

INTER-COUNTY ENERGY COOPERATIVE CORPORATION

Meeting Minutes Summary

March 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

Mr. Goggin opened the meeting with prayer.

II. SAFETY MOMENT

Chairman Spalding gave the safety moment. He reminded everyone that safety is something that should always be at the forefront of everything that is done at the Cooperative and in individual homes. He recently heard a humorous quote from comedian Tim Allen. The quote went like this: "Don't learn safety by accident."

III. ADOPTION OF AGENDA

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

IV. REVIEW OF MINUTES

The Board reviewed the minutes of the February 24, 2021 Board Meeting. Following a review of the minutes, Mr. Todd made a motion to approve the minutes. Mr. Preston made a second to the motion and the motion passed unanimously.

V. FEBRUARY SUMMARY MINUTES

February summary minutes were reviewed. A motion was made by Mr. Peyton to approve the summary minutes for the February 24, 2021 board meeting. Mr. Todd 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 March 19, 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 January financials and was happy to report the actual margins were about \$400,000.00 over budget. The budget was right at \$317,000.00 and the actual was about \$714,000.00. She went through analysis of the power, distribution plant and some CFC notes regarding how nuclear power now has more production than coal. Mr. Carter noted that this is not because of nuclear power increasing in the amount it produces but rather coal decreasing in its amount. Nuclear stayed rather stable over the years because of no new nuclear plants being built for many decades. Ms. Kurtz went on to identify the small uptick in interest rates and presented the FFB loan rates for the past few months. She also noted TIER for the month was 5.87 and OTIER followed closely because of it being early in the year. One board member questioned some of the charges regarding idle services. She along with other staff members in addition to Mr. Phelps will review the idle services and provide an update at next month's meeting.

B. Office Services – Ms. Stocker advised the Board there were 35 accounts overdue totaling \$23,124.69. She requested those be deemed as bad debt and, if eligible, sent to collection. Mr. Goggin made a motion to declare the unpaid accounts as bad debt in the amount stated and to send the same for collection subject to the PSC and other regulations. Mr. Preston made a second to the motion and the motion passed unanimously. She also confirmed with the Board that typically overdue accounts range in the average of about \$270.00 per month. Now they are over \$600.00 based on the timeframe where a moratorium existed for doing shutoffs for overdue accounts. She also confirmed the community action has paid over \$69,000.00 to date in assistance for utility bills. She also prepared the Board to anticipate future overdue accounts and/or matters sent to collection will only increase in the next 90 days. She confirmed there were approximately 325 members in the prepay account with a total debt management exceeding \$81,000.00. She expects that the timeframe to pay off those bad debts will be at least 18 months.

C. Operations – Mr. Phelps gave an update on the Lebanon and Shelby City circuit work that is being done. He also gave an update and presented a chart outlining the progress on the right-of-way clearing. He then advised that Diageo is still in the construction phase. He also advised of the status of the Kentucky Fresh construction in Lincoln County. He was also happy to advise that Komatsu is apparently going to expand its line and will need additional power for the same.

He gave an update on the recent ice storm and his expectations regarding FEMA's participation in helping to underwrite some of the expenses associated with the days of inclement weather.

D. Member Services – Mr. Hitchcock gave an update on his activity report and continues to state the primary activity that would normally be conducted through the month is reduced to the COVID-19 pandemic and the lack of access to some of the areas where those contacts would normally be made. He presented a photograph of the Pittman Creek expansion. He also gave an update on the continued expansion of manufacturers making electronic vehicles. He presented a copy of the CANOO electric vehicle.

He gave an outline of the ice storm media summary. He was very happy that social media did an excellent job of keeping the membership advised and allowing for information to be freely exchanged between members and non-members and the Cooperative staff. He also noted that many of the systems of the Cooperative gave new and more detailed information to the membership than compared with the 2009 ice storm.

E. Executive

Mr. Carter acknowledged and reviewed his executive and summary budget. He then noted seven (7) service anniversaries ranging from 29 years down to 3 years.

1. Safety/Loss Prevention Summary - Mr. McGuffey spoke as to the safety issues that were experienced in the ice storm. He addressed a broken pole and gave an image of that pole along with other safety implications and the environment that the Cooperative and other contractors were faced with during the ice storm.

