

MINUTES
MAY 6, 2025
REGULAR BOARD MEETING
SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE
CORPORATION

The Regular Board Meeting of the Board of Directors of South Kentucky Rural Electric Cooperative Corporation (SKRECC) was held on Tuesday, May 6, 2025, beginning at 5:00 p.m., in the Boardroom at the Headquarters Office located in Somerset, Kentucky.

- 1) Call to Order – Cathy Epperson, Chairperson, called the meeting to order.
- 2) Invocation – Cathy Epperson gave the invocation.
- 3) Roll Call/Declaration of Quorum - Present at the meeting were Board Directors, Cathy Epperson, Chairperson; Brent Tackett, Vice Chair; Boris Haynes, Secretary/Treasurer; directors William Allen, Jr., Charles “CV” Hansford, Tommy Nelson, Jr., and Greg Redmon. Also, present were Kevin Newton, President and Chief Executive Officer, Carrie Bessinger, Chief Financial Officer; Joy Turpin, Executive Administrator to the President/CEO and Board of Directors, and Frank Phillips, Board Counsel. Mrs. Lee Ann Watters, CPA and Director, and Mr. Travis Purcell, CPA and Manager of Cherry Bekaert Advisory, LLC joined the meeting to present the 2024 Financial Audit Report. Mrs. Watters and Mr. Purcell exited the meeting following the presentation and discussion of the 2024 financial audit report.
- 4) PRESENTATION AND APPROVAL OF THE 2024 FINANCIAL AUDIT REPORT – Lee Ann Watters, CPA, and Director; Travis Purcell, CPA and Manager, Cherry Bekaert Advisory LLC – Mrs. Epperson welcomed the auditors and asked that they introduce themselves to the group. After Mrs. Watters and Mr. Purcell introduced themselves to the group and defined their roles in the audit process, they both thanked Mrs. Bessinger and the accounting team for their assistance during the audit.

Mrs. Watters stated that the audit was filed by the April 30th deadline in accordance with RUS guidelines. She stated that there were no audit adjustments and assured the Board that the financial statements provided in the board meeting materials are exactly what has been shown throughout the year. Mrs. Watters requested the directors to ask questions throughout the summary and turned the presentation over to Mr. Purcell who guided the group through the Audit Executive Summary.

Mr. Purcell stated that the audit resulted in an unmodified opinion and directors can rely on the financial information they were provided throughout 2024. Negative assurance was issued in compliance with RUS requirements, and Mr. Purcell commented that the audit is not designed to give 100% assurance, but the audit group did attest to a high level of assurance with no compliance issues found.

Mrs. Watters added that a Single Audit was conducted due to federal requirements based on the co-op receiving over \$750,000 during 2024 in disaster relief (FEMA) funding. There were no material misstatements detected as a result of the audit procedures, no uncorrected misstatement, and no items of non-compliance with bylaws or regulations identified.

Mrs. Watters commented that the allowance for bad debt or uncollectable receivables remains conservative at \$739,000 for the year end 2024. The topic has been discussed with management in recent years that the allowance is conservative, and consideration should be made to reduce the amount by a method such as temporarily discontinuing the monthly entry to record additional allowance. Mrs. Bessinger added that she discussed with the auditors reducing the allowance gradually over the next 3-5 years to take a conservative approach.

Mr. Purcell stated that Mrs. Bessinger has chosen to make the adjustment for unbilled revenue at the end of the year, and they are comfortable with her approach. He added that a sentence was included in the audit under the "long term debt" header indicating that the co-op has not met all required financial ratios. The auditors were able to speak with the co-op's RUS field representative who assured them that South Kentucky has communicated this to them and that RUS assured the co-op as long as the rate case continues to move forward and the plan to correct the ratios continues to make progress, they are not at risk of being required to liquidate related loans.

Mr. Purcell assured the Board that there was no difficulty with management or disagreements of any kind during the audit process and reminded the directors that the audit is not designed to detect fraud. Mr. Purcell added that the auditors did not encounter any type of fraud during their testing.

Mrs. Watters informed directors, as required by accounting standards, there was a note made under Subsequent Events because the cooperative drew \$5 million of the funds advanced by FFB for the purposes of funding operations. She also stated that the cooperative qualifies as a low-risk auditee based on Single Audit rules requiring this designation when the answer to any of the questions within the formula is a "no."

