

Meeting Minutes Summary

September 2025

Chairman of the Board, Joseph H. Spalding, called the meeting to order. After roll call, it was noted the following directors were present, to-wit:

Joseph H. Spalding	J. Kevin Preston
Louis A. Kerrick	Allen Goggin
Jason E. Todd	John Henry Wayne Russell

Also present and participating were President and CEO Jerry Carter and Attorney J. Hadden Dean as attorney for the Cooperative.

I. CALL TO ORDER

Chairman of the Board, Joseph H. Spalding, called the meeting to order. After roll call, it was noted the following directors were present, to-wit:

Joseph H. Spalding	J. Kevin Preston
Louis A. Kerrick	Allen Goggin
Jason E. Todd	John Henry Wayne Russell

Also present and participating were President and CEO Jerry Carter and Attorney J. Hadden Dean as attorney for the Cooperative.

II. PRAYER

Mr. Kerrick opened the meeting with prayer.

III. SAFETY MOMENT

Mr. Kerrick discussed how falls can cause a series of injuries. Anyone on medication should discuss how those prescriptions could cause someone to be unsteady on their feet. Maintaining regular checkups with medical providers, following prescription directions, leading an active lifestyle including spiritual content, all help with preventing falls.

IV. ADOPTION OF AGENDA

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

V. ACTION ON AUGUST 29, 2025 BOARD MEETING MINUTES

The Board reviewed August 29, 2025, Board Meeting minutes. Mr. Todd made a motion to approve the minutes with the addition that Mr. Preston was approved to attend the NRECA Conference. Mr. Preston made a second to the motion. After discussion, the motion passed unanimously.

VI. ACTION ON AUGUST 29, 2025 SUMMARY MINUTES

The August 29, 2025, summary minutes were reviewed. Mr. Goggin made a motion to approve the summary minutes. Mr. Russell made a second to the motion and the motion passed unanimously.

VII. 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

August had positive margins of just over \$108,000 and the budget was for negative margins of \$552,014. The Cooperative had OTIER for August of 1.48 and TIER was 1.53. The year-to-date operating revenues are up \$2.9M, which is approximately \$3.5M over budget. The year-to-date budget for net margins was \$120,213 and currently net margins are \$1,842,317. Year-to-date OTIER is 2.12 and TIER is 2.18.

Borrowing rates for approximate quarterly interest rates between July and August of 2025 were reviewed. The rates trended lower for all maturity dates listed.

Interest Income Report was reviewed along with cash flow and available cash.

B. Office Services

Ms. Kurtz advised 27 accounts were overdue and older than April 1, 2025. The total for those overdue accounts was \$8,698.35. Mr. Goggin made a motion that these accounts be assigned to bad debt and sent to collections pursuant to the PSC regulations. Mr. Kerrick made a second to the motion and the motion passed unanimously. There were 225 overdue accounts year-to-date, and the cumulative sum owed was approximately \$70,940.70.

Currently, there are 625 members with prepaid accounts.

A summary of the Online Utility Exchange reflected that total collections were \$685.71 from both online and transactions at the Cooperative.

C. Operations

Mr. Phelps and Mr. Carter discussed how the contractors on the joint use project are behind in payments to the Cooperative. A demand letter will be drafted to the debtors and all options for collection available to the Cooperative will be outlined.

Mr. Phelps advised the plant account completed 268 work orders within July. New construction was just over \$3,324,917 and purchases were \$305,393. There were 170 poles installed and 25,243' of conductor added to the plant. There were 120 poles and 3,131' from the plant.

Engineering work for the month included working on new service and bi-annual line inspections. Those inspections are 75% for Danville and 70% of Lebanon. Joint use work includes that Charter has been billed \$7,707,543 for "make ready" on the joint use project. Charter has paid \$5,835,774 of that sum. To date, there have been 1246 work orders created and 990 of those have been completed.

Contract crews worked on Alcan pole replacements, new services, and correction clearance issues. There was conductor change at the Highland-Green River Circuit. There are 4 crews from Elliott currently working within the service territory on Charter and Alcan pole replacements.

