

Meeting Minutes Summary

January 2025

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 [by virtual means.]

I. PRAYER

Mr. Kerrick opened the meeting with prayer.

II. SAFETY MOMENT

Mr. Kerrick discussed the perils of walking or driving on “black ice”, trip hazards and other ways a person can be injured due to weather conditions.

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 DECEMBER 27, 2024 MINUTES

The Board reviewed the minutes of the December 27, 2024, Board Meeting. Mr. Goggin made a motion to approve the minutes as presented and Mr. Kerrick made a second to the motion and after discussion the motion passed unanimously.

V. REVIEW OF DECEMBER 27, 2024, SUMMARY MINUTES

The December 2024 summary minutes were reviewed. Mr. Todd made a motion to approve the summary minutes as presented. Mr. Preston 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 commentaries, 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 that December had positive margins of \$1,138,576 and OTIER was 4.83 and TIER was 7.19. Year to date operating revenues are \$420k higher than last year. The year-to-date net margins are \$3,136,847 and year-to-date OTIER is 2.03 and TIER is 2.50.

Total services in place increased by 1.38% and the miles of line decreased by 13.82%. Mr. Phelps discussed why the miles of line decrease so substantially and he advised this is primarily due to the accuracy of the GPS system compared to the manner in which the line was initially reported. Ms. Kurtz advised this will likely decrease the amount of property taxes that will be owed.

The KWH purchased increased by 24% from the prior month.

A review of the FFB Borrowing rates for approximate quarterly interest rates between November through January of 2025 were reviewed.

The Working Capital and Forecast Status report was displayed and the finance report ended with review of the Form 7 report and interest income report.

B. Office Services – Ms. Kurtz advised that 23 accounts were overdue and older than September 1, 2024, and the total for those overdue accounts was \$5,715.23. Mr. Preston 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.

Year to date overdue accounts totaled 306 with approximately \$76,000 owed.

A bar graph was displayed with write offs from 2017 [\$203,494.46] to 2024 [\$76,134.47]. Ms. Kurtz advised the various changes that have been implemented to improve this statistic have clearly paid off in bringing about the dramatic reduction of the bad debts over the last 7 years.

Currently there are 603 members with prepaid accounts with a total balance of \$13,467.78. There were 109 credit account checks performed, and that cost was \$375.43.

C. Operations – Mr. Phelps discussed the plant account work, and 174 new work orders were started in December. New construction costs were just over \$2,953,163. There were 91 poles installed and nearly 15,769' of conductor added to the plant.

He then updated the staking and field inventory activity for the month. He confirmed that the bi-annual line inspection was underway with Danville at 5% and Lebanon 6% of completion.

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

Construction crew report included a discussion regarding extensions made at the Airport in Danville and other work in Broughtontown and Lebanon. All Cooperative employees were working on new service work orders.

The AMI installation includes approximately 16,000 meters that have been installed. The current status of the Pernod Ricard project was discussed. Mr. Carter discussed the status of that construction. A lengthy discussion regarding the spirits industry was had and that included market issues for bourbon, new entries to market, current political issues [tariffs] and a long-term approach have led to some of the larger players in this market reconsidering its production.

D. Member Services – Mr. Hitchcock discussed the Key Account Monthly Summary comparison for 2024. The top five (5) key accounts in 2024 purchased just over \$13,670,000 of electricity from the Cooperative. Diageo purchased 68% of the grand total of the top five accounts. Makers Mark came in as the second largest consumer of that group purchasing 12% of the annual total.

The Cooperative now has over 10,000 followers on Facebook. A comparison was made between five (5) other cooperatives showing 'Followers and Likes.'

Mr. Hitchcock presented two different charts that compared the total passenger car/trucks owned in Kentucky from 2023 to 2024 based on the types of fuel used. Annual Meeting Date- Mr. Hitchcock opened a discussion to set the Annual Meeting date. Mr. Todd made a motion to set the Annual Meeting for July 25, 2025 with the time to be announced at a later date. Mr. Kerrick made a second to the motion. The motion passed unanimously. The time will be set depending on if there is a contested election.