Mrs. Epperson requested that management and staff leave the meeting to allow directors to speak with Mrs. Watters and Mr. Purcell in private. Mr. Newton, Mrs. Bessinger, Mrs. Turpin, and Mr. Phillips exited the meeting.

Mr. Newton, Mrs. Bessinger, Mrs. Turpin, and Mr. Phillips returned to the boardroom after a brief time and the meeting resumed.

Mrs. Epperson thanked Mrs. Watters and Mr. Purcell for their presentation, and Mrs. Bessinger escorted them from the boardroom and out of the building. Mrs. Bessinger returned to the boardroom and joined the meeting.

5) Reading of the Mission Statement – Cathy Epperson

- 6) Safety Moment – Mr. Newton presented a video on safety measures to take when sharing the road with oversized farm equipment during planting season.
- 7) Adoption of Consent Agenda – Upon a motion duly made, seconded, and unanimously carried, the consent agenda was adopted as presented. Mr. Nelson and Mr. Haynes questioned the large number of write-offs posted in March, and Mrs. Bessinger reported that the total was actually two months' worth of write-offs instead of one.
- 8) Adoption of Discussion Agenda – Upon a motion duly made, seconded, and unanimously carried, the discussion agenda was adopted as presented.

CONSENT AGENDA

- 1) Approval of Regular Board Meeting Minutes of April 10, 2025 – Cathy Epperson.
- 2) Approval of Regular Board Meeting Summary for April 10, 2025 – Cathy Epperson.
- 3) Recurring Monthly Approvals – Cathy Epperson.
 - A. Electric Write-offs for March 2025 in the amount of \$76,373.
 - B. Twenty-four Credit Refunds for Deceased Estates for April 2025 in the amount of \$10,770.51.
 - C. SKRECC New Members for April 2025: 439.
 - D. Claims for April 2025.
 - E. CEO, Attorney, and Directors Expenses for March 2025.

DISCUSSION AGENDA

- 1) Executive Report – Kevin Newton, CEO
 - A. CEO's Report – Mr. Newton provided a written report included in the meeting materials which were distributed to the directors prior to the meeting. Mr. Newton provided additional information and answered inquiries related to the following topics.
 - Staffing Update – Mr. Newton updated the directors on the following staff changes. There are interviews scheduled on Thursday, 5/8, for the open Field Services Technician position. If filled internally, this could result in an open lineman job. The lineman position in Albany has been filled from outside the co-op with a Davis. H. Elliot employee. Mr. Newton added that he will discuss a corrective action issue with the directors during the executive session.

- Rate Case Update – Mr. Newton informed directors that a hearing date with the Ky Public Service Commission has been set for 9:00 am on July 17th. Responses to the last round of inquiries have been submitted.
 - 2025 SKRECC Representative and Alternate Representative for KEC Board of Directors (2025-2026) and Voting Delegate(s) for KEC Annual Meeting August 25th-26th – Mr. Newton discussed the desires for the KEC board and voting delegates for the annual meeting. Directors agreed to discuss it further in the executive session.
 - Three-year ROW Contract Extensions (through 12/31/28) – ProtecTerra, LLC and Asplundh Tree Experts, LLC – Mr. Newton discussed the contract extension with ProtecTerra which will continue at the current rate through 2028. Protecterra just completed the spraying of 800 miles of right-of-way in approximately two weeks. This extension will line the terms up with our right-of-way contracts which run through December 31, 2028. The hourly work by Asplundh is a continuation of our current contract with a 3% increase and will not be more than that unless the CPI goes over 5%. In the event that happens, they will receive an increase based on whatever percentage it increases over 5% added to the initial 3%. Directors questioned the additional spraying which has been discussed, and Mr. Newton stated that he and Mr. Bethel plan to choose a few circuits which were cut and sprayed approximately two years ago in order to judge how effective spraying is to the subsequent growth.
- B. CFO's Report – Mrs. Bessinger and the Finance Team provided a written report included in the meeting materials which were distributed to the directors prior to the meeting. Mrs. Bessinger provided additional information and answered inquiries related to the following topics.
- March Write-Off Report – In response to Mr. Hayne's and Mr. Nelson's inquiries earlier in the meeting, Mrs. Bessinger reported that the larger-than-normal bad debt write-off total in the March report was for 267 accounts. This amount was for accounts disconnected during January and February. Mrs. Bessinger further stated that the accounts are more current and the likelihood of collecting them will be higher closer to the disconnect date. Mr. Newton commented that members whose accounts are shut off for non-payment can enroll in a debt management plan which lets them pay current bills along with portions of their balance due on outstanding bills.
 - March Financial Report – Mrs. Bessinger reported that net margins for March showed a profit of \$1.1 million compared to a budgeted gain of \$656,000. Most of the gain can be attributed to strong February sales. Power cost was above budget because of higher base and fuel rates than both budget and prior year. Most expenses were close to budgeted totals except for labor, which was slightly higher than budget because of the many storms we experienced during the month.