Right of way clearing is behind based on the projections for the year. The year-to-date billings were \$1,089,656 for cycle clearing of 254.53 miles. The cost for maintenance was \$159,964 and \$44,732 was expended on Work Orders. Total year-to-date costs were \$1,408,585 [not including Work Orders.]

The AMI project has been progressing and at the time the report was created approximately 300 meters were left to be changed.

Mr. Phelps ended with a review of several items listed in the Miscellaneous section of his report. Notably, the Tri-K landfill in Lincoln County is being considered for a 2MW biofuel generator. The Mett's Drive substation is scheduled to be energized in December of 2025. Staking for the RICE engine facility in the Casey district is beginning soon. The transformer at the Morris Packing building has been placed. Pernod Ricard was to start assessing the boilers, but no request to energize their lines has been made. The Grissan facility is completing grading work but before the Cooperative can install the service line, tree removal will need to be completed by Grissan.

D. Member Services

Mr. Carter presented the report.

The Key Account chart was presented and year-to-date those accounts totaled \$10,855,598. Diageo still dominated the pie chart and accounted for 67% of the total costs of power for the group. The Key Account Monthly Summary Comparison for August of 2025 reflected total revenue was just under \$1,351,022.

Several employees participated in the United Way "Day of Caring." The work was done in several counties within the service territory.

Mr. Carter discussed a letter that had been sent to members regarding the "Simple Saver" program. The devices used to manage the electrical use of the members are soon to be obsolete. The letter discussed new options and cost savings, along with how those interested in participating could do so.

Mr. Carter read a letter from Tom Bullock, a Vietnam veteran who recently participated in the Honor Flight. The letter was a heartfelt acknowledgment of the reception he received when he arrived back home in Lexington. Sadly, this was a stark contrast from the lack of welcome and efforts taken to avoid the protesters when arriving in California in 1969 when returning from Vietnam.

The Cooperative and each local Chamber of Commerce for Boyle, Lincoln and Garrard Counties will host meetings with local legislators. The Boyle County meeting/coffee with local legislators is set for October 17, 2025. The Lincoln County meeting will be held in their library on October 31, 2025, and the Garrard County event will be held on November 7, 2025 at a venue yet to be determined.

E. Executive

Mr. Carter discussed the construction plan spread sheet. There is only one year left in that work plan. Mr. Carter then displayed images of employee work anniversaries noting the eight people listed were celebrating work service anniversaries with a total of 68 years of service.

1. Corporate Services – Mr. McGuffey was pleased to share that there were no incidents to report. The Recordable Incident, DART, and Severity Rates were all 0.0. For 2025 the Recordable Incident Rate is 2.39 and DART Rate and Severity rates are both 0.0.

He also noted the Annual Safety Day will be held in October and shall include both inside and outside staff members. The day will be divided with inside and outside employees having separate morning sessions. The afternoon will include both groups meeting

with Jim Green to discuss several topics. There will also be a separate discussion on cyber security for both groups.

2. Information Technology and Cyber Security Report - Mr. Bach discussed the charts in his report.

a. Cyber Hygiene

CISA Cyber Hygiene Assessment was presented. Mr. Bach discussed the "Report Card" and its findings. He was happy to advise the Cooperative's application to CISA was approved. He noted not every application is accepted. The Hygiene Report was presented after the IT department went through the steps CISA and its staff had presented.

b. Weekly Cybercrime and Ransomware

Mr. Bach discussed the incidents listed in this report. This demonstrated how the data taken in cyber hacks are sold and the amounts that data is being sold for on the dark web. He also discussed how the Cooperative defends these issues.

c. Vendors Report

A list of vendors was presented. These included Microsoft O365, NISC, Landis & Gyr, EKPC, CRC, THE AME Group, Ivey Mechanical.

He also discussed how Microsoft 365 was secured, and the efforts made by the Cooperative to address these issues. He also discussed Conditional Access policies and what is blocked and/or scanned. He reviewed several 'scores' of metrics. He advised of an upcoming 'disaster test' where using facilities in Lebanon and Louisville off site could be utilized for recovery systems. Windows 10 will soon lose any support on any computer.

d. Phishing Report

A Cooperative employee "clicked" a test email that could have led to a cyber incident. Mr. Bach presented the 'email' which was allegedly from LinkedIn and had an 'update' link. Apparently, there have been 2 clicks of this email. The "Risk Score" is at 47.1. Mr. Bach pointed out the industry average for phone phishing was 3.1%. Comparatively, the Cooperative's average was only .8%. He continues to remind all staff of the need to be aware of email origins before "clicking".