E. Executive – Mr. Carter discussed the construction plan spread sheet. He noted the increase in the expenditures compared to prior years. He noted that for the first time the total eclipsed \$12,000,000. The increase is primarily due to the AMI program and special equipment. Mr. Carter then displayed images of employee work anniversaries noting that four (4) people listed were celebrating work service anniversaries with a total of 63 years of service.

1. Corporate Services - Mr. McGuffey discussed an incident that involved a head injury to an employee. Year to date the Recordable Incident Rate for 2024 was 4.92, DART Rate was 1.64 and Severity Rate was 77.12. Crew visits were conducted in Marion and Lincoln County. Charlie Lewis conducted the December Safety Meeting, and he discussed NESC clearances.

2. Information Technology and Cyber Security Report - Mr. Bach noted the recent “clicks” by employees. He advised this particular employee made the ‘click’ from a mobile device. He stated that when on a mobile device, the ability to see the authenticity of the email is not as easy to identify as from a laptop or desktop computer.

3. 2025 PAC Renewal (Formerly ACRE) - Chairman Spalding asked all board to submit their checks to Ms. Coleman or make arrangements to have the annual contribution deducted from their per diem.

4. Marion County REC Center- Chairman Spalding and Mr. Carter discussed the various uses planned for the center and its location in Marion County. Mr. Carter discussed participating in the costs of construction of three (3) score boards at an estimated total cost of \$24,000. He noted the CoBank ‘Sharing Success Program’ can be used as well and that will help subsidize the portion that Inter-County Energy will pay. Mr. Carter asked for board approval for Inter-County to participate by paying up to ½ the costs of 3 score boards at total cost of approximately \$24,000. Mr. Preston made a motion to approve the costs. Mr. Kerrick made a second to the motion and the motion passed unanimously.

VIII. LEGAL/REGULATORY/POLICY

A. Policy 215- Holidays

Mr. Dean asked to table this until the next meeting for further review and discussion.

B. Policy 309 – Procurement Conflict of Interest (Review)

The Board reviewed the policy. Mr. Dean requested additional time to review and make any other recommendations. Mr. Goggin made a motion to acknowledge that this policy was reviewed, and no changes were made at this time. Mr. Preston made a second to the motion. The motion passed unanimously.

C. Policy 310- Ethics and Conflicts of Interests in Outside Business and Activities. Mr. Goggin made a motion to acknowledge the review without changes. Mr. Kerrick made a second to the motion and the motion passed unanimously.

IX. EXECUTIVE SESSION

Mr. Carter called on the Board to go into executive session to discuss threatened or pending litigation. Mr. Preston made a motion to go into executive session. Mr. Todd seconded the motion, and the motion passed unanimously. Mr. Kerrick made a motion to come out of executive session. Mr. Goggin made a second to the motion and the motion passed unanimously. No action was taken thereafter.

X. BOARD /CEO SESSION

A. Annual Calendar Review

Mr. Carter reviewed the annual calendar and advised that the Board Policies will be added for review throughout the year and especially in months where there is not as much business anticipated to be conducted in those particular months.

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 advised the Cooperative was in a better position than most cooperatives across the state. He further discussed the Equity Management book from CFC and what steps to consider the impact and ability for the Cooperative to annually retire capital credits to the members.

C. Board Policy Review

1. Policy 402- Delegation from Board to President/CEO

Mr. Todd made a recommendation to modify the policy as it relates to the timing of when the CEO appraisal is done. A second to the motion was made by Mr. Goggin. The motion passed unanimously.

2. Policy 403- Board of Directors President/CEO Relationship

Mr. Kerrick made a motion to remove the reference to the anniversary date being the timing of when the annual review of the President/CEO is conducted. Mr. Goggin made a second to the motion and the motion passed unanimously.

3. Policy 409- Services of Consultants

4. Policy 410- Services and Compensation of Legal Counsel

Mr. Kerrick made a motion to approve both Policy 409 and 410 with no changes. Mr. Goggin made a second to the motion and after discussion the motion passed unanimously.

XI. COMMITTEE REPORTS

None.

XII. EKPC

Chairman Spalding gave an update on the CFC meeting. He noted it was produced with topics of great relevance and the speakers were excellent.