Mrs. Bessinger stated that year-to-date revenue is higher than budget by \$4.2 million with the biggest dollar variances coming from residential, large commercial, and small commercial sales. Compared to 2024, residential sales have increased by 17% and small commercial sales are up 27%.

During the first quarter of 2025, which was colder than 2024, we sold 42.7 million more kWh's than budgeted and 30.7 million more kWh's than the first quarter of 2024. Our residential account usage was higher than expected for March, but our large commercial accounts had lower usage than this time last year.

Mrs. Bessinger reported that controllable costs are in line with budgeted totals but higher than 2024 by \$1 million. The reason for the increase over the prior year is the timing of the right-of-way clearing expenses. Prior year costs were expensed when the invoice was received and currently, expenses are accrued monthly based on the percentage of completion. Administrative and general expenses were under budget by \$30,000 mainly due to a reduction in employee travel and training. Right-of-way circuit trimming is 22% complete through the end of March.

Mrs. Bessinger explained to the directors that Line 25 (Non-Operating Margins-Other) under Total Other Expenses, which shows a \$9,614 deficit, is related to water heater warranty parts. The co-op is still honoring the Marathon water heater replacement program in making sure that anyone needing repairs or replacement gets their warranties fulfilled. We receive reimbursement for the parts, but it may take some time.

Mrs. Bessinger reported that year-to-date ratios are all above minimums for the month of March, but long-term projections still don't look favorable. She expressed resolve that the co-op will continue moving in a positive direction.

Mrs. Bessinger provided the Board with a status report on capital budget spending which listed items approved for purchase during the 1st quarter. Purchases are below budget by approximately \$40,000. Distribution (System Improvement, New Construction, and General Plant) is slightly over budget by 2% which is good. The directors were complimentary of the report, and Mrs. Bessinger agreed to provide the budget status update at the end of each quarter.

Mrs. Bessinger stated she received Form 990 from the contracted accounting firm today but did not have time to review the document prior to the board meeting. She will email it to the directors as soon as possible for their review. Directors may call Mrs. Bessinger with any questions after their review. They will need to respond quickly once they have reviewed the document so that Mrs. Bessinger may note their responses. Mrs. Turpin will notify the group via text when Mrs. Bessinger has emailed the document to them.

The group discussed moving forward with the CoBank line of credit. Mrs. Bessinger stated that CoBank has a standing board resolution on file which was approved in 2016 for the existing mortgage loan of \$33.9 million which was a refinance of RUS debt. CoBank requires a beneficial ownership certificate, an opinion letter, a "sign-off" on the instructions, and the loan agreement. Mrs. Bessinger stated that she will work to complete this paperwork during the next month and that the action item for tonight is for CFC, and they are just renewals. Mr. Phillips commented that he would discuss the differences between resolution and motion in the executive session.

- 2) The group observed a recess for dinner at 6:51 pm. Following the break, the regular meeting resumed at 7:19 pm.

- C. Chief Membership Officer's Report – Directors reviewed the written report provided by Mr. Hutton and included in the meeting materials which were distributed to the directors prior to the meeting. Directors commented that they appreciated the multiple types of information included and agreed that an 11%-member response to the survey was good. Mr. Newton stated that we will continue to use the survey in the future, and that he will further research the credit card fee structure to verify the numbers.

- D. IT Team Report – Directors reviewed the written report provided by Mr. Johnson and included in the meeting materials which were distributed to the directors prior to the meeting. Directors complimented the report and expressed their appreciation for Mr. Johnson's continued focus on cutting costs.

- 3) Attorney's Report – Frank Phillips stated that he would discuss pending litigation with the Board in executive session and went on to report on the following two items.

- A. Mr. Phillips informed directors that he attended joint training on May 1st at the co-op with co-op managers, union stewards, and officials representing the IBEW. The training focused on dealing with issues before they become problems and included team-building exercises.