2. Cyber-Security – Chris Bach gave an update on a cyber security event that rose from a Microsoft Exchange server vulnerability. He gave further update to the Board and those present, as how the Cooperative would move forward, and he ultimately notified at this stage that no member information or other financial data appears to have been compromised. He and Jerry Carter will consult with their insurer regarding the coverage available for this and identify any additional steps that need to be taken.

3. Merchant Solar Facilities Update - Mr. Carter then gave an update on the proposed expansion for solar units in the service territory.

VII. LEGAL/REGULATORY/POLICY

1. Policy 105 – Non-Discrimination (Review)
2. Policy 111 – Nepotism (Review)
3. Policy 204 – Meals (Review)
4. Policy 205 – Insurance Retirement Savings (Review)
5. Policy 206 – Retirement Program (Review)
6. Policy 217 – Payment of Telephone Bills (Review)

Policy 105, 111, 204, 205 and 206 were presented for review with no suggested changes. Mr. Kerrick questioned confusing wording in Policy 105. Policy 105 was sent back to staff to determine the proper wording as questioned and will be brought back to the Board for consideration. Policy 217 was reviewed, and minor changes were noted regarding changing the policy name. With that modification and acknowledgement made of the other policies being reviewed with no other changes, Mr. Preston made a motion to approve the policies with the review and one change acknowledged. Mr. Kerrick made a second to the motion. After discussion regarding each of the policies and any proposed changes, the motion passed unanimously.

VIII. BOARD/CEO SESSION

A. Annual Calendar – Mr. Carter began with a review of the Annual Calendar and advised the Board that as COVID restrictions loosen up, more in person visits from individual identified in the Annual Calendar will be undertaken.

B. Dashboard – He made a review of the dashboard and confirmed the positive margins and was happy to report that growth continues to be good with all things considered. He noted the growth for the Cooperative was listed at 1.3%.

C. Policy Review - He then went on to review Policy 406 – Nepotism, Policy 413 – Financial Management, 413A – Equity Management, Policy 420 - Member Request for Cooperative Information; Policy 421 – Attendance at Meetings or Appearance by Members; Policy 423 – Standards of Conduct; Policy No. 424 – Conflict of Interest; Policy 425 – Code of Ethics and Policy 428 – Management Succession Planning. He advised that all policies, except for Policy 413 and Policy 413A, were presented for review and he did not make any request for revisions. After review by the Board, they too advised they did not have any changes to those policies with the exception that Mr. Carter asked that Policy 413 and Policy 413A be reviewed

later, after he and Mr. Dean have an opportunity to make additional recommendations. After Mr. Kerrick made the motion, and a second was made by Mr. Goggin, discussion ensued, and the motion passed unanimously.

D. KRTA – Mr. Carter reviewed the executive summary and the notes from the 2019 chart (Item No. 23), as well as other trends and analysis presented in the report. The Board discussed the complex nature of the reporting and appreciated the insights and education on those terms presented by Mr. Carter and Chairperson Spalding.

IX. COMMITTEE REPORTS

A. There was no report given.

X. EKPC

Chairperson Spalding gave an update on the rate case filing and other various steps that were being taken at the Board level to address the increase. Chairperson Spalding solicited a motion to review and approve the East Kentucky Power Cooperative Rate Increase Pass-Thru resolution regarding the 2021 rate case. After review and discussion of the proposed resolution, Mr. Preston made a motion to approve the resolution as drafted and Mr. Peyton made a second to the motion. Following discussion, the motion passed unanimously. Mr. Carter went on to explain that there were two options for how the rate increase would be addressed. He did confirm a decision has yet to be made but will present the same to the Board once it has been made.

Chairperson Spalding went on to discuss the widespread problems that were recently experienced in Texas. He was happy to acknowledge the margins were greater than budget for the term ending in January of 2021. He also noted February 6, 2021 was the coldest day in the past 40 years and he expects power consumption to be significant for the month of February. He also advised that the staff at EKPC was very happy to announce that they saved over \$18 million dollars for the power generated from one of the coal-fired units on the G & T generation assets. This \$18 million dollar savings is what would be paid if that generation capacity were not available.