A. Wholesale Power Contract

Mr. Carter discussed the letter from Tony Campbell dated November 25, 2024, and its impact on the Cooperative. The new contract will run through 2068. The current contract

is set to expire in 2051. Chairman Spalding added context to the request and the status of the consideration of this proposed amended contract by other cooperatives. Chairman Spalding advised the Board that EKPC unanimously passed the contract. The agreement is due to be accepted or rejected by March 31, 2025, and any cooperative not accepting this contract will no longer have a contractual right to purchase power from EKPC at the end of the term of the existing contract.

Mr. Kerrick made a motion to accept and approve the Wholesale Power Contract as presented. Mr. Todd made a second to the motion. A lengthy discussion followed, and Chairman Spalding called for a vote and the motion passed unanimously.

XIII. KEC/UUS

Mr. Todd advised there had been no meeting since the last Cooperative board meeting. He gave an update on some questions on KEC's relationship with UUS.

A. Legislative Reception – February 18, 2025 [Frankfort, Ky]. Chairman Spalding gave an update on the upcoming reception and who he expected would be in attendance. Mr. Todd made a motion to approve the attendance of all board members. Mr. Goggin made a second to the motion and the motion passed unanimously.

XIII. NRECA

A. Board Governance Video

Mr. Carter played a video that addressed filling a board vacancy.

B. 2025 PowerXchange - March 10-12, 2025, to be held in Atlanta, Georgia.

Chairman Spalding is set to attend.

C. Legislative Conference- April 27-30, 2025 (Washington, D.C.)

a. Preliminary Schedule provided by KEC

b. Mr. Goggin made a motion to approve the travel of Mr. Preston and any other director who may wish to attend. Mr. Todd made a second to the motion and the motion passed unanimously.

XIV. FEDERATED RURAL ELECTRIC INSURANCE / BOARD LEGAL UPDATE

No report.

XV. RUS-CFC-COBANK NEWS/UPDATES

CFC and CoBank advised that they have funds available if needed to seek funding in light of the executive order pausing federal funding. Mr. Carter advised at the current time no additional credit agreements need to be sought as there are more than sufficient sums left on the existing lines of credit.

XVI. CAPITAL CREDIT DISBURSEMENTS

For December 2025 there was \$10,406.98 in estate retirements. Mr. Goggin 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 DECEMBER 2024

A. Work Order #202412- \$568,651.21.

Mr. Todd 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 DECEMBER 2024

A. 114 New Members

B. \$5,700 in membership fees were paid.

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

XIX. MISCELLANEOUS

Chairman Spalding requested the Board submit their expense sheets by providing those to Farrah Coleman. The next meeting is set for February 28th, 2025, 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. EXECUTIVE SESSION

Mr. Kerrick made a motion to go into executive session. Mr. Goggin made a second to the motion. The motion passed unanimously.

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

At the conclusion of the executive session, Chairman Spalding advised that the Board had solicited and secured multiple names of individuals to serve out the unexpired term in the Casey/Taylor District. As per Board policies, he and others, secured these names by contacting local community leaders, including the Casey County Attorney, the Commonwealth Attorney in Casey County, the County Extension Agent, Bill Peyton, Stanley Burris, and other members of

the Casey/Taylor District, about the board vacancy and the need for someone to fill the unexpired term for that District.

Mr. Preston made a motion that each of the names collected be contacted by one or more Board Members to gauge the interest of these individuals in filling the unexpired term. After these contacts are made, interested candidates will be advised that additional information is available at the headquarters in Danville, regarding the vacant board position. A formal letter will outline a deadline of **February 14, 2025, at 4:30 p.m.**, by which applicants must submit their completed applications. Mr. Todd seconded the motion, and after discussion the motion passed unanimously.

After the deadline runs, the Board will then review the applications to ensure each candidate meets the necessary qualifications. Qualified candidates will be contacted about the next stage of evaluation and consideration for the position.

XXII. ADJOURN

A motion to adjourn was made by Mr. Kerrick. A second was made by Mr. Goggin and the motion passed unanimously. The meeting adjourned at 2:38 p.m.