- B. Mr. Phillips stated that he would like to attend an upcoming NRECA Legal Conference online as opposed to traveling to Rhode Island in the summer. Directors approved Mr. Phillips' attendance at the conference and requested that Mrs. Turpin work with him on registration.

- 4) Executive Session – Upon a motion duly made, seconded, and unanimously carried, the directors entered into executive session at 7:35 pm. Mrs. Turpin and Mrs. Bessinger were excused from the meeting. The executive session ended at 8:43 pm, Mrs. Turpin returned, and the regular meeting resumed.

5) Action Items

- A. Request Approval of the Independent Audit Report for South Kentucky RECC for the year ended December 31, 2024 – Upon a motion duly made, seconded, and unanimously carried, the directors approved the audit report.
 - B. Request Approval of SKRECC Representative and Alternate Representative to Serve as Director on the Kentucky Electric Cooperatives Board of Directors (2025-2026) – Upon a motion duly made, seconded, and unanimously carried the directors approved Mrs. Epperson as the KEC Representative and Mrs. Nelson as the alternate should Mrs. Epperson lose her bid for re-election to the SKRECC Board of Directors.
 - C. Request Approval of Corporate Representative and Alternate Representative to the 2025 Kentucky Electric Cooperatives Annual Meeting on August 25th-August 26th – Upon a motion duly made, seconded, and unanimously carried the directors approved Mr. Nelson as the annual meeting representative and Mr. Newton as the alternate.
 - D. Request Approval of Revised Board Policy 401 “Strategic Financial and Equity Management” – Approval was tabled until the June regular meeting.
 - E. Request Approval of Board Resolution for 23 Month Renewal of Lines of Credit with CFC – Upon a motion duly made, seconded, and unanimously carried the directors approved the resolution.
 - F. Request Approval of Board Resolution for Hourly Right-Of-Way Contract Extension with Asplundh Tree Experts, LLC – 2025 through 2028 – Upon a motion duly made, seconded, and unanimously carried the directors approved the resolution.
 - G. Request Approval of Board Resolution for Right-Of-Way Spraying Contract Extension with ProtecTerra, LLC – 2025 through 2028 – Upon a motion duly made, seconded, and unanimously carried the directors approved the resolution.
- 6) KEC Report – Mrs. Epperson reported that the KEC Board of Directors did not have a board meeting during April.
- 7) East Kentucky Power Report – Mr. Haynes reported that the EKPC Board of Directors will meet on May 13th.

- 8) Other Business – Mrs. Epperson stated that the directors would like clarification on the wording in Board Policy 401; Section III (Expectations), Subsection B (Financial Goals and Parameters), Subsection 1 (Rates and Margins), Item (a) which reads,

“SKRECC’s rates shall be designed to at least meet a minimum revenue requirement that shall, on a calendar year basis, cover all costs of service and produce net margins necessary to support the accomplishment of the strategic financial objectives outlined in this Policy. The rates shall include a power cost factor adjustment designed to automatically adjust revenues based on changes in the Cooperative’s wholesale power cost, such as the environmental surcharge and fuel adjustment clause.”

and Item (c) which reads,

“SKRECC’s annual operating margins shall be positive and shall generate sufficient cash flow to satisfy established working capital requirements. SKRECC shall maintain a sufficient level of working capital in order to satisfy all of its financial obligations as they become due.”

Mr. Nelson voiced concern that the Board desires to meet the goals stated in the policy but, currently, it is not. Mr. Phillips commented that this is stated within the policy under the Financial Goals section of the policy and is acceptable as written with “shall.”

Mrs. Epperson requested that Mr. Newton and Mrs. Bessinger revise the policy to reflect a dollar amount total under item (3) Debt Portfolio Management, (b) with a total amount listed of \$20,000,000 and remove the percentages. Mrs. Epperson noted that once these changes are made, the policy may be placed on the June agenda for consideration of approval.

- 9) Board of Directors’ Discussion Items – None noted.

10) Future Agenda Items

- A. Revisit Request For Approval of Revised Board Policy 401 “Strategic Financial and Equity Management”
- B. Seating of 2025-2029 South Kentucky RECC Directors for Districts 1 and 5
- C. Election of Board of Directors Officers for 2025 – 2026 (Bylaw 6.01)
- D. Seating of 2025-2026 Credentials and Elections Committee Members – Jay Jones, James Elmore, James Hancock

- 11) Meeting Adjournment – Upon a motion duly made, seconded, and unanimously carried, the meeting was adjourned at 8:56 p.m.

