

INTER-COUNTY ENERGY COOPERATIVE CORPORATION

Meeting Minutes Summary

August 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. Dean opened the meeting with prayer.

II. SAFETY MOMENT

Mr. Kerrick gave the safety moment regarding the benefit of seat belts. Mr. Kerrick advised the Board that after a Sunday dinner, he and his wife were in a car accident and attributes their safety to having properly utilized their seat belts.

III. ADOPTION OF AGENDA

Chairman Spalding presented the agenda which was reviewed. Mr. Kerrick 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 July 27, 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. JULY SUMMARY MINUTES

July summary minutes were reviewed. A motion was made by Mr. Peyton to approve the summary minutes of the July 27, 2021, board meeting. Mr. Goggin made a second to the motion and the motion passed unanimously.

VII. STEVE MAEDERER- FIBERISE FEASIBILITY STUDY PRESENTATION

Steve Maederer gave a PowerPoint Presentation and went over the details of a general review of the service territory and an estimate of the cost to build out broadband. That PowerPoint included the details of the basic outline and the structure of the hardware and software, the human resource needs, as well as consideration of some options for assistance and funding. Mr. Maederer also advised there are varying “take rates” which translate to the actual number of members who engage the service, and those predictions are extremely helpful when considering to proceed or not proceed with the project. The Board thanked Mr. Maederer for his assistance. After Mr. Maederer left the meeting, Mr. Carter advised there are two more feasibility studies that are being performed and the Board will have to review all studies before considering moving forward.

VIII. 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 July 27, 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 advised that June margins were negative \$257,000.00 and noted it was worse than anticipated, because of the initial budget predicting a \$54,000.00 loss. She confirmed year-to-date was negative \$259,000.00 for margins when the budget was to be a positive \$195,000.00. She continues to advise she anticipates FEMA may make reimbursements for the three winter storms that caused the Cooperative to incur at or more than a \$1,000,000.00 of additional costs for labor and materials for repairs.

She also gave an update on the forgiveness request for the PPP Loan Program. She advised she did not anticipate the full amount of the loan would be forgiven and advised some of the additional calculations from the initial request were subsequently disallowed. She has requested additional guidance from personnel at the Farmers National Bank and has requested contact with the SBA for additional consideration towards the forgiveness. She did advise in the event the loan is not forgiven, any outstanding balance will bear interest at only 1% and discussions about whatever residual balance is not forgiven, will be integrated into the debt portfolio because

most of the other debts are at a higher interest rate, it is unlikely that initial funds will need to be directed for immediate payment of this loan. The term of the loan is 24 months.

Ms. Kurtz presented a request for the Board to estimate not only the amount of travel but also the timing of any expenditures for education, or other Board member expenses. She is going to revise the way the budgets are calculated for hopefully better forecasting the needs for cash and other expenses.

She next presented an outline of the recent FFB rates which had only marginally changed. Ms. Kurtz concluded in advising her department budget was in line for year to date.

B. Office Services – Ms. Stocker advised the Board there were 54 accounts to be sent to collections totaling just over \$42,024.97. She requested those be deemed as bad debt and sent to collection. Mr. Kerrick 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. Goggin made a second to the motion and the motion passed unanimously.

The Board posed the question to Ms. Stocker as to why there was an increase in July, and she advised the primary cause was due to members who had a Covid related balance leaving without paying. Mr. Carter estimated that there will be approximately \$300,000.00 in write-offs for 2021.

Ms. Stocker concluded by advising her budget was still inline for her department.

C. Operations – Mr. Phelps gave a report on the construction crews and their progress and the various areas throughout the service territory. He also presented a bar graph displaying the right-of-way clearing for this time of the year and indicated crews were ahead of schedule. The timing for billing does not fully represent the work that is being done in the field. He advised the bar chart only reflects the time in which bills have been submitted for payment. Any work completed for the work month is more than likely not billed and not represented on the bar chart. He also confirmed there was a pre-bid meeting for the upcoming right-of-way contracts. Six invitations were sent, among other advertisements. Only two contractors attended. Those were Kendall Tree Service and Asplundh Tree Expert Company. He advised many of the other businesses performing this type of service are struggling to find reliable and skilled employees. He also confirmed that long time employee and system engineer, Jesse Turpin is taking a new job as a consultant.

Mr. Phelps gave an update to the Board on some of his concerns about the mounting of fiber for the proposed broadband project in the supply space for power. There are many rules and regulations identifying what kind of work can be done in what area on each of the service lines on

the poles. Some of the work that is going to need to be done for the fiber, may not be capable of being performed while wearing the safety equipment required for attachments in that area.