3. United Way Day Proposal

Mr. Carter discussed his proposal for granting an additional day of vacation to each employee who donates at least 1 hour of pay per month to the United Way. Mr. Todd made the motion to approve this additional day of vacation starting in 2026 for each employee

who contributes at least 1 hour of pay per month. Mr. Preston made a second. After discussion, the motion passed unanimously.

4. Envision Update

Mr. Carter discussed the relationship between Inter-County and Envision.

VIII. LEGAL/REGULATORY

A. Policy 202 – Wage & Salary

Mr. Carter presented this policy for review without changes. Mr. Kerrick made a motion to approve the policy as reviewed with no changes. Mr. Preston made a second to the motion. After discussion, the motion passed unanimously.

IX. BOARD /CEO SESSION

A. Wage & Salary Presentation

Mr. Carter presented several key indexes including the CPI, Core CPI, and other salary comparisons. He recommended a 3% raise based on that data. Mr. Todd made a motion to approve the 3% effective on November 1, 2025. Mr. Kerrick made a second to the motion. After discussion of the various sources of data and consideration of the market pressures, the motion passed unanimously.

B. Homestead Fund

Mr. Carter discussed the Homestead Fund and noted the form policy received is from the NRECA and being reviewed by him, Ms. Kurtz, and Mr. Dean. This new policy would allow the option of a tax provision which would permit some of the higher paid employees to contribute more money to their retirement plans.

C. Annual Calendar

Mr. Carter reviewed the annual calendar and did not make any recommendations or changes to the items listed. He advised that October included a review and consideration of a general retirement of capital credits. Mr. Carter presented the dashboard and the data contained therein. The equity issues were highlighted, and he noted the equity has been on a steady increase over the last few years. However, he also noted the KTRA listed the Cooperative as one of the lower cooperatives relative to the equity data. The Board directed Mr. Carter and staff to give examples of what impact certain levels of retirements would have on the financial status of the Cooperative and still be consistent with the Cooperative policies.

D. Dashboard

Mr. Carter discussed all factors that impacted margins for the month and YTD. Mr. Carter reviewed the dashboard and data with the directors. TIER and OTIER continue in the 'green' section of the chart.

E. 2026 Budget Reminder

Mr. Carter discussed the status of the current budget and asked each director to draft a budget to send to the staff for budgeting purposes for the upcoming year.

F. Board Policy Review

a. Policy 408 Director Fees, Compensation and Expenses

Chairman Spalding and the board reviewed this policy and potential revisions. A discussion on the encouragement of obtaining Board Certification and the timing of when that could happen. There was also a discussion about the possibility of reimbursement for staying in a privately owned residence or RV at seminars. There are also some suggestions to review the amounts for meals and possible removal of section 3. Insurance (A), (B) and (D). This policy will be reviewed next month.

A motion was made by Mr. Kerrick to approve the policy as being reviewed, without changes. A second to the motion was made by Mr. Russell. After discussion, the motion passed unanimously.

b. Policy 431- Capital Credit Allocation Retirement

Mr. Preston made a motion to approve the policy as it was being reviewed without changes. Mr. Goggin made a second to the motion and after discussion the motion passed unanimously.

X. COMMITTEE REPORTS

No report.

XI. EKPC

At the last EKPC meeting, a presentation outlining the use of drones was given. This also included the licensing requirements for drone pilots. Mr. Carter advised the Cooperative to begin training and use of drones for multiple issues. This includes the ability to quickly and safely cover lines that have some 'blinking' that happens often with rain. There was also a discussion on cyber security. The EKPC Board authorized securing an engineer for solar farms
1690
in Fayette and Marion Counties. An update was given on equipment purchased for upcoming generation projects. July margins were \$2.8M below budget.