Cathy Epperson
Cathy Epperson, Chairperson of the Board

6/12/25
Date

Boris Haynes
Boris Haynes, Secretary/Treasurer

6/12/25
Date

MINUTES
JUNE 4, 2025
SPECIAL BOARD MEETING
SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE
CORPORATION

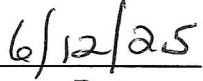
A Special Board Meeting of the Board of Directors of South Kentucky Rural Electric Cooperative Corporation (SKRECC) was held on Wednesday, June 4, 2025, beginning at 8:30 a.m., EDT, in the Executive Offices located at 100 Public Square in Somerset, Kentucky.

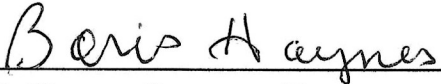
- 1) Call to Order – Cathy Epperson, Chairperson, called the meeting to order.
- 2) Invocation – Cathy Epperson gave the invocation.
- 3) Roll Call/Declaration of Quorum - Present at the meeting were Board Directors, Cathy Epperson, Chairperson; Brent Tackett, Vice-Chairman; Boris Haynes, Secretary/Treasurer; Charles “CV” Hansford, Greg Redmon, and William Allen, Jr. Mr. Nelson notified Mrs. Epperson that he would be unable to attend the meeting but would be available to sign the Waiver of Notice of Special Meeting document later in the day.
- 4) Reading of the Mission Statement – Cathy Epperson
- 5) Adoption of Discussion Agenda – Upon a motion duly made, seconded, and unanimously carried, the Discussion Agenda was adopted as presented.

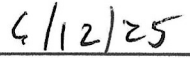
DISCUSSION AGENDA

- 1) Executive Session - Upon a motion duly made, seconded, and unanimously carried, the Board of Directors entered into the executive session at 8:40 am. No formal action was taken during the executive session. The directors exited the executive session, and the regular meeting resumed.
- 2) Upon a motion duly made, seconded, and unanimously carried, the meeting adjourned at 9:40 am.


Cathy Epperson, Chairperson of the Board


Date


Boris Haynes, Secretary/Treasurer


Date

MINUTES
JUNE 12, 2025
REGULAR BOARD MEETING
SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE
CORPORATION

The Regular Board Meeting of the Board of Directors of South Kentucky Rural Electric Cooperative Corporation (SKRECC) was held on Thursday, June 12, 2025, beginning at 5:00 p.m., in the Boardroom at the temporary Headquarters Office located at 100 Public Square in downtown Somerset, Kentucky.

- 1) Call to Order – Cathy Epperson, Chairperson, called the meeting to order.
- 2) Invocation – Cathy Epperson gave the invocation.
- 3) Roll Call/Declaration of Quorum - Present at the meeting were Board Directors, Cathy Epperson, Chairperson; Boris Haynes, Secretary/Treasurer; directors William Allen, Jr., Charles “CV” Hansford, Tommy Nelson, Jr., and Greg Redmon. Also, present were Kevin Newton, President and Chief Executive Officer, Carrie Bessinger, Chief Financial Officer; Joy Turpin, Executive Administrator to the President/CEO and Board of Directors, and Frank Phillips, Board Counsel. Brent Tackett, Vice Chair, was unable to attend the meeting.
- 4) Reading of the Mission Statement – Cathy Epperson
- 5) Safety Moment – Mrs. Bessinger discussed summer swim safety and drowning prevention tips.
- 6) Adoption of Consent Agenda – Upon a motion duly made, seconded, and unanimously carried, the consent agenda was adopted as presented.
- 7) Adoption of Discussion Agenda – Upon a motion duly made, seconded, and unanimously carried, the discussion agenda was adopted as presented.

CONSENT AGENDA

- 1) Approval of Regular Board Meeting Minutes of May 6, 2025 – Cathy Epperson.
- 2) Approval of Regular Board Meeting Summary for May 6, 2025 – Cathy Epperson.
- 3) Approval of Special Board Meeting Minutes of June 4, 2025 – Cathy Epperson.
- 4) Recurring Monthly Approvals – Cathy Epperson.