D. Member Services – Mr. Hitchcock was unable to attend today's meeting. Mr. Carter reminded the Board that Mr. Hitchcock had previously provided a very detailed report in the Board packet. He also confirmed that due to the outbreak of the COVID19 delta variant that there will be no Honor Flight for the calendar year 2021. Mr. Carter then pointed out some changes in the key accounts for 2021 versus 2020.

He discussed an image that was contained in Mr. Hitchcock's report of a wind turbine fire. The wind turbine had been struck by lightning and was totally destroyed.

E. Executive

Mr. Carter advised the Site Selectors Guild gave an award to the Cooperative for some of its recent work regarding a large commercial account in the Marion County District.

Mr. Carter also advised there was some resealing of asphalt completed at the Lebanon and Danville offices.

Last, he presented a display of three (3) different employee anniversaries

1. Annual Meeting
 - a. Approve Annual Meeting Agenda
 - b. Select Parliamentarian
 - c. Member Speakers
 - d. Credentials and Election Committee

Mr. Carter advised the Board that the Credentials and Elections Committee was set to meet at 3:30 p.m. on the day of the Annual Meeting. At that time, the committee will calculate the absentee ballots and then continue with their work after the voting closes at 4:30 p.m. EST, which coincides with the start of the Annual Meeting. He confirmed there were 104 individuals to vote absentee and noted the results would not be known until the committee met and concluded their work at the Annual Meeting.

2. Safety/Loss Prevention Summary

Mr. McGuffey gave an update on the safety items and recent meetings. He included a copy of his report for the Board to review.

As a result of potential or threatening litigation, Mr. Carter solicited a Motion to go into executive session. A motion was made by Mr. Goggin regarding the same and Mr. Peyton made a second to the motion and the motion passed unanimously.

The Board went into Executive Session after a motion by Bill Peyton. Jason Todd made a second to the motion and the motion passed unanimously. Following a brief period, Mr. Kerrick made a motion to come out of Executive Session which was seconded by Mr. Preston. The motion passed unanimously. Mr. Carter advised that no action was taken.

Mr. McGuffey then concluded his summary by providing an update on how the pandemic has affected the Cooperative and how it continues to do so.

3. Cyber-Security

Chris Bach gave an update and advised there are no new threats. He did provide a phishing email example that was circulated to the Board. He noted the sender was “allegedly” from Jerry Carter but when looking at the actual email address for which it was sent, that was not an email addressed that belonged to Mr. Carter but was a generic Gmail address. He advised everyone to be diligent about recognizing strange requests/emails and the importance of accurate email addresses before opening. If there is a question about any email, he noted the best practice is not to respond to the email or open any attachment, but to contact the individual who is purported as being the sender before taking any action.

Mr. Bach confirmed he, Mr. Dean and Mr. Carter had recently met to discuss the prior cyber-attack and indicated there were no further items to report on at this time. He expected a final report would be forthcoming soon.

VI. LEGAL/REGULATORY/POLICY

A. Policy 303 – Identity Theft Red Flag Prevention Member Information Policy (Action on Proposed Revisions)

Policy 303 was reviewed by the Board and Mr. Carter had made several recommendations on semantical changes. Mr. Kerrick made a motion to approve the changes proposed. Mr. Peyton made a second to the motion and the motion passed unanimously.

B. Attorney’s Report

Mr. Dean gave an update on a potential claim and one of the right-of-way clearing contractors. To date, he nor Mr. Carter have been served with formal notice that a lawsuit has been filed though was threatened and the date for which the demand was claimed to have applied has passed with no action as of the date of today’s meeting. Mr. Dean noted if any such suit is filed, he and Mr. Carter will work to give notice to Federated and they will secure counsel of their choice to defend the matter.

VII. BOARD/CEO SESSION

A. Annual Calendar Review

Mr. Carter gave a brief rundown of all the steps that has been taken to comply with the notice provisions for the upcoming Annual Meeting in addition to the plans for the actual meeting itself. He advised he did not anticipate any difficulty and noted the staff was fully prepared to engage the process at the Cooperative.

B. Dashboard Review

Mr. Carter gave a basic update on the information provided by Ms. Kurtz. He went through the graphical displays of several key indicators. He again confirmed he thought as the FEMA money is received for the three successive ice storms earlier in the year, that overall TIER will improve significantly.

Mr. Carter then gave an update on a census report and how it reflects the changes in each of the respective counties within the service territory. Of note, Marion County was listed as reducing in size when the data was simply modified because of inmates being held in the local jail facility had previously been included. He was pleased to see there was steady growth in the service territory.

VIV. COMMITTEE REPORTS

There were no reports.

