

## **Meeting Minutes Summary**

**October 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. PRAYER**

Mr. Todd opened the meeting with prayer.

### **II. SAFETY MOMENT**

Mr. Kerrick urged everyone to watch out for 'trick or treat' activities and be aware of adults and/or children that may wander into areas where traffic will be moving. He also noted heavy traffic in local areas in the business community includes some that do not have both headlights illuminated.

### **III. ADOPTION OF AGENDA**

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

### **IV. ACTION ON SEPTEMBER 26, 2025 BOARD MEETING MINUTES**

The Board reviewed the September 26, 2025, board meeting minutes. Mr. Todd made a motion to approve the minutes. Mr. Preston made a second to the motion. Following discussion, the motion passed unanimously.

### **V. ACTION ON SEPTEMBER 26, 2025 SUMMARY MINUTES**

The Board reviewed the September 26, 2025, summary minutes. Mr. Russell made a motion to approve the summary minutes. Mr. Goggin 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

September operating revenues were up \$125k from last year and budget was for negative margin of \$340k and actual margins were a positive \$730k. The Cooperative had OTIER for September of 2.68 and TIER was 4.61. The year-to-date budget for net margins was a negative \$220k and currently net margins are \$2,575,297. Year-to-date OTIER is 2.18 and TIER is 2.46.

A review of overtime hours was displayed, and Ms. Kurtz discussed how the 'Big, Beautiful Bill' was impacting overtime hours and what the Cooperative and employees are experiencing in terms of taxes on overtime hours. Borrowing rates for approximate quarterly interest rates between September 18 to September 30, 2025, were reviewed. Due to the government shutdown normal interest rate terms were not listed. The USDA Rural Development noted the data would not be updated until the government shutdown ends. Some rates increased marginally, and some decreased over the respective terms listed in the chart.

The report ended with a review of Form 7 and the Interest Income Report along with the cash flow and available cash.

B. Office Services

Ms. Kurtz advised 19 accounts were overdue and older than June 1, 2025. The total for those overdue accounts was \$3,401.74. Mr. Goggin made a motion for these accounts to be assigned to bad debt and sent to collections pursuant to the PSC regulations. Mr. Preston made a second to the motion and the motion passed unanimously. There were 244 overdue accounts year-to-date, and the cumulative sum owed was approximately \$74,342.44.

Currently, there are 650 members with prepaid accounts.

A summary of the Online Utility Exchange reflected total collections of \$4,154.37 with commissions of \$1,038.54.

C. Operations

Mr. Phelps and Mr. Carter discussed the pole testing work that was being done.

Mr. Phelps advised the plant account completed 346 work orders within September. New construction was just over \$2,136,289 and purchases were \$233,469. There were 157 poles installed and 19,317' of conductor added to the plant. There were 109 poles and 4,009' removed from the plant.

Engineering work for the month included working on new service and bi-annual line inspections. Those inspections are 78% complete in Danville and 71% complete in Lebanon. Joint Use work including Charter has been billed \$8,223,389 for “make ready” on the joint use project. Charter has paid \$6,861,006 of that sum. To date, there have been 1246 work orders created and 990 of those have been completed.

Contract Crews: Carol Craycraft is working on Alcan pole replacements. There was a conductor change at the Highland-Green River Circuit. There are five crews from Elliott currently working within the service territory on Charter pole replacements. All Cooperative crews are working on new service work orders and pole replacements.

Right of way clearing is behind based on the projections for the year. However, the line on the chart lags what is observed in the field. This is due to the chart only being updated when payments are made. The year-to-date billings were \$1,246,716 for cycle clearing plus \$223,367 for spray. The total cost for maintenance was \$1,663,274 [not including Work Orders.]

Mr. Phelps ended with a review of several items listed in the miscellaneous section of his report. No updates were available on the North American Power systems or Archaea at Tri-K landfill. Metts Drive substation is on track for energizing in November 2025. Morris Packaging now has permanent service. Danny Collier is staking the job to serve the RICE Engines in Casey County. AMI has less than 50 meters to be changed out. He also discussed the outages and the increases over that term.

#### D. Member Services

Mr. Hitchcock discussed The Key Account Chart. The YTD for those accounts totaled \$12,105,380. 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 \$1,250,000.

The monthly Co-Op EV Charging Report for September 2025 was displayed and discussed.

The Cooperative sold its first Generac generator.