A. Electric Write-offs for April 2025 in the amount of \$76,373.

- B. No Credit Refunds for Deceased Estates were Processed for May 2025 (the accounts will be caught back up in June).
- C. SKRECC New Members for May 2025: 433.
- D. Claims for May 2025.
- E. CEO, Attorney, and Directors Expenses for April 2025.

DISCUSSION AGENDA

1) Executive Report – Kevin Newton, CEO

- A. CEO's Report – Mr. Newton provided a written report included in the meeting materials which were distributed to the directors prior to the meeting. Mr. Newton provided additional information and answered inquiries related to the following topics.
 - Staffing Update – Mr. Newton updated the directors on the following staff changes. Currently, we have one line technician position to be filled in Somerset. Brian Taylor, Regional Construction Manager for Wayne and McCreary will retire July 18th, and this position has been posted and will be filled prior to his departure so the candidate can receive some valuable time training with him. Recently, an IT Help Desk employee was dismissed. Dewayne Johnson, our IT Director, had worked with the employee who had shown no initiative to handle tasks independently. Our summer intern who began during the week after the tornado is working out well and has been able to help pick up some of the extra tasks left by the departing employee. The Help Desk position is posted and will probably be filled from outside.
 - Rate Case Update – Mr. Newton informed directors that the state attorney general's questions were answered and follow up questions were sent to them by us. They objected to all but one. Mrs. Bessinger has been working on her rebuttal testimony to the AG's rate expert's testimony, and it will be filed tomorrow. This should be the last group of questions prior to the hearing set for July 17th at 9:00 am.
 - Mr. Nelson questioned the decision not to request bids on the reconstruction of the headquarters building. Mr. Newton responded that he is working with Federated Insurance and taking their direction in the process. We are currently waiting on Federated to set the replacement cost amount to begin the design process. We will be working with DECO architects on the design and demolition will be done by Goad Construction who has been contracted through DW Wilburn. The warehouse restoration is continuing to move forward, and we anticipate being able to move back into the office area within 120 days. Mr. Nelson voiced concern about the total cost of the project exceeding the budget

set by Federated. Mr. Newton assured the directors that the contractor who takes on the project will be working within a set contract amount and change orders will be brought before the Board. The insurance deductible is \$5,000 on the building.

B. CFO's Report – Mrs. Bessinger and the Finance Team provided a written report included in the meeting materials which were distributed to the directors prior to the meeting. Mrs. Bessinger provided additional information and answered inquiries related to the following topic.

- April Financial Report – Mrs. Bessinger reported that net margins for April showed a loss of \$782,500 and a budget loss of \$291,000. This is mainly attributed to reduced revenue because of mild weather in March and April which was billed to members in April.

Mrs. Bessinger reported that year-to-date revenue from electricity sales is higher than the budget by \$2.8 million. The biggest dollar variances are in residential (5.3% increase) and small commercial accounts (10% increase.) Mr. Hansford questioned the current status of the Bosch Berries account, and Mr. Newton stated that he is watching it very closely and that they are carrying a balance. Mr. Newton also reported that the group putting in the marijuana facility in Wayne County has not provided us with load information yet.

The year-to-date actual cost of purchased power is higher than the budget by \$4.5 million and higher than the prior year by \$7.4 million. \$1.8 million of this total is related to quantity; mainly purchasing 29 million more kWh this year at higher rates. Mrs. Bessinger commented that the February peak really affected us, and to date, we've paid \$7.4 million more this year than last year in power cost.

Operating expenses are lower than the budget by \$336,000, but higher than 2024 by \$409,000. When comparing April of 2025 with last April, our distribution maintenance expenses were higher, and this is due to a higher number of rights-of-way clearing invoices being processed during 2024. We have seen a reduction in the hourly work needed, which is likely a result of the circuit work that has been completed previously. Mrs. Bessinger reported that as of the end of May, 46% of the contracted right-of-way trimming has been completed. Mr. Allen questioned if the tornado damage and subsequent restoration will affect our trimming. Mr. Newton agreed to speak with Don Bethel, Right Of Way Manager, about that particular area to see if the right-of-way contracts will be affected by the tornado damage.

Write off expenses are higher for 2025, and Mrs. Bessinger stated that she anticipates being able to retire capital credits to bad debts which will help our uncollectable amounts. Mr. Newton commented that write-offs decreased

substantially when the co-op switched to digital meters and that adding the prepaid option for our members also helped.

