

# INTER-COUNTY ENERGY COOPERATIVE CORPORATION

## Meeting Minutes Summary

December 2021

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 conference, to-wit:

Joseph H. Spalding	J. Kevin Preston
William H. Peyton	Louis A. Kerrick
Jason E. Todd	Allen Goggin

Also present and participating were President and CEO Jerry Carter and Board Attorney J. Hadden Dean

### I. PRAYER

Chairman Spalding opened the meeting with prayer.

### II. SAFETY MOMENT

Chairman Spalding presented the safety moment and provided additional commentary to the recent series of tornados which broke out in the western portion of Kentucky and other states. He reminded individuals to rely heavily on televisions, radios, and other devices, along with sirens during times of inclement weather. He also advised that having a clear knowledge and understanding of where to take shelter in the event of tornadic activity or other weather warnings was critical.

### III. ADOPTION OF AGENDA

Chairman Spalding presented the agenda which was reviewed. Mr. Goggin made a motion to approve the agenda. Mr. Peyton made a second to the motion and the motion passed unanimously.

### IV. REVIEW OF MINUTES

The Board reviewed the minutes of the November 23, 2021, Board Meeting. Following a review of the minutes, Mr. Preston made a motion to approve the minutes with the noted changes. Mr. Todd made a second to the motion and the motion passed unanimously.

## **V. NOVEMBER SUMMARY MINUTES**

November summary minutes were reviewed. Mr. Peyton made a motion to approve the summary minutes of the November 23, 2021, board meeting with the noted changes. Mr. Goggin made a second to the motion and the motion passed unanimously.

## **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 the December 21, 2021 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. In addition, each circulated proposed budget and reviewed each of the line items.

A. Finance and Administration – Ms. Kurtz referred to her report for the month ending November of 2021 and confirmed there were 155 checks issued and 28 draft or bank wire payments made totaling just over \$5,022,000.00. She also confirmed the details of operating revenues and expenses both being higher. She stated the margins budgeted for November of 2021 were \$113,000.00. Unfortunately, the result of the end of November 2021 was a negative margin of -\$728,000.00.

She confirmed OTIER was .23, TIER was .37 but when taking into consideration FEMA payments, then OTIER was .088 and TEIR was 1.02. Ms. Kurtz also gave an update on the distribution plant and confirmed the total services in place increased year-to-date by 2.56% while the miles of line increased by .47%.

Ms. Kurtz then confirmed the first \$5,000,000.00 draw down of the existing work plan was made during the month of November. She also confirmed that Farmers National Bank has yet to receive the information they needed from the SBA to permit the Cooperative to begin making payments. It is not clear when that information will be received. However, Farmers National Bank has assured her and the Cooperative there is no delinquency nor any penalties that are going to be charged as a result of the failure of the SBA to identify the information needed to complete this part of the loan. Ms. Kurtz confirmed FEMA reimbursement from the storms in the early part of 2021 are still being processed. She said the large project submitted to FEMA has been signed off on and as the reimbursement is obligated, those funds will be booked as receivables in December of 2021. She confirmed by drawing these funds down, the equity for the

Cooperative was reduced. The year-to-date equity was 17.01% without G&T capital credits and the total equity, including G&T capital credits was 35.24%.

She then presented Form 7 which was signed by her and Mr. Carter on December 14, 2021, along with corresponding attachments. She reviewed the attachment of the construction project summary and the 2021 working capital status report and forecast.

Last, she presented the budget and expenses for November 2021 Finance and Accounting Department and confirmed the current actual expenses for her department totaled just under \$41,000.00 for the month and was budgeted to be approximately \$48,700.00. She noted year-to-date her department had actual expenses of approximately \$572,500.00. The amount budgeted for that time of the year reflected was approximately \$535,500.00. She noted the additional cost for the early part of the year relating to the winter storm was partly to blame for her department being over budget.

B. Office Services – Ms. Stocker advised the Board there were 24 accounts to be sent to collections totaling just over \$12,663.73. Each of these accounts were for bills older than August 15, 2021. She requested those be deemed as bad debt and sent to collection. Mr. Preston made a motion to declare the unpaid accounts as bad debt in the amount stated and to send the same for collection. Mr. Kerrick made a second to the motion and the motion passed unanimously.

