

. Meeting Minutes Summary

April 2023

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. Kerrick opened the meeting with prayer.

II. SAFETY MOMENT

Mr. Kerrick gave the safety moment and reminded everyone to take extra caution during summer driving and watch out for an increase in pedestrians, and especially kids, walking and riding bikes close to the roadways. Accidents involving pedestrians can happen quickly when either the driver or pedestrian, or both, are not paying attention to their surroundings.

III. ADOPTION OF AGENDA

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

IV. REVIEW OF MINUTES

The Board reviewed the minutes of the April 28th, 2023, Board Meeting. Mr. Todd made a motion to approve the minutes. Mr. Kerrick made a second to the motion and the motion passed unanimously.

V. APRIL 2023 SUMMARY MINUTES

April 2023 summary minutes were reviewed. Mr. Peyton made a motion to approve the summary minutes of the April 28th, 2023, board meeting. Mr. Peyton made a second to the motion and the motion passed unanimously.

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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 May 26th, 2023, 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 – For the month, the Cooperative ended up with negative margins of just under \$395,000. This also takes into account additional costs for storm damage that total over \$120,000. OTIER for April 2023 was -1.32 and TIER was 1.55. For year-to-date OTIER was 1.11 and TIER was 1.17. Ms. Kurtz noted the kilowatt hours purchased decreased 17.9% from the previous month and that total services in place increased year-to-date by 1.26% while the miles of line increased .49%.

The FFB quarterly interest rates were reviewed and compared between April and May of 2023. Interest rates from short term to long term all increased.

Form 7 was presented and reviewed. Additionally, the working capital status report and forecast for 2023 was presented.

In conclusion, Ms. Kurtz noted that the total cost of service, less purchase power, was just over \$1,808,000.00 and the amount budgeted was just under \$1,527,000.00.

B. Office Services – The report reflected there were 25 accounts for bills that were older than January 1, 2023, which totaled \$8,983.57. Mr. Preston made a motion to approve those accounts to be assigned to bad debt and sent to collections pursuant to PSC regulations. Mr. Goggin made a second to the motion and the motion passed unanimously. Ms. Stocker advised there was approximately \$48,000.00 in debt management, with 88 accounts participating in debt management and 46 of those accounts with outstanding balances greater than \$500.00. She also noted there were 582 members taking advantage of the prepay program.

She noted she had completed the first quarter PSC meter report for 2023 and gave a general review of the personnel events that she and/or her staff attended.

C. Operations – Mr. Phelps advised that there were 135 new work orders started in April and that new construction cost totaled just under \$662,000.00. Purchases of material totaled just over \$170,000.00. With regard to the engineering projects, he advised that generally the staking was ongoing along with the field inventory.

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He then gave a review of the construction projects ongoing with the contract crews and company crews.

A diagram of the miles of right-of-way cleared for 2023 was presented and demonstrated that the progress is ahead of what was scheduled. The 2023 cycle cost was approximately \$652,000.00 for 134.5 miles. That represented \$4,850.00 for miles cleared. Year-to-date maintenance cutting totaled just over \$49,000.00 and spray cost was approximately \$178,000.00. Total year-to-date right-of-way clearing costs were just over \$880,000.00.

Miscellaneous matters he discussed included a meeting with a metering company regarding the AMI upgrade, replacement of service poles and weekly contact with Pernod Ricard Contractors. He also advised that the NISC conversion was underway and tasks including time entry, work management, mapping, imagery uploading, and AMI integration set-up were all underway.

D. Member Services – Mr. Hitchcock advised of the member service activity report, as well as the summary of the member service department activities. He then presented a comparison of different types of electric vehicles. He also presented a display of images of where the future home of Poor Ridge Distillery was going to be located. He is told there will be a 50,000 square foot building on a 98-acre site on Poor Ridge Pike. Construction was scheduled to be completed in March of 2023, but they are running behind schedule. He then presented a key account breakdown for the month of April 2023, which represented a total of \$1,622,827.00 in gross revenue from the key accounts. He also presented a pie chart of the top 5 key accounts, where Diageo remains at the top, representing 74% of the revenue. He noted for 2023, the top 5 of the key accounts represented \$5,344,399.00 in purchase power.

He then attached a copy of an article entitled “America’s Electric Cooperatives.” This provided an overall breakdown of the cooperatives with a map of the United States. He gave other details including the retail energy purchase options, awareness of emission issues, broadband, smart meters, energy storage and carbon capture. This article was published by the NRECA.

E. Executive – Mr. Carter reviewed the construction project summary and noted there were five (5) service anniversaries in May of 2023. The longest tenure was Chairman Spalding, having served for 28 years, followed by Mr. Preston having served for 24 years. He presented the 2023 March service anniversaries and calculated approximately 110 years of experience with the Cooperative for these employees working in the energy industry.