VIII. EKPC

Chairman Spalding gave an update on the recent meeting in July. He confirmed EKPC had positive margins of \$5.3 million dollars, which was greater than the \$4.5 million dollars which was budgeted. He also discussed the recent rate increase and the negotiations that had been made and what is anticipated to be ruled upon by the public service commission. He also confirmed that part of the plan is to include a return of some type of funding to the distribution cooperatives in the event EKPC had TIER of 1.4 or greater. Those details are still being discussed but assuming EKPC's rate increase is approved, further details will be outlined as to how any surplus margins will be refunded to the distribution cooperatives or their respective members.

Chairman Spalding also advised there is some discussion about the utility of continuing the association with Touchstone Energy. He advised of the costs and the staff and board at EKPC are looking at all cost savings measures including potentially doing a rebranding. No decision has been made as of the Cooperative's August Board Meeting.

IX. KEC/UUS

Mr. Todd discussed the recent meeting, as well as advising that the annual meeting is scheduled to move forward on November 15 – 16, 2021. Chairman Spalding solicited nominations for the voting and alternate delegate. Mr. Goggin nominated Chairman Spalding to serve as the voting delegate for the Cooperative and Mr. Preston to serve as the alternate delegate. Mr. Peyton made a second to the motion and the motion passed unanimously. Mr. Todd advised it is still uncertain as to whether the meeting will be conducted in person or virtually.

X. NRECA

A. Board Governance Video

Chairman Spalding requested the Board Governance Video be delayed until the September Board Meeting. He noted the review of the feasibility study took nearly an hour and there being no objection, the Board moved forward with the balance of the agenda.

B. Region 2 & 3 Meeting – October 5-7, 2021 (Birmingham, AL) or October 6-7, 2021, Online

Chairman Spalding confirmed that Region 2 & 3 meetings are still happening as planned. Currently the attendees were designated as being Mr. Preston. Chairman Spalding noted that the cutoff for reservations was September 3. He also confirmed the voting delegate was designated to be Mr. Todd with the alternate being Mr. Preston. Mr. Preston advised he did not think he would travel but would notify Ms. Coleman if he changed his mind.

XI. FEDERATED RURAL ELECTRIC INSURANCE

Mr. Carter noted that Federated made an inquiry regarding the recent cyber-attack and it is expected that may impact premium costs to the Cooperative. The nature of the inquiry surrounded the Cooperative identifying any vulnerabilities and seeing what, if any changes have been made by the Cooperative before any new quote for coverage is issued.

XII. RUS-CFC-COBANK NEWS/UPDATES

Mr. Carter provided an outline of a request for Alyssa Kurtz to be added as an authorized signor/person for RUS/RD. He circulated the certificate and after review and discussion about adding Ms. Kurtz as an authorized party to represent the Cooperative, Mr. Preston made a motion to approve that request and to instruct the certification to be executed. Mr. Todd made a second to the motion and the motion passed unanimously.

XIII. CAPITAL CREDIT DISBURSEMENTS

Mr. Preston advised there were estates retirements for June of 2021 totaling \$18,093.74. Mr. Todd made a motion to approve the disbursements as stated by Mr. Preston.

Mr. Goggin made a second to the motion and the motion passed unanimously. Mr. Preston also noted the total patronage capital retirements as of June 2021 were \$14,499,057.00.

XIV. WORK ORDERS

Mr. Preston presented Work Order #2020 (Retirement without Replacement), Work Order 2021 in the amount of \$341,974.13 and Work Order 2022 in the amount of \$673.82 for approval. After a discussion regarding the content of those work orders, Mr. Goggin made a motion to approve the work orders as stated. Mr. Kerrick made a second to the motion and the motion passed unanimously.

XV. NEW MEMBERS

Mr. Preston advised for July of 2021 the Cooperative added 194 new members who paid fees totaling \$9,700.00. 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.

Mr. Carter added that each of the new members are now under the new deposit program which requires a deposit of 2/12's of the estimated usage. Alternatively, if the proposed member has excellent credit, that deposit could be waived.

XVI. 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, September 17, 2021, 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.

XVII. OTHER BUSINESS

Chairman Spalding advised that the Lebanon Appreciation Day continues to be a tremendous success. He did confess the numbers were down some this year but attributed that to the planning in 2020 included setting the date on the 1st day of a billing cycle.

Chairman Spalding, the Board and Board Attorney wished Ms. Farrah Coleman a Happy Birthday.

ADJOURN

Hearing no further business, Chairman Spalding called for a motion to adjourn the meeting. Mr. Goggin made the motion to adjourn at approximately 2:30 p.m. Mr. Todd made a second motion to the motion, and the motion passed unanimously.