

INTER-COUNTY ENERGY COOPERATIVE CORPORATION
Meeting Minutes Summary

January 15, 2020

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

Mr. Preston opened the meeting with prayer.

II. SAFETY MOMENT

Mr. Kerrick gave the safety moment. He advised the Board, and all staff present that great care needs to be taken when walking as a pedestrian near any local, county or state roadway. He went through a series of suggestions which included staying alert, avoiding distractions, specifically when using a cell phone, being as visible as possible, following the rules of the road including crossing crosswalks and being in safe places when walking, as roadways can be crowded.

III. ADOPTION OF AGENDA

Mr. Peyton made a motion to approve the agenda. Mr. Goggin made a second to the motion and the motion passed unanimously.

IV. REVIEW OF MINUTES

The Board reviewed the minutes of the December 18, 2020 Board Meeting. Following a review of the minutes, including several semantical changes, Mr. Todd made a motion to approve the minutes. Mr. Kerrick made a second to the motion and the motion passed unanimously.

V. DECEMBER SUMMARY MINUTES

December summary minutes were discussed, and a motion was made by Mr. Preston to approve the summary minutes for the December 2020 board meeting. Mr. Goggin made a second to the motion and the motion passed unanimously.

VI. 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 January 15, 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 gave an update on the current financial status of the Cooperative and was happy to be able to serve and present her first report to the Board. She was pleased there were in fact positive margins and she went over the entire details of her report. The report was presented in a new format, which included additional information. Several board members were very complementary of the format of the report and the concise nature of conveying the information. Ms. Kurtz also advised that on Part B of her report, there was a reference to a reduction in the number of miles of service lines. She advised of the use of the new mapping software system resulted in an actual reduction in the number of lines, which will allow for a more accurate reporting of that statistic. She also discussed short- and long-term interest rates and did confirm she will include at least two months of prior FFB rates for comparison for the Board in the future.

B. Office Services – Ms. Stocker asked the Board to send to collections, subject to PSC and other regulations, 40 accounts totaling \$17,455.73. A motion was made by Mr. Todd to declare the unpaid accounts as bad debt in the amount stated and to send for collection subject to PSC and other rules. Mr. Goggin made a second to the motion and the motion unanimously passed.

She also gave an update of historical amounts of bad debt ranging from 2018 through 2020. She did note numbers for 2020 were skewed because of the pandemic and what can and cannot be deemed overdue and/or collectible. She also confirmed several of the accounts that were delinquent went into deferred payment plan. Mr. Carter proposed a modification to the dates for collecting data for billing that would allow for only minor changes to the billing data and to allow the collection of that data to be more appropriately timed for billing purposes. A printout of the range in billing dates and meter reading was presented to the Board and Mr. Carter made it a point to thank the staff, including Ms. Stocker, Ms. Kurtz, Mr. Bach, and Mr. Hitchcock for the creativity in allowing this update without unduly saddling the membership with multiple bills within a short period of time. He noted that the date billing is sent to the members

would stay the same but the amount of the data for each billing cycle will be modified to help true up the billing to use date. It was also noted there will be only four billing cycles per month. Starting with new members, they will have an opportunity to select which time of the month they would like to receive their bill. In the event there is no choice made, those members will be assigned to the first cycle of billing, as it appears to have the least number of members.

C. Operations – Mr. Phelps confirmed his department had started 121 new work orders in November and the new construction total at that time was \$300,249.00. He confirmed an inventory of the warehouse was completed in December of 2020 and advised that the projected costs of material purchase in 2020 was approximately \$1.2 million dollars and when the inventory review was complete there was a net cost of the inventory of approximately \$3,080.65 under book value. He gave an update on the engineering staking at Campbellsville University, the Lancaster substation relocation/circuit routing and conductor changes in Perryville and Lexington Road.

He gave an update on the contract crews for pole changes, reconductor and McElroy Pike. Mr. Phelps then presented a detailed outline of the right-of-way clearing and confirmed that the crews were at that time working on the Lebanon circuit out of the Lebanon substation and the completion of the work was nearing 50%. He estimates that the right-of-way work for that calendar year for 2020 should be done sometime in mid-February and the cost was approximately \$202,968.00 under budget. He presented a spreadsheet outlining the monthly totals, cycle miles and other details. He estimated the percentage of completion at that time to be approximately 83%.

Mr. Phelps discussed the status of the Diageo project and some revisions that were needed due to large circulating ground currents being discovered. He also confirmed the Kentucky Fresh Industrial client had recently poured concrete for the primary metering pad and electrical inspection should occur soon.

Mr. Phelps stated the Pittman Creek Distribution is well underway in Lincoln County and there is guidance being provided by the Lincoln County Economic Development Board regarding whether the facilities will be above or underground.

Mr. Phelps and Mr. Carter did discuss there is upcoming legislation regarding pole attachments. Mr. Carter confirmed there is over \$146 million dollars that is to be slated to be received in Kentucky for the expansion of broadband internet service project.