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1. Corporate Services – Mr. McGuffey advised there were no incidents or near misses to report. He also gave an update on the crew visits. For April of 2023, the recordable

incident rate (DART) rate and severity rate were all zero. For the year-to-date of 2023, the recordable incident rate index was 4.85 with a DART and severity rate both at 0.00. He gave an update on the safety meeting that was held in May and the topic covered was working in the heat and cautions for installing meters and voltage testing. He also presented images of safety demonstrations that occurred at the Casey County Ag and Safety Day. He also presented images of staff working at the Marion County Tech Center and the Nelson County Area Tech Center.

2. Info Technology/Cyber Security - Chris Bach gave an update and presented a dashboard of several testing metrics that have been utilized. He noted an uptick in employees engaging in phishing security tests. He continues to identify extremely authentic-looking examples and educate the staff and employees about these risks.

VIII. ANNUAL MEETING

A. C & E committee approved the nominations of Mr. Goggin and Mr. Preston for the upcoming election at the annual meeting.

B. Discussions of Member Gifts - the Board discussed the options for the Cooperative to present to those members who register and attend the annual meeting. After discussion it was agreed that the Cooperative would give prepackaged popcorn to those who register and attend the annual meeting.

C. 2023 Annual Meeting Important Dates - this was revised to remove absentee voting dates and deadlines.

IX. LEGAL /REGULATORY/POLICY

Policy 307 [Harassment Free Workplace] was presented with staff recommended changes. Mr. Kerrick made a motion to accept the staff recommended changes and Mr. Preston made a second to the motion. After discussion, the motion passed unanimously.

X. BOARD/CEO SESSION

A. Annual Calendar Review - Annual calendar was presented and discussed.

B. Dashboard Review – The key indicator dashboard from April 2023 was reviewed. This included the safety, financial, operational and customer indicators. A graphic display of TIER, OTIER and equity were presented. Mr. Carter advised the TIER year-to-date is primarily as a result of extraordinarily warm weather. He also noted that the equity dashboard was still very positive in that the year-to-date distribution equity was at 21.46% with the year-to-date total equity at 38.93%.

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XI. COMMITTEE REPORTS

The Governance Committee reported on Policy 421 and said the changes discussed at the last meeting were final. Mr. Kerrick made a motion to pass the revisions as presented and Mr. Preston made a second to that motion. The motion passed unanimously.

XII. EKPC

Mr. Spalding discussed the current financial status of EKPC and advised that the new CFO, Mr. Cliff Scott, was hired. Mr. McNalley is still serving in an advisory role until the transition can be completed. Discussions about the resources for power supply continued and finding dependable and reasonably priced power continues to be a challenge across the nation.

XIII. KEC/UUS

A. The Annual Meeting is set for August 7th & 8th, 2023 in Louisville, Kentucky at the Marriott Downtown Hotel.

B. Hotel - Reservation cutoff is July 7th.

C. KEC Annual Meeting – Appointment of Delegate and Alternate Delegate. Mr. Goggin made a motion to appoint Mr. Spalding to serve as the voting delegate and Mr. Preston as the alternate delegate. Mr. Kerrick made a second to the motion and the motion passed unanimously.

XIV. NRECA

A. Board Governance- the video relating to bylaws was presented.

B. Summer School- Summer School for Directors is set to occur in Myrtle Beach, South Carolina June 9-13, 2023. Mr. Todd is scheduled to attend.

XV. FEDERATED RURAL ELECTRIC INSURANCE / BOARD LEGAL UPDATE

No report.

XVI. RUS-CFC-COBANK NEWS/UPDATES

A. Integrity Fund

B. CFC Forum is set to be held in Seattle, Washington June 19-21, 2023. Mr. Carter, Chairman Spalding, and Mr. Preston are scheduled to attend.

XVII. CAPITAL CREDIT DISBURSEMENTS

For April 2023 there was \$7,415.27 in capital credit disbursements. Mr. Todd made a motion to approve the capital credit disbursements. Mr. Peyton made a second to the motion and the motion passed unanimously.

XVIII. WORK ORDERS FOR April 2023

A. Work Order #2062 - \$415,186.31.

Mr. Goggin made a motion to approve the work order, which was seconded by Mr. Kerrick. The motion passed unanimously.

XIV. APPROVE NEW MEMBERS FOR APRIL 2023

- A. 135 New Members
- B. \$6,750.00 Membership Fees

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

XX. 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 June 16th, 2023, 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.

XXI. OTHER BUSINESS

None.

XXII. ADJOURN

A motion to adjourn was made by Mr. Goggin and Mr. Todd made a second to the motion. The motion passed unanimously, and the Board adjourned at 1:50 p.m.

SECRETARY – JAMES KEVIN PRESTON

APPROVED:

CHAIRMAN, JOSEPH H. SPALDING