Ms. Stocker also confirmed year-to-date there were 476 accounts overdue through December 2, 2021, totaling \$265,257.79. She further confirmed year-to-date there has been \$50,396.66 collected on overdue bills. The Cooperative has paid commissions of \$17,610.49 to collect the overdue accounts. Ms. Stocker next stated she had completed the second quarter PSC Meter Report for 2021 and identified a variety of different activities that she and her department had for the month. Last, she presented her budget and expense calculations for November of 2021 which reflected she had total expenses of just over \$110,000.00 and had budgeted just under \$138,000.00 for those expenses for November of 2021. She confirmed for year-to-date her office expenses totaled \$1,325,000.00 and she had budgeted \$1,517,000.00 through the end of November 2021.

She also presented the Lebanon budget, and it likewise was under budget for the month. The actual expenses totaled approximately \$21,600.00 and she had budgeted approximately \$24,300.00 for the month. For the year, the Lebanon office is approximately \$30,000.00 under budget.

C. Operations – Mr. Phelps identified 99 new work orders started in November and new construction costs totaled approximately \$445,000.00. He advised new purchases

totaled just over \$65,000.00. He confirmed the various areas in which staking was underway and then noted a field inventory was being conducted in the Shelby City, Highland and Gooch service areas. He then gave an update on the construction crews and company crews. He presented a right-of-way chart through November of 2021. He advised the actual miles cleared was just under the projected miles cleared for the time ending November 2021. He stated the total right-of-way costs year-to-date was approximately \$2,031,000.00 which included herbicides and hot spot cutting. He then advised he and the staff were finalizing the work plan and budgets and preparing for upcoming contracts for construction contractor bids. He also advised the bids for the 2022 spray contract had been received and are being evaluated. He stated Mike Norman is reviewing the 2022-2025 work plan and hopes to hear back from him in the near future.

He also advised there was extensive damage to the facilities in Boyle and Marion County as a result of the recent tornadic activity. He advised that crews from Owen and Blue Grass Energy Cooperatives assisted in restoring power and also engaged some of the construction crew and right of way independent contractors to assist in clearing the debris and restoring power to the membership.

He then presented his budget and confirmed that for the month of November 2021, he had projected expenses to total approximately \$462,523.00 and the actual expense came in at just about \$400.00 under that amount. He confirmed the Operations Department is nearly \$1.2 million over budget. Mr. Phelps attributes the bulk of that overage to the snowstorms which occurred in early 2021 and anticipates the majority of those expenses will be reimbursed through FEMA.

D. Member Services – Mr. Hitchcock gave a summary of the member service and communication activity report for the month of November and the summary of member services department activity. He then presented a key account chart for October of 2021 which reflected the totals for 2020 were \$5,358,530.00 and the year to date for 2021 was just over \$4,905,000.00.

He then presented pictures of the work the staff did regarding the Christmas Blessings Program. He estimated there were 47 children who received gifts. He also confirmed the Lebanon Office wrapped 72 gifts that were provided to 8 children. He continues to praise the staff and the Cooperative for continuing with this program and for allowing the staff to have this kind of impact on its membership.

He then presented images of several electric vehicles, including a new Toyota and an Atlas XT. He also advised there are plans for an electric jet. He presented images of the

e-Flyer 800. He stated it was projected to have a 320-knot cruising speed with a 35,000-foot ceiling and a 500 nm range.

He then presented a copy of his budget for November 2021 and confirmed he was approximately \$11,000.00 under budget for the month and approximately \$114,000.00 under budget for the year.

Last he presented the 2021 key account breakdown for the top 10 accounts and noted Makers' Mark was the largest of those accounts at 21%.

E. Executive - Mr. Carter presented the Executive Department budget, as well as the summary budget and confirmed Ms. Kurtz's report was accurate and that the Cooperative had negative margins for the month of \$728,700.48 with a year-to-date negative margin totaling just under \$969,000.00.

He then presented service anniversaries for five employees. Their years totaled 100 years of combined service to the Cooperative. Tim Gill had the most years of service having been with the Cooperative for 34 years and Ms. McGuffey being the youngest, having provided 10 years of service.

#### 1. Safety/Loss Prevention Summary

Mr. Bo McGuffey then gave his report and identified the Safety/Loss Prevention Summary as provided in the board packet for December 2021. He confirmed the recordable incident rate, DART rate and severity rate were all zero for the month of November of 2021. He confirmed year-to-date the recordable rate was 7.75 and the DART rate was 3.87 and the severity rate was 83.30.