Chairperson Spalding and Mr. Kerrick discussed “Coffee with Your Legislators” event held at the Cooperative on October 17, 2025. They both were impressed with representatives that were present and the participation by those who attended.

## E. Executive

Mr. Carter discussed the construction plan spreadsheet. There is only one year left in that work plan. Mr. Carter then displayed images of employee work anniversaries noting the six people listed were celebrating work service anniversaries with a total of 112 years.

1. Corporate Services – Mr. McGuffey reported one incident where an employee got cut by a piece of barbed wire which was covered up by weeds. The Recordable Incident, DART, and Severity Rates were all 0.0. For 2025 the Recordable Incident Rate is 2.13 and DART Rate and Severity rates are both 0.0.

The October Safety Meeting was the Annual Safety Day. Topics included office ergonomics, bucket escape, DOT regulations and inspections, Fire Evacuation Plan and Drill and, Growing a World Class Mindset.

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

### a. Cyber Hygiene

CISA Cyber Hygiene Assessment report was presented. The report contained 32 pages. The Board asked questions on the scope of the report and the time when the report was received. Mr. Bach noted the “Report Card” had no recommended changes or problems.

### b. Phishing

Mr. Bach advised of a click by a Cooperative employee to a real phishing incident. He noted that suspicious activity was sent. This was discovered through NISC monitoring service. He continued to note the problems with employees not heeding his warnings of clicking on outside emails.

### c. Phishing Report

The chart of the organization’s mark for engaging inappropriate emails is 47.0 with a range from 20.6 to 58.2. This places the Cooperative just outside the yellow range into the orange range. He noted there were no ‘clicks’ of the Cooperative generated phishing emails.

## 3. CISA Risk and Vulnerability Assessment Report

Cole Parsons reported on the CISA penetration testing that recently was performed on the Cooperative systems. The Cooperative applied and got selected for a full scale ‘pen test.’ That included a 2-week testing period. There was remote testing followed by short testing on site. The scope of the testing was done from outside the system and within the system. Scores were listed in the report and the significance to the Cooperative. There will be a period of

remediation which will be taken as the final report is created. The Board and staff discussed the report and steps that are being taken to combat cyber threats.

#### 4. Report on Disaster Recovery Test

Mr. Bach discussed the recovery test and noted it had been five years since the last test. This involved powering up and using the backup systems in Lebanon. If needed, the process will take approximately 30 minutes to 1 hour to allow the Lebanon backup system to be fully operational. There are rules which slowed this initial process, however that shall not be a problem in the future. He also discussed another alternative which allows an option that has less functionality. It is understood other Cooperatives average for switching over is 48-72 hours.

### **VII. LEGAL/REGULATORY**

No report.

### **VIII. BOARD /CEO SESSION**

#### A. Homestead Fund

1. Amendment
2. Board Resolution

Mr. Carter requested the Board review these and advised it would be reconsidered at the next board meeting.

#### B. 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. The equity issues were highlighted, and he noted 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 its policies.

#### C. Dashboard

Mr. Carter presented the dashboard and discussed the data contained therein.

#### D. Inter-County KREC Medical Plan

Mr. Carter reviewed the data presented here which discusses the health care plan and those who participate. This covers 73 employees and/or retirees. The chart currently shows the Cooperative has under contributed benefits in the amount of \$169,983. Mr. Kerrick made a motion to approve the payment of \$96,422 to equalize contributions that were insufficient

to avoid a surcharge. Mr. Goggin made a second to the motion and the motion passed unanimously.

## **IX. COMMITTEE REPORTS**

### **A. Audit Committee**

Mr. Kerrick reported on the recommendations of the committee to appropriate \$19,100 for total fees to the auditor selected. The auditors are Jones, Nale and Mattingly, PLC. Mr. Kerrick, on behalf of the audit committee made a motion to approve the auditor's bid. Mr. Todd made a second to the motion and the motion passed unanimously. There was some interest in exploring a longer-term contract and also some internal audits. There was no motion coming from the committee on either of those options.

### **B. Governance**

#### **1. Equity Management**

Mr. Carter reviewed the equity management policy as well as a review of Policy 431. Ms. Kurtz was also present and added to the discussion.

