

INTER-COUNTY ENERGY COOPERATIVE CORPORATION

Meeting Minutes Summary

May 2022

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	Allen Goggin
Jason E. Todd	Bill Peyton

Also present and participating either in-person or remotely were President and CEO Jerry Carter and Board Attorney J. Hadden Dean

I. PRAYER

Mr. Kerrick opened the meeting with prayer and special requests were offered for those families in Texas affected during the recent school shooting.

II. SAFETY MOMENT

Mr. Preston presented the safety moment. He advised when using powered equipment to make certain to use all proper safety gear available, including glasses, gloves, hearing protection, etcetera.

III. EAST KENTUCKY POWER GUESTS

Mr. Carter advised that EKPC President/CEO Tony Campbell, along with General Counsel David Smart, Senior Vice-President and Chief Operating Officer, Don Mosier and Vice-President and Chief Financial Officer, Ann Bridges will be in attendance later on during today's meeting. Senior Vice-President of Power Supply, David Crews, will also attend remotely.

IV. ADOPTION OF AGENDA

Chairman Spalding presented the agenda for review. Mr. Peyton made a motion to approve the agenda with the addition of an executive session. Mr. Goggin made a second to the motion and the motion passed unanimously.

V. REVIEW OF MINUTES

The Board reviewed the minutes of the April 22, 2022, Board Meeting. Mr. Peyton made a motion to approve the minutes. Mr. Goggin made a second to the motion and the motion passed unanimously.

VI. APRIL 2022 SUMMARY MINUTES

April 2022 summary minutes were reviewed. Mr. Todd made a motion to approve the summary minutes of the April 22, 2022, board meeting minutes. Mr. Kerrick 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 May 27, 2022, 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.

A. Finance and Administration – Ms. Kurtz advised there were negative margins of \$495,000.00. That was a bit better than the negative margins which were budgeted that totaled about \$604,000.00. She advised TIER for the month was negative 2.32 and OTIER for the month was negative .72. She advised that year-to-date the overall margins were \$1,600,000.00 million which exceeded the budget by just under \$500,000.00. She noted year-to-date the TIER was 4.17 with OTIER at 3.90. She then made a comparison and advised that the amount of kWh purchased for the month was 14% lower than the month prior. She also confirmed the distribution plant increased miles served by .52% and the services placed by 2.3%.

Ms. Kurtz next compared the April and May approximate quarterly rates. She noted across all time frames, rates had increased at varying levels with a three-month rate going up from .81% to 1.05% and the 30-year going from 3.00% to 3.03%. She then reviewed the KREC Plan update and noted the year-to-date contributions. She also advised the 20% surcharge had been dropped and she will continue to monitor that development. Overall, that reduces the amount the Cooperative has to contribute on a monthly basis.

B. Office Services – Ms. Stocker advised there were 24 accounts to be sent to collections totaling \$5,410.48. She requested those be deemed as bad debt and sent to collection. Mr. Preston made a motion to deem the unpaid accounts as bad debt in the amount stated and to send the same for collection. Mr. Goggin made a second to the motion and the motion passed unanimously.

Ms. Stocker noted there were 488 prepay accounts with 93 of those in debt management totaling just under \$75,000.00. She also advised there were several members under PSC mandated COVID contracts. That amount totals just under \$21,500.00.

C. Operations – Mr. Phelps advised the plant account had increased as a result of starting 108 new work orders in April and new construction came in at just over \$513,000.00. He

advised that purchases were just over \$147,000.00. He then reviewed the engineering that was ongoing and described the staking which is underway and the field inventory.

Next, he described the construction work, including the contract crews and the company crews. He then advised the Board of the current status of the right-of-way clearing with the graph presented. He noted the work actually cleared had just barely exceeded projection as of the end of April 2022.

1. Mr. Phelps next discussed the McClain Engineering Pole Attachment Review Contract.

D. Member Services – Mr. Hitchcock went over some of the details of the Member Service Department activity for the month. He also gave an update on the 2022 Honor Flight veterans selection process. He identified two individuals each being 85 years of age and one serving in the Air Force, while the other served in the Army. He acknowledged both of those individuals were members of the Cooperative.