He noted the November safety meeting was held November 30 and Charlie Lewis from KAEC was the presenter. They discussed the DOT regulations and ladder safety.

Mr. McGuffey then discussed the tornado damage and noted the winds were so high at one point that it ripped a transformer off a pole and it was thrown several feet away from the pole, ultimately landing in an upright position. He advised he was immensely proud of the performance from the lineman and other staff throughout the storm and noted it was a first experience for many staff members with a storm that had widespread impact over the service territory.

#### 2. Cyber-Security

Mr. Carter gave an update on the cyber report and advised Mr. Bach was on vacation. Mr. Bach wanted the Board and the staff to know there are several holiday scams that are ongoing and to be very wary of any unusual requests this month regardless of where they are coming from. He also stated the Cooperative will begin to use the "Teams" software within

Microsoft and this will provide additional security. Mr. Carter then discussed the status of liability insurance coverage and its costs.

3. Mr. Carter stated that the proposed dates for the rescheduled Strategic Planning Session with CFC are February 2-3, 2022. After discussion by the Board and Staff, those dates worked well for everyone's schedule. Mr. Carter advised he will contact CFC to confirm the dates.

4. Mr. Carter also reminded everyone of the proposal that was discussed in the fall of 2021 to move the regular monthly Board Meetings from the third Friday of each month to the fourth Friday of the month. He confirmed with everyone that the change would work with their schedules. It was noted that a few of the months will need to be rescheduled as holidays fall on the fourth Friday. Those will be addressed on an individual basis as needed throughout the year.

#### **VIII. APPROVAL OF 2022 BUDGET**

Ms. Kurtz and Mr. Carter presented the finalized 2022 Budget and each Director and Staff Member received a copy of the 2022 Budget Book. Ms. Kurtz advised of a couple small revisions that have been made since the preliminary budget was presented at the November Board Meeting. She noted that the Director Expense monthly per diem had increased. In addition, Mr. Preston made some revisions to his list of conference/meeting attendance for 2022. After discussion on the revisions, Mr. Todd made a motion to approve the 2022 Budget as presented. Mr. Goggin made a second to the motion and the motion passed unanimously.

#### **IX. LEGAL /REGULATORY/POLICY**

Mr. Carter advised that Policy 214 - Excused Absence for Voting or Serving as Election Officials and Policy 219 - Employee Training and Development are both on the agenda, however, the staff is still currently reviewing both policies for needed revisions. They will be presented to the Board at the January Board Meeting.

#### **X. BOARD/CEO SESSION**

##### **A. Annual Calendar Review**

Mr. Carter reviewed the Annual Calendar with the Board, noting that with COVID variant cases still on the rise, we will not schedule any in-person visits at this time, as previously outlined in the Annual Calendar. The Board discussed the cooperative's annual scholarship award and the possibility of changing it from an essay application to a lottery. The Board agreed that the lottery option would allow an equal opportunity for all students wishing to apply. More details on the new process for awarding scholarships will be provided at the January Board Meeting.

B. Dashboard

Mr. Carter reviewed the Dashboard and the graphs associated therewith. These included TIER, OTIER and equity. He advised the outage numbers are inflated, mostly due to the ice storm. The outages related to the recent tornados will be reflected in the January numbers. Mr. Carter advised that they have asked for Blue Grass Energy and Owen Electric to expedite their invoices for their storm-related outage assistance, in an effort to get those on the books for 2021.

**XI. COMMITTEE REPORTS**

A. No Committee Reports were given.

**XII. EKPC**

Chairman Spalding gave an update on the financial report from EKPC. He advised for the month of November EKPC had \$6,500,000.00 in negative margins and that was approximately \$1,000,000.00 better than projected. He also noted that their equity was up and they are looking at possibly paying out Capital Credits. If so, Inter-County's Board will make a decision, based on the Bylaws, on what to do with the capital credits received from EKPC.

Mr. Spalding also advised that EKPC had passed a 3-year work plan and budget, noting that they have budgeted a large amount of money for transmission line maintenance.

**XIII. KEC/UUS**

Mr. Todd gave an update on the KEC meeting that was scheduled for last Tuesday. The meeting was cancelled due to the outage restoration efforts following the severe weather across the state. Instead, they conducted a conference call about storm damage.