#### **2. Consideration of Capital Credit Retirement**

Ms. Kurtz was asked to attend and demonstrate some data on the financial position of the cooperative and in consideration of the Equity Management policy of the Cooperative. The hypothetical distribution amounts were displayed and the Board discussed them. This was considered at each level and the impact each hypothetical would have on the distribution and total equity of the Cooperative. Mr. Preston made a motion for a general retirement of capital credit for 1991 and 50% 1992. It is estimated the gross cost will be at or less than \$750,000 and will be made on or before the end of the year. Mr. Todd made a second to the motion. Ms. Kurtz reviewed policy 431 Capital Credit Allocation and Retirement and she confirmed that section IV(A)(1)(b) requirements were all met. The Directors discussed requirements of Policy 431, the members that would receive checks and noted there will be no negative impact that would jeopardize cash flow and/or any equity requirement. After that discussion, the motion passed unanimously.

#### **3. Board Self- Assessment**

Chairman discussed the topic to see if there was an interest in the Board conducting one and if so, using the same format. The discussion included each director looking for new forms or ideas. No motion was made.

#### **4. Board Attorney Review**

Chairman Spalding distributed the forms and asked those be returned to him on or before Friday, November 14, 2025.

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

Chairman Spalding asked Mr. Carter to distribute the forms for each board member to complete and return to Mr. Dean on or before Friday, November 14, 2025.

**X. EKPC**

Chairman Spalding advised about the ash pond remediation at Spurlock which was completed two years early and \$2,000,000 under budget. He also discussed the status of the remediation of the ash pond at the Cooper generation facility.

A presentation of the Touchstone Energy Group was a part of the agenda. That included its viability as the marketing arm of Kentucky's energy industry. The function includes website development, commercials [noting those advertisements are not cooperative specific.]

Don Mosier advised a price reduction of CT units that were pending of \$10M per unit and a reduction in the costs of the warranty. The exchange is a six-month delay in delivery.

Margins for August were \$3.1M below budget, but \$4.6M over budget for the year. The CEO search is coming along, and the committee is set to begin virtual interviews soon. The committee expects to narrow the group to 3 or 4 candidates to submit for full board consideration.

**XI. KEC/UUS**

Mr. Todd advised there has been no board meeting since the last Cooperative meeting. Mr. Carter said the lineman rodeo is going to be paused for the time being. He noted the estimated cost for the rodeo was \$225,000. UUS is still performing at a high level.

**XII. NRECA**

A. Board Governance Video

Not presented due to time limits.

B. Winter School for Directors – December 12-16, 2025 (Nashville, TN)

1. Hotel: Primary Hotel is Gaylord Opryland Resort and Convention Center (Deadline: Nov. 20, 2025). Mr. Russell, Mr. Todd, and Mr. Goggin are currently scheduled and approved for attending.

C. CEO Close-up- January 11, 2026 (Palm Desert, CA)

Mr. Carter advised that he will be attending this seminar.

**XIII. FEDERATED RURAL ELECTRIC INSURANCE / BOARD LEGAL UPDATE**

No report.

**XIV. RUS-CFC-COBANK NEWS/UPDATES**

A. CFC Statewide Financial Workshop – January 14-15, 2026 (Lexington).

1. Hotel: Lexington Marriott City Center

2. Mr. Todd made a motion to approve any director who wishes to attend and/or have a hotel stay approved. Mr. Kerrick made a second to the motion and the motion passed unanimously.

**XV. CAPITAL CREDIT DISBURSEMENTS**

For September 2025 there was \$31,757.48 in estate retirements. Mr. Todd made a motion to approve the estate retirements as stated. Mr. Russell made a second to the motion. After discussion, the motion passed unanimously.

**XVI. WORK ORDERS FOR SEPTEMBER 2025**

A. Work Order #202509 - \$705,717.03

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 2025**

A. 155 New Members

B. \$7,710.00 in membership fees were paid.

Mr. Russell made a motion to approve the new members and the amount of fees stated. Mr. Todd 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 November board meeting has been moved to Friday, November 21, 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.

**XX. OTHER BUSINESS**

Chairman Spalding called for the Board members to review their January 2026 calendars for resetting the meeting that month. Mr. Kerrick moved to set the January 2026 meeting for Friday the 30<sup>th</sup> at 8:30 am. Mr. Todd made a second to the motion. The motion passed unanimously.

**XXI. ADJOURN**

A motion to adjourn was made by Mr. Goggin. A second was made by Mr. Russell and the motion passed unanimously. The meeting adjourned at 1:36 p.m.