Mr. Phelps concluded his report by providing an update on his budget for his department and was happy to announce the same was under budget as of November 2020.

D. Member Services – Mr. Hitchcock gave his monthly report and outlined the member service and communication activities report for December of 2020. He also gave a summary of the Member Service Department activity which continues to be diminished because of the pandemic. He then reviewed the key account charts for 2020 and 2020 year-to-date. He confirmed that just about all the data suggests that the pandemic has had a negative impact on the key accounts for 2020 and every single bar graph on the key account chart for 2019 (red) was larger than the comparison for 2020 (blue).

He then gave an update on the cooperative solar summary for 2020 through October of 2020. To date, five (5) members of the Cooperative have bought a total of nine (9) panels. The total credits of all panels from January through October of 2020 range from as low as \$7.46 credit (January) to a high of \$18.22 credit (July). He then presented some images of a proposed autonomous EV charging robot from Volkswagen and a recap of comparing the hottest topics in energy in the year 2016 versus 2020. Mr. Hitchcock then presented images at Camp Horsin' Around where poles were donated and installed and explained their uses. He also advised that the Christmas Blessing Program for 2020 was a great success and gave images of some of the locations where those gifts were provided. He also presented images on the progress of BCTC's advanced manufacturing facility. He ended confirming his department was well within budget and gave a breakdown of the top 10 key accounts for 2020 which reflected that Maker's Mark lead that group with approximately 19% of the total power costs for the period.

1. Annual Meeting Discussion – Mr. Carter and the Board discussed the Annual Meeting and various proposals and timeframes for which decisions need to be made regarding the same. While no decision has been formalized, the suggestion from Mr. Carter and staff was that the Board consider the Annual Meeting to be held sometime between June and August. Considering the pandemic, it is unlikely that any large facility is going to be available nor would the owner of the property allow the Cooperative to have its annual meeting, as conducted in the past with over 800 or more members being present in person. Mr. Carter suggested the staff and Board consider the proposal to conduct the Annual Meeting on the 26th and 27th of August of 2020. There are still questions about registration and voting and those will be reviewed up until the time of the Annual Meeting.

E. Executive

Mr. Carter advised that Ms. Kurtz had reviewed most of the summary budget and has advised that his executive budget total was well within the amounts projected. He noted work anniversaries for four (4) employees and the board attorney, ranged from 32 years down to 2

years. Mr. Dean stated he was very happy to have had the opportunity to serve the Board for 11 years and looks forward to continuing the relationship with the Cooperative.

1. Safety/Loss Prevention Summary - Mr. McGuffey discussed a close call regarding a vicious dog and advised there is almost no way to avoid this type of incident. The dog was inside and simply burst through the door with its owner standing between the dog, the door and the Cooperative's employee. Luckily, there was little contact made with the dog and no injury to the employee. The employee stated that the homeowner went above and beyond the call and dove on and laid on the dog, which gave the employee sufficient time to get back to his vehicle. Mr. McGuffey also provided an updated on the RESAP Safety Improvement Plan. He also gave an update on the COVID-19 Pandemic and how it is impacting the work force at the Cooperative. At the time of the meeting, all employees were at work and only six employees had tested positive with symptoms. He is very happy to say that by and large, the pandemic has not had a direct impact that is lasting with any employee of the Cooperative and all those who were affected have fully recovered. He and Mr. Carter did confirm that the employees of the Cooperative have been deemed "essential workers" and will be able to receive the vaccine when it becomes available per state protocols. The estimation is that the vaccine will be available sometime in mid-February and it will likely be administered at Kroger.

2. Cyber-Security – Chris Bach gave an update on the cyber security and gave additional updates on the recent testing of the server and its operations. That server is in the Marion County office.

VII. LEGAL/REGULATORY/POLICY

Mr. Carter identified the policies that were to be reviewed including Policy 309, Policy 310, and Policy 315. The Board reviewed each policy and confirmed that Policy 309 and Policy 310 should be noted as being reviewed with no changes and under Policy 315 (Corrective Action Plan), there were changes that were made and discussed. Mr. Kerrick made a motion to approve the changes. Mr. Peyton made a second to the motion and after discussion about the proposed changes, the motion passed unanimously.

VIII. BOARD/CEO SESSION

A. Annual Calendar – Mr. Carter began with the Annual Calendar and again advised the Board that in-person meeting with individuals that were previously planned still present problems. He is hoping to get some version of the staff from EKPC to come and be in person to meet with the Board to discuss a variety of different issues. He also confirmed the strategic planning session with the Cooperative Board and staff will be slated for September 23

and 24. He also confirmed the upcoming CFC Forum will be conducted virtually in the board room with those attending coming to the Cooperative in Danville to participate.

B. Dashboard Review - Mr. Carter said Ms. Kurtz did a good job depicting the overall financial health of the Cooperative. He further outlined and reviewed the data under the safety, finance, operations, and customer indicators. He concluded overall the numbers were good for 2020 considering the pandemic.