Mr. Carter advised that Mr. Todd has been elected to serve as the Vice Chairman on the KEC Board, effective following the KEC Annual Meeting that was held in November. Mr. Todd stated that they are waiting to appoint the Secretary/Treasurer once the Governance Committee meets. Mr. Greg Grissom, President/CEO at Jackson Purchase, was elected to serve as Chairman of the KEC Board.

Mr. Carter gave an update on the supply chain of poles and transformers, noting that UUS has stated pole supplies are adequate now but transformers, especially pad mounts, remain in short supply. He advised that Inter-County Operations Dept. is currently targeting subdivisions with pad mounts that are not being used. He added that keeping the lights on for current members is the priority at this time and any new construction will be completed as supplies are available.

#### **XIV. NRECA**

##### **A. Board Governance Video**

Chairman Spalding requested the video be delayed for the month of December.

##### **B. NRTC Voting Delegate**

Mr. Carter presented the 2022 Annual Meeting Voting Delegate Registration Form for NRTC, requesting that the Board elect a voting delegate and alternate delegate for their upcoming Annual Meeting. Mr. Spalding solicited a motion for delegates. Mr. Todd made a motion that Mr. Preston serve as the voting delegate and Mr. Spalding serve as the alternate delegate. Mr. Peyton made a second to the motion and the motion passed unanimously.

##### **C. NRECA PowerXchange – March 6-9, 2022 (Nashville, TN)**

Opportunities will be available for preconference education on March 4 – 6, 2022. Early Bird Registration cutoff and hotel reservation cutoff were set for January 26, 2022. Ms. Coleman advised there will be a virtual option for this year's PowerXchange. Each director indicated they were interested in the virtual option, and she will notify them when the virtual registration is open. Mr. Spalding also inquired about voting delegates for PowerXchange and Ms. Coleman advised she will gather information on voting delegates for action at the January Board Meeting.

Mr. Carter also advised that he plans to attend the in-person TechAdvantage Conference that will be held in conjunction with the PowerXchange in Nashville.

#### **XV. FEDERATED RURAL ELECTRIC INSURANCE**

No report given.

#### **XVI. RUS-CFC-COBANK NEWS/UPDATES**

A. Mr. Spalding reminded the Board that the CFC Financial Workshop would be conducted January 24 – 25, 2022. There will also be a virtual option for the workshop and each director advised they were interested in participating virtually at the cooperative's headquarters office. Ms. Coleman will register all directors, as well as Mr. Carter, for the workshop as soon as the virtual meeting registration becomes available.

#### **XVII. CAPITAL CREDIT DISBURSEMENTS**

Mr. Preston advised there were estate retirements for November of 2021 totaling \$19,228.31. Mr. Todd made a motion to approve the disbursements as stated by Mr. Preston. Mr. Kerrick made a second to the motion and the motion passed unanimously. Mr. Preston also noted the total patronage capital retirements as of November 2021 were \$14,127,003.



**XVIII. WORK ORDERS FOR NOVEMBER 2021**

Mr. Preston presented Work Order #2031 in the amount of \$551,401.97 and Work Order #2032 in the amount of \$2,234.45 for November 2021 for approval. Mr. Peyton made a motion to approve the work orders as stated. Mr. Todd made a second to the motion and the motion passed unanimously.

**XIX. APPROVE NEW MEMBERS FOR NOVEMBER 2021**

Mr. Preston advised for November of 2021 the Cooperative added 179 new members who paid fees totaling \$8,950.00. Mr. Goggin made a motion to approve the new members and the fees collected. Mr. Peyton made a second to that motion and 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 Friday, January 28, 2022, 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**

Chairman Spalding called for any other business to be brought before the Board. None was provided.

**XXII. EXECUTIVE SESSION**

Chairman Spalding solicited a motion to enter into Executive Session. Mr. Kerrick made a motion to approve going into Executive Session. Mr. Goggin made a second to the motion and the motion passed unanimously. After the Executive Session was complete, Mr. Todd made a motion to come out of Executive Session and the second was made by Mr. Goggin. The motion passed unanimously.

**XXIII. ADJOURN**

Hearing no further business, Chairman Spalding called for a motion to adjourn the meeting. Mr. Peyton made the motion to adjourn. Mr. Goggin made a second to the motion, and the motion passed unanimously.

APPROVED:

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CHAIRMAN, JOSEPH H. SPALDING