did not do anything wrong. The old anchors and wires attached broke while a new sleeve was being installed. The August 2024 Recordable Incident Rate, DART Rate and Severity Rate were all zero. Year to date the Recordable Incident Rate was 4.91, DART Rate was 2.45 and Severity Rate was 2.45.

2. 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 assessed. He noted a new ‘phishing email’ sent to the Cooperative staff and a display of that was presented.

3. United Way Day Proposal

Mr. Carter asked for approval to add an extra vacation day for every employee who donates at least one hour's pay per month to United Way. Mr. Goggin made a motion and Mr. Kerrick made a second to the motion. The motion passed unanimously.

VIII. LEGAL/REGULATORY/POLICY

A. Policy 202 (see below)

B. Policy 307

Harassment Free Workplace (review)

The staff presented the policy with no changes. It was discussed and Mr. Kerrick made a motion to note that the policy was reviewed with no changes. Mr. Todd made a second to the motion and the motion passed unanimously.

C. Information Security Policy (Action on Proposed Revisions)

Mr. Bach discussed the proposed revisions. The template came from NISC and Mr. Kerrick made a motion to approve the changes. Mr. Preston made a second to the motion and after discussion the motion passed unanimously.

IX. BOARD /CEO SESSION

A. Policy 202- Wage & Salary/Presentation

Mr. Carter gave notice of proposed increases and that would include an approximate 3-3.5% rise due to inflation. He also noted that there are certain positions that are below market, and he requested a policy change to make salary adjustments for those positions that are not within market rates. This determination is based on local and other professional resources in human resources. The recommendation is to amend the policy to allow for increases of no more than five (5%) percent without board approval. A motion to approve the changes to the policy was made by Mr. Todd and second to the motion was made by Mr. Preston. The motion passed unanimously.

1. Mr. Carter identified the positions that are not at the market pay for the position. Mr. Carter identified the basis of why the position/market adjustment was needed. Mr. Todd also made a motion to approve salary changes for the staff of 3.5% and to allow Mr. Carter to make the respective market changes that would exceed the 5% ceiling under the existing policy. The effective date of any changes will be November 1, 2024. Mr. Goggin made a second to the motion and the motion passed unanimously.

B. 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 and additional thoughts on agenda items and invitations to extend for attending the board meeting.

C. 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 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. 2025 Board Budget Reminder

Mr. Carter reminded the Board of the review and the need to submit each of their individual budgets.

B. Governance

1. Proposed Bylaw Revision

Proposed language was presented, and Mr. Carter and Mr. Dean discussed the change in how the regular meeting dates and times are set.

A motion was made by Mr. Kerrick to accept the proposed Bylaws revision as presented, with the notice of change to a regular board meeting set at least 5 days before the next regular board meeting. A second was made by Mr. Todd and the motion passed unanimously.

2. Preliminary Board Meeting Agenda

Mr. Carter presented a template for the regular Board Meetings. That template was discussed, and Mr. Carter advised the template would be included on the website.

X. EKPC

Chairman Spalding and Mr. Carter discussed the issue with generation of power behind the meter and issues with recent proposal for generation up to 5% per each cooperative. He also discussed issues with data centers and application to be granted the right to pursue such a project. He also discussed the status of gas line building and the process of those discussions. Margins for August 2024 of \$2.9 million for the year-to-date margins were positive \$19.5 million.

XI. KEC/UUS

Mr. Todd gave a report from last month's meeting [September 17, 2024]. He discussed patronage checks that were obtained. There was a discussion about timing and location of the venue for the meeting. As it stands it will be held in August and the venue will remain at the Louisville downtown Marriott. Next year is the last year of a two (2) year contract. Other venues are being considered, but at the current time it is not clear there is a better option.

Mr. Preston is attending the regional meeting and Jim Mathison will be there to speak with the group from Kentucky. The meeting is set to happen in Columbia, South Carolina.

XIII. NRECA

A. Positioning Co-ops for Success After the Election

Did not view due to time constraints.

B. Board Governance Video

Did not view due to time constraints.

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

XIV. FEDERATED RURAL ELECTRIC INSURANCE / BOARD LEGAL UPDATE

Mr. Carter advised that all the annual renewal documents presented to Federated from the Cooperative in July were not delivered by the Federated employee. All documents have been prepared and resubmitted to Federated for processing. Follow up will be performed by Ms. Coleman to ensure coverage.

XV. RUS-CFC-COBANK NEWS/UPDATES

No report given.

XVI. CAPITAL CREDIT DISBURSEMENTS

For August 2024 there was \$9,844.25 in estate retirements. Mr. Peyton made a motion to approve the retirements as stated. Mr. Todd made a second to the motion. After discussion, the motion passed unanimously.

XVII. WORK ORDERS FOR AUGUST 2024

A. Work Order #202408- \$320,798.21.

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 AUGUST 2024

A. 135 New Members

B. \$6,750.00 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. Peyton. The motion passed unanimously.

XIX. MISCELLANEOUS

Chairman Spalding requested the Board submit their expense sheets by providing those to Farrah Coleman. The regular October meeting is set for October 25, 2024, at 8:30 am.

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

None.

XXI. ADJOURN

A motion to adjourn was made by Mr. Peyton. A second was made by Mr. Kerrick and the motion passed unanimously. The meeting adjourned at 2:31 p.m.