Chairman Spalding advised the cut-off for applicants for the CEO position at EKPC is today (September 26, 2025). To date, there are approximately 187 applicants. He gave a general outline of how the process is moving forward.

The state environmental authorities granted approval and issued a clean closure of Spurlock ash pond reclamation.

XII. KEC/UUS

Mr. Todd discussed the meeting last week and began with a summary from Dr. Ryan Quarles regarding the KCTC system which has approximately 110,000 students. The scope of the courses was a high point of the presentation. There was also a discussion regarding the tuition cost savings of starting at BCTC, which is significantly lower than University of Kentucky. There was a concern about the insufficient giving to support the PAC [ACRE] or representatives in state or federal political races. NRECA was named a top trade association for the third year in a row.

Mr. Todd gave a historical perspective of UUS including that it only had 250 customers in 2015. Since the closure of the transformer plant, the customer base has grown to over 400 customers with a significant increase in revenue. In August there was approximately 11% increase in sales over the same time last year. A major increase in sales is actually occurring in other states and to non-cooperative businesses. He also noted some of the Washington Youth Tour participants returned and set up voter registration booths at recent civic events.

XIII. NRECA

A. Board Governance Video

Mr. Carter played the video relating to directors in a small town. Susan Olander, general counsel for NRECA, presented some challenges that arise when having conversations that transition from personnel to director and cooperative business. Confidential information is one of the areas that commonly can become the topic of conversations with people you will occasion while at social and private events. She discussed where the general lines of discussion can and cannot go. This includes that employment and discipline areas are always off limits for directors to discuss.

1. Winter School for Directors – December 12-16, 2025 (Nashville, Tn)

a. Hotel: Primary Hotel is Gaylord Opryland Resort and Convention Center (Deadline: Nov. 20, 2025).

b. Mr. Kerrick moved to approve the classes/travel for Mr. Todd, Mr. Goggin, and Mr. Russel. Mr. Preston made a second to the motion and the motion passed unanimously.

XIV. FEDERATED RURAL ELECTRIC INSURANCE / BOARD LEGAL UPDATE

A. Federated Voting Delegate for Regional Meeting

Mr. Russell made a motion to nominate Mr. Todd as the voting delegate for the Regional Meeting. Mr. Goggin made a second to the motion and after discussion the motion passed unanimously.

XV. RUS-CFC-COBANK NEWS/UPDATES

A. CFC Voting Delegate/Alternate for Regional Meeting

Mr. Russell made a motion to nominate Mr. Preston as the voting delegate for the Regional Meeting and Mr. Todd as the alternate delegate. Mr. Goggin made a second to the motion and after discussion, the motion passed unanimously.

B. CFC Voting Ballot (Mail in or Present Card for In-Person Voting at Regional Meeting.) Mr. Preston will hand carry the voting ballot to the meeting.

XVI. CAPITAL CREDIT DISBURSEMENTS

For August 2025 there was \$11,541.51 in estate retirements. Mr. Kerrick made a motion to approve the estate retirements as stated. Mr. Goggin made a second to the motion. After discussion, the motion passed unanimously.

XVII. WORK ORDERS FOR AUGUST 2025

A. Work Order #202508- \$697,378.56.

Mr. Todd made a motion to approve the work orders as stated. Mr. Russell made a second to the motion and the motion passed unanimously.

XVIII. APPROVE NEW MEMBERS FOR AUGUST 2025

A. 140 New Members

B. \$7,000.00 in membership fees were paid.

Mr. Goggin made a motion to approve new members and the amount of fees stated. Mr. Kerrick made a second to the motion. The motion passed unanimously.

XIX. MISCELLANEOUS

A. Expense Sheets - Chairman Spalding requested members of the Board submit their expense sheets.

B. Next Board Meeting – The October board meeting has been moved to Wednesday, October 29, 2025 at 8:30 am.

1. 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.

2. Chairman Spading noted a request to change the January 2026 meeting. This will be discussed further at the October Board Meeting.

XX. OTHER BUSINESS

None.

XXI. ADJOURN

A motion to adjourn was made by Mr. Russell. A second was made by Mr. Todd and the motion passed unanimously. The meeting adjourned at 1:44 p.m.