He then reviewed the key-account chart for March and April of 2022 and went on to look at the top 5 key accounts. He noted Diageo consumes 60% of the entire chart. The total amount of revenue for the key-accounts exceeded \$4,610,000.00 year-to-date. He then presented images of the Turkey Creek Solar Ranch that is being constructed in Lancaster. He advised it is 520-acre site with a projected output of 50 megawatts. He and Mr. Carter discussed some of the challenges it posed and how these sites of this nature are being viewed by other service territories, especially those with planning and zoning.

He then presented images of a bit-coin mining site. He noted there were approximately 50 bit-coin mining machines with approximately \$500,000.00 in investment. He noted the billing for April was \$8,200.00 with May's bill exceeding \$10,200.00.

Mr. Hitchcock concluded his report with an image of the Marion County baseball team taken near a banner displaying the Cooperative logo.

E. Executive - Mr. Carter went through the construction project summary, as well as the health insurance premium analysis. That analysis was presented to the Board in two separate charts which noted the increase over the years with the exception of 2022 where there was a slight decrease. He noted this included the implementation of a cost share plan with the employees paying a portion of those costs.

He then presented work anniversary dates for six individuals including Chairman Spalding for 27 years of service and Mr. Preston for 23 years. He noted the accumulated total of the six individuals serving the membership was 100 years.

1. Safety/Loss Prevention Summary

Bo McGuffey discussed an incredibly unique incident that involved a bug flying into the ear of an employee. The live insect had to be removed by medical professionals and the employee recovered fully. During his presentation he provided an image of the bug extracted from the ear of the employee.

He noted the recordable incident rate, DART rate and severity rate were all zero for April 2022 and likewise year-to-date. He did advise of crew visits, safety demos and safety meetings.

2. Cyber-Security

Mr. Bach gave an update and advised the Board there had been no infiltration into the Cooperative computer systems.

3. Strategic Plan Update

The Board gave final approval of the 2022-2024 Strategic Plan.

4. Retirement Plan Restatement Board Resolution

Mr. Carter presented the resolution and a discussion ensued. Mr. Todd made a motion to approve the resolution. Mr. Kerrick seconded the motion and following discussion, the motion passed unanimously.

5. Annual Meeting Updates

a. C & E Committee

Mr. Carter gave an outline of the Credentials and Election Committee and a copy of the sample ballot for the upcoming annual meeting. He did confirm both candidates had properly complied with the bylaws with regard to submitting their names for election. He then presented a copy of the sample ballot which will be presented to the membership for voting. He confirmed after the elections, the candidates in question, assuming they are elected, will be installed on July 29, 2022, at the next regular board meeting following the Annual Meeting.

VIII. LEGAL /REGULATORY/POLICY

A. Policy 307 – Harassment Free Workplace (review)

Mr. Carter presented Policy 307 for review. Mr. Preston made a motion to approve the policy. Mr. Peyton made a second to the motion. After discussion, additional changes were discussed. The Board accepted the changes and approved the motion unanimously.

IX. BOARD/CEO SESSION

A. Annual Calendar Review

Mr. Carter presented the Annual Calendar for review. There were additional discussions about upcoming visits with the Board including Chris Perry from KEC. He also advised the Board they need to be considering questions for Mr. Perry to address. It is assumed Mr. Perry will attend in July but that could be subject to modification.

B. Dashboard – Mr. Carter reviewed the dashboard with the Board and discussed the safety, financial, operational and customer indicators. He advised year-to-date the Cooperative is performing well in all four categories.

C. Inflation – Mr. Carter asked for the Board to consider one of his suggestions on how to deal with the extraordinary inflation experienced in the current economy. He advised EKPC had chosen to address the inflationary pressure by not making a full salary adjustment in terms of a percent of the entire salary but rather making a one-time cash payment which will help offset the unique inflation environment for this calendar year. He advised he would have to discuss with the Board how to approach the upcoming year, based on the inflationary numbers and data at the time of consideration of staff salaries. Mr. Preston made a motion to approve a one-time payment to help offset and address the inflationary pressures being bore by the staff of the Cooperative. Mr. Kerrick made a second to the motion and a lengthy discussion, the motion passed unanimously.