Mrs. Bessinger reported that the ratios are virtually unchanged from the prior month, and she is anxious about how the tornado damages will affect our expenses. She also commented that there will be no more depreciation on our office building since it is a total loss and will be managed as an expense reduction. Bills for the debris clean up should be covered by Federated, and she anticipates FEMA will cover the line damage, although it will be a while before we see payment. Mrs. Bessinger commented that the co-op may need to do a loan draw to help with cash flow issues prior to reimbursement. Mrs. Bessinger stated that the co-op can schedule a draw on the loan or utilize one of the lines of credit; whichever is more cost effective.

C. Chief Membership Officer's Report – Directors reviewed the written report provided by Mr. Hutton and included in the meeting materials which were distributed to the directors prior to the meeting. Mr. Nelson questioned how many members are paying directly instead of using in-person services. Mr. Newton stated that around 62,000 payments were made without personal help or 75% of our monthly payments. Mr. Newton suggested that the tornado will probably cause further changes because there's no drive-thru service at the mall.

D. IT Team Report – Directors reviewed the written report provided by Mr. Johnson and included in the meeting materials which were distributed to the directors prior to the meeting. Directors had no comments.

2) Attorney's Report – Mr. Phillips stated

A. Mr. Phillips informed directors that the Credentials & Elections Committee will meet tomorrow at 2:00 pm to verify the election results. Once the results are verified, the candidates will be notified of the results via email and US mail.

3) Executive Session – Upon a motion duly made, seconded, and unanimously carried, the directors entered into executive session at 6:14 pm. Mrs. Turpin and Mrs. Bessinger were excused from the meeting. The executive session ended at 6:34 pm, Mrs. Turpin and Mrs. Bessinger returned, and the regular meeting resumed.

4) Action Items

A. Revisit Request for Approval of Revised Board Policy 401 "Strategic Financial and Equity Management" – Upon a motion duly made, seconded, and unanimously carried, the revised policy was approved as submitted.

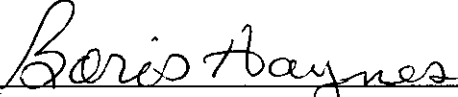
5) KEC Report – Mrs. Epperson reported that the KEC Board of Directors met virtually on May 20th. NRECA board delegate, Marty Littrel, was elected to continue his term as the Ky representative. Littrel was also elected board secretary-treasurer. CEO Chris Perry

gave a report on the storm restoration from the tornado outbreak and reminded everyone that assistance is available for cooperative employees who sustained damage in the storms. KEC received a clean audit report for 2024 and the financial update through May 20th was favorable with sales up over the previous year. The UUS facilities update included a report that a property search is being conducted in Ohio, and the Virginia Warehouse negotiations are continuing. Mrs. Epperson also reminded directors that the Statewide annual meeting is August 25th and NRECA courses are available free of charge.

- 6) East Kentucky Power Report – Mr. Haynes reported that the EKPC Board of Directors met in regular session on Monday, June 9th with the annual meeting following on Tuesday, June 10th. April's margin was \$2.6 million above budget. The Board approved the requested base rate increase asking for a \$79.7 million increase or 7.49%. Plans are to file the rate increase request with the PSC on August 1st. Under a typical schedule, the approved rate would take effect by June 1 of 2026. CEO Tony Campbell announced his retirement date of June 1st, 2026. Mr. Haynes commented that this should allow ample time to find a suitable successor and he is honored to be asked to sit on the search committee. Mr. Haynes also informed the board that during the June board meeting Mr. Campbell was very complimentary of Mr. Newton and the tremendous job that he had done for SKRECC during the tornado.
- 7) Other Business – None discussed.
- 8) Board of Directors' Discussion Items – None discussed.
- 9) Future Agenda Items
 - A. Approval of Resolution for CoBank Line of Credit
 - B. Seating of 2025-2029 South Kentucky RECC Directors for Districts 1 and 5
 - C. Election of Board of Directors Officers for 2025 – 2026 (Bylaw 6.01)
 - D. Seating of 2025-2026 Credentials and Elections Committee Members – Jay Jones, James Elmore, James Hancock
- 10) Meeting Adjournment – Upon a motion duly made, seconded, and unanimously carried, the meeting was adjourned at 6:42 p.m.


Cathy Epperson, Chairperson of the Board

7-10-25
Date


Boris Haynes, Secretary/Treasurer

7/10/25
Date