C. Policy Review - Mr. Carter then went through the policy review with the Board including Policy 402, Policy 403, Policy 409, and Policy 410. There being no changes recommended and the Board having acknowledged reviewing the same, the Board then moved to accept Mr. Carter's request to renumber the capital credit allocation retirement policy from Policy 402 to 431. Mr. Preston made a motion to acknowledge the review of the policies referenced and the change in the policy number for capital credits to Policy 431. Mr. Kerrick made a second to the motion and after discussion, the motion passed unanimously.

Mr. Carter gave an update to the CFC Key Ratios previously provided to the Board. Mr. Carter noted he would get this matter on the February or later agendas for further review and discussion.

IX. COMMITTEE REPORTS

Mr. Kerrick gave an update on the revised report of the Compensation Committee and the same was tendered to Mr. Spalding.

X. EKPC

Mr. Carter and Chairperson Spalding discussed a special called meeting of the Board of Directors for the purpose of considering a rate increase. Ultimately, the Board did approve the rate increase as proposed by the staff of approximately 5%. Mr. Spalding gave an update on the timeframe in which he thinks the documentation will be filed with the PSC and he expected the effective date of the increase would be sometime around September 1, 2021. There were questions with the Board if the full 5% will simply pass directly on to the members and it is assumed that it will. Mr. Carter and Chairperson Spalding will give an update on the clarification of that issue during upcoming board meetings. An additional question will be whether and to what extent any notice will be required to send to the membership of the Cooperative. Chairperson Spalding, Mr. Carter and Mr. Dean will review this question. Chairperson Spalding also advised that Ted Hampton, an EKPC Board Member was in critical condition and on a ventilator because of COVID.

XI. KEC/UUS

Mr. Todd advised he did not expect the legislative breakfast will be held as scheduled on February 16, 2021 due to the pandemic. He said the next KEC meeting would be the week after the January Cooperative meeting. He discussed the meeting David Meade had with KEC and further stated he was reviewing the pole attachment legislation which is likely to be presented in the short session for 2021. Chris Perry and Chase Crigler who is a lobbyist for KEC were also present during that discussion and added additional context.

XII. NRECA

Chairperson Spalding and Mr. Carter played a video on board governance regarding line extensions.

Chairperson Spalding then advised that the Annual Meeting (PowerXchange) was set to occur February 23 - March 4, 2021. The agenda was provided to the Board for review. Mr. Goggin made a motion to approve the voting delegate as Mr. Todd and the alternate as Mr. Preston. Mr. Kerrick made a second to the motion and after discussion the motion passed unanimously. Chairperson Spalding then called for a motion to appoint a voting delegate and alternative delegate for NRTC. Mr. Preston made a motion to appoint Mr. Kerrick as the voting delegate and Mr. Peyton as the alternate delegate. Mr. Todd made a second to the motion and the motion passed unanimously. While it is not totally clear on the date on which any elections are going to occur, it is assumed that those members nominated to vote need to be available on March 4, 2021, unless otherwise notified.

XIII. FEDERATED RURAL ELECTRIC INSURANCE

There was no report given.

XIV. RUS-CFC-COBANK NEWS/UPDATES

Chairperson Spalding identified that the upcoming virtual workshop is scheduled to occur on January 21, 2021 at 9:00 a.m. All the Board and Mr. Carter identified they would attend and participate in the workshop at the Cooperative headquarters.

XV. CAPITAL CREDIT DISBURSEMENTS

Mr. Preston advised there were estates retirements for November of 2020 totaling \$9,006.00. Mr. Goggin made a motion to approve the disbursements as stated by Mr. Preston. Mr. Peyton made a second to the motion and the motion passed unanimously. Mr. Preston also noted the total patronage capital retirements as of November 2020 were \$13,915,775.00.

XVI. WORK ORDERS

Mr. Preston identified Work Order #2005 in the amount of \$378,367.05 and Work Order #2006 in the amount of \$0 for approval. After a discussion regarding the content of those work orders, 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.

XVII. NEW MEMBERS

Mr. Preston advised for November of 2020 the Cooperative added 145 new members totaling \$7,250.00. Mr. Goggin made a motion to approve the new members and the fees collected. Mr. Kerrick made a second to that motion and the motion passed unanimously.

XVIII. MISCELLANEOUS

Chairman Spalding requested the Board submit their expense sheets by providing those to Ms. Coleman. Chairperson Spalding reminded that the next regular board meeting has been rescheduled back to be held on Friday, February 19, 2021 at 8:30 a.m.

XIX. OTHER BUSINESS

Chairperson Spalding advised the Board to be prepared to review and discuss any questions regarding the CFC Key Trend Analysis information as previously provided, as the same will be on the February and/or later agendas. Chairperson Spalding suggested that anyone wishing to have an item placed on the agenda for upcoming board meetings do so by providing the same to Farrah Coleman.

XX. ADJOURN

Hearing no further business, Chairman Spalding called for a motion to adjourn the meeting. Mr. Todd made the motion to adjourn at 1:07 p.m. Mr. Goggin made a second to the motion, and the motion passed unanimously.