A. Election of ICE Board Member to EKPC Board – Chairperson Spalding solicited the Board to nominate a member to serve as the representative of the Cooperative on the EKPC Board of Directors. Mr. Todd made a motion to nominate Mr. Spalding to serve again in that capacity for the Cooperative. Mr. Kerrick seconded the motion and after discussion,

included the remark that Mr. Spalding has been a great asset at EKPC and had not only served that Board well, but also executed his duties with the Cooperative Board in a very professional manner. Chairperson then called for a vote and the motion passed unanimously.

XI. KEC/UUS

Mr. Todd and Mr. Carter did confirm that House Bill 320 passed. That was to allow for PSC regulated electric Cooperatives to participate in the expansion of rural broadband in Kentucky. Mr. Carter continued to identify that the legislation is going to address the communities in Kentucky by having the unserved to be a priority but also the underserved would likewise be a priority in seeing the expansion and the distribution of assets that will allow the internet to be accessed by the citizens of Kentucky. Mr. Carter continues to state that he and the staff at the Cooperative were very seriously looking into the options, but he also saw several other potential threats. He discussed those with the Board and advised a continued focus on this issue will be ongoing both at the legislative level and with the cooperatives throughout the state. Mr. Todd advised that UUS was having a very good year and unfortunately the need for additional equipment for the ice storm had a significant impact in increasing sales. Mr. Todd noted the Washington D.C. Youth Tour activities would be conducted on a virtual basis. There is some additional consideration being discussed to provide additional assistance for the youth participating in the program.

XII. NRECA

Mr. Carter played the NRECA Board Governance video, “A Discussion About Key Ratio Trend Analysis,” which was produced by the NRECA and discussed the KRTA reports. Chairperson Spalding then announced that the upcoming director’s conference is scheduled to happen virtually on March 23 and 24. He stated he would be attending on behalf of EKPC.

Chairperson Spalding provided an update on the legislative conference that is scheduled for April 19 – 23. He assumes this too will be conducted on a virtual basis and encouraged anyone wanting to participate to let he and Ms. Coleman know.

XIII. FEDERATED RURAL ELECTRIC INSURANCE

Mr. Carter gave an update on the activity with the recent cyber incident. He confirmed the written notice of that breach had been presented to Federated and they, along with their subcontractors and others were working with the Cooperative’s staff on the issue.

XIV. RUS-CFC-COBANK NEWS/UPDATES

Mr. Carter announced there was approximately \$25,000.00 patronage distribution paid to the Cooperative for the calendar year 2020. He also acknowledged with the impending retirement of current CEO Sheldon Peterson, Andrew Don was named as the new CEO of CFC.

XV. CAPITAL CREDIT DISBURSEMENTS

Mr. Preston advised there were estates retirements for January of 2021 totaling \$21,783.51. 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 January 2021 were \$13,968,367.00.

XVI. WORK ORDERS

Mr. Preston identified Work Order #2010 in the amount of \$471,943.90 and Work Order #2011 in the amount of \$14,451.07 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. Kerrick made a second to the motion and the motion passed unanimously.

XVII. NEW MEMBERS

Mr. Preston advised for February of 2021 the Cooperative added 113 new members totaling \$5,650.00. Mr. Todd made a motion to approve the new members and the fees collected. Mr. Goggin 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 Farrah Coleman. Chairperson Spalding reminded that the next regular board meeting is scheduled for Friday, April 16, 2021 at 8:30 a.m. It was further noted that a conflict was posed by one of the board members regarding May board meeting. Upon motion by Mr. Todd the May meeting will be moved to Friday, May 28, 2021 at 8:30 a.m. The motion was seconded by Mr. Goggin and unanimously approved by the Board.

XIX. OTHER BUSINESS

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 Ms. Coleman. Mr. Dean requested an executive session to review the CEO Annual Performance Evaluation. A summary will be presented to the Board for that discussion.

XX. ADJOURN

Hearing no further business, Chairman Spalding called for a motion to adjourn the meeting. Mr. Goggin made the motion to adjourn at approximately 1:37 p.m. Mr. Peyton made a second and the motion passed unanimously.