X. COMMITTEE REPORTS

A. Governance Committee Charter – Mr. Kerrick requested the Board and the committee members to carefully review the policies which had been modified and/or updated. Mr. Dean asked for additional time to review those policies and that these matters be placed back on the agenda for the June Board Meeting. Any updates or changes that were recommended by Mr. Kerrick, his committee and/or the Board should be circulated.

XI. EKPC

A. Annual Meeting

Chairman Spalding confirmed the EKPC Annual Meeting will be held on June 14, 2022. He, along with Mr. Preston and Mr. Carter will be attending in person. The balance of the Board can participate by Zoom at the Cooperative headquarters. The meeting will begin at 10:30 a.m.

He next gave an update on the current financial data for EKPC. He also noted from a recent standard poll that EKPC was given a “A” credit rating. He also noted there was a stable outlook for EKPC. He discussed remediation efforts at one of the ash ponds and estimated the cost to remediate that sight was \$60,000,000.00.

During the completion of the agenda, Ms. Coleman announced the EKPC staff were present and available to meet with the Board. The Board welcomed them and each of the EKPC staff, as well as the Board and staff of the Cooperative introduced themselves. Thereafter, Mr. Campbell and his staff discussed and reviewed questions which were served on them in advance. This discussion and presentation took several hours. Mr. Carter, Chairman Spalding, and the

entire Board showed great appreciation to the EKPC Board and staff for their time and efforts taken to address the questions and attending the May Board Meeting of the Cooperative.

XII. KEC/UUS

Mr. Todd gave an update on the recent meeting at KEC. He acknowledged the KEC Annual Meeting will be held August 15-16, 2022.

XIII. NRECA

A. Board Governance Video

Mr. Carter elected not to view the video due to the time spent with the EKPC staff. He did note there is a safety and leadership summit to be conducted in Austin, Texas on August 17 – 19. Those attending on behalf of the Cooperative include Bo McGuffey and Brian Blandford.

XIV. FEDERATED RURAL ELECTRIC INSURANCE

Mr. Carter advised that Tony Hermeisch is scheduled to come and complete a review and participate in a question-and-answer session with the Board during one of its' upcoming meetings.

XV. RUS-CFC-COBANK NEWS/UPDATES

A. CFC Solutions – Economic & Market Watch – May 2022

Chairman Spalding recommended each member of the Board review the Economic & Market Watch publication which is included in this month's board packet.

XVI. CAPITAL CREDIT DISBURSEMENTS

For April 2022 there was \$20,571.000 in capital credit disbursements. Mr. Peyton made a motion to approve the capital credit disbursements which was seconded by Mr. Goggin. The motion passed unanimously.

XVII. WORK ORDERS FOR APRIL 2022

A. Work Order #2042 - \$722,113.33

B. Work Order #2043 - \$0

Mr. Goggin made a motion to approve the work orders as stated. Mr. Todd made a second to the motion. After discussion, the motion passed unanimously.

XVIII. APPROVE NEW MEMBERS FOR APRIL 2022

A. 174 New Members

B. \$8,7.00 Membership Fees

Mr. Peyton made a motion to approve the 174 new member applications for membership and the fees as stated. Mr. Goggin made a second to the motion. The motion passed unanimously.

XIX. 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 Monday, June 22, 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.

XX. OTHER BUSINESS

1. EXECUTIVE SESSION – Mr. Todd made a motion to enter into executive session for the purpose of property acquisition. Mr. Goggin made a second to the motion and the motion passed unanimously.

Mr. Kerrick made a motion to come out of execution session. Mr. Peyton made a second to the motion. The motion passed unanimously.

Chairman Spalding announced no action was taken on the item discussed in executive session.

He then called for any other business to be brought before the Board. None was provided.

XXI. ADJOURN

A motion to adjourn was made by Mr. Todd. Mr. Goggin seconded the motion and the motion passed unanimously, and the Board adjourned at 3:00 p.m.