

INTER-COUNTY ENERGY COOPERATIVE CORPORATION

Meeting Minutes Summary

July 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. Preston opened the meeting with prayer.

II. SAFETY MOMENT

Mr. Preston gave the safety moment. Mr. Preston recently discussed a fall by one of his co-workers from a ladder. He advised that ladders can be extremely dangerous and should be utilized only when properly secured.

III. ADOPTION OF AGENDA

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

IV. REVIEW OF MINUTES

The Board reviewed the minutes of the June 24, 2021, Board Meeting. Following a review of the minutes, Mr. Goggin made a motion to approve the minutes. Mr. Peyton made a second to the motion and the motion passed unanimously.

V. MAY SUMMARY MINUTES

June summary minutes were reviewed. A motion was made by Mr. Preston to approve the summary minutes of the June 24, 2021, board meeting. Mr. Peyton made a second to the motion and the motion passed unanimously.

VII. NEW EMPLOYEE INTRODUCTIONS

Mr. Carter and Mr. Phelps introduced new employees. As a result of several recent retirements, Mr. Phelps and his staff have worked diligently, along with others at the Cooperative to secure quality employees to work in the operations department. Mr. Phelps was pleased to introduce to the Board, Jared Hahn, Justin Engell and Levi Arn, who were recently hired.

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 June 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 May margins, while negative (\$124,801.00) were not as low as the negative budgeted amount of \$147,102.00. She gave an update on the FEMA application for reimbursement. The projections for reimbursements total about 75% from the federal government, 12% from the state government. She is conservatively calculating to receive approximately \$1 million dollars of the \$1.2 million dollars expended because of the winter snow/ice storms in March of 2021.

She also advised the forgiveness of the PPP loan has been submitted and only a few additional details are being presented to Farmers National Bank. She is collaborating with them in completing that process. Ms. Kurtz went on to display a chart of the FFB loan rates. She noted that all short-, medium- and long-term rates went down slightly. She also advised in the upcoming months she is looking to potentially draw down funds for the work to fund operations through the work plan. A decision on locking that interest in or having a variable rate will be made closer to time. She also acknowledged her overall budget is in-line with the expectations with the understanding some additional funds were distributed because of the retirement of the prior finance VP.

B. Office Services – Ms. Stocker advised the Board there were 73 accounts to be sent to collections totaling just over \$65,069.67. She requested those be deemed as bad debt and, if eligible, sent to collection. Mr. Todd made a motion to declare 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.

She explained how the account analysis is being performed and all accounts referenced above are older than March 15, 2021.

Ms. Stocker gave an update on the prepaid accounts and indicated at the current time there are 123 members using the prepay account "Debt Management" option with a balance of those gross debts just under \$120,000.00. She also confirmed as of July 2021 the Cooperative received over \$107,000.00 from Community Action from members whose accounts were delinquent because of the pandemic.

C. Operations – Mr. Phelps presented a graph displaying the right-of-way clearing for all months in the calendar year of 2021. He also confirmed the spray crews are still working.

Mr. Phelps next presented an update on his search for the replacement of the AMI System. He has several options he is considering and will continue to do so and will keep the Board advised of his progress.

He gave an update on the 2022 – 2025 work plan and confirmed he has an upcoming meeting with Mike Norman with the Rural Utility Service (RUS) regarding historical data. He advised the field crews were working on the Highland Substation Service territory. He also advised he is currently receiving bids for the resealing of the Danville and Lebanon parking lot and replacing part of the north gate at the Danville location. He concluded by advising his budget for the calendar year is \$1.2 million dollars more than budgeted and the same continues to be as a direct result of the three successive winter storms in 2021.

D. Member Services – Mr. Hitchcock gave an outline of the 2021 Honor Flight and the names of the individuals selected to attend. Those are Louis H. Walker of Danville who served as a finance clerk in Air Force during 1954-1958 in Spain and William R. Tungate of Lebanon, Kentucky who served in the Army from 1955-1963 as an infantry squad leader. There is an alternate selected in the event someone cannot attend and confirmed each of these honorees are in fact members of the Cooperative.

He then gave an update on the service and community activity report for June of 2021 and other summaries of the member service department. He presented a bar chart for the key account ending May 2021 and noted there continues to be consistent and modest improvement for 2021 as compared to 2020. He also asserted that a significant part of that is likely

the artificial reduction in power consumption for the key accounts due to the pandemic being in full force from March of 2020 through May of this year. He then presented images of a Habitat for Humanity home being built in Mercer County Kentucky. He also presented images and historical perspective on the first electric vehicles. Those displayed included models from the early 1800's.

He then presented the 2021 Key Account breakdown for the top 10 accounts and discussed the same. He concluded his presentation by acknowledging his actual expenses for year-to-date are \$62,000.00 below budget.

E. Executive

Mr. Carter gave an update on the Diageo project and acknowledged that Ms. Kurtz had done an excellent job at outlining the overall financial status of the Cooperative and included the budget for the Executive Department as well as the summary budget. The Board reviewed each of those items and discussed the same. He then acknowledged four (4) employees of the Cooperative ranging from years of service from 5 to 33 years.

1. Annual Meeting Updates

Mr. Carter gave an update on the Annual Meeting for 2021 and the deadlines involved. He confirmed the Credentials and Election Committee would be meeting to count absentee ballots on August 27, 2021 at 3:30 p.m. and sent a copy of the 2020 Annual Report to be presented to the membership. The same included the required notices per the bylaws, as well as the names of the Board, the Board Attorney, and a year-end review.

2. Safety/Loss Prevention Summary

Mr. McGuffey gave an update on a recent injury to an employee. He advised this employee had gone out because of a large down sycamore tree. The tree had pulled a line down and he was negotiating the freeing of the line from the down tree when he stepped on a portion of the branch that had broken and he ultimately sustained a lower leg ankle injury. Although the initial visit with medical professionals did not identify any broken bone it did acknowledge he had a severe bone bruise. However, later the employee still could not return to work in any capacity, as the injury was to his right lower extremity. He could not drive or perform any other services. The employee was off an additional week because of this injury and hopes to be able to heal and return to work in the near future.

Mr. McGuffey gave an update on the Safety Meeting that were scheduled to be held July 28 and July 29 and confirmed this will include both inside and outside personnel.

4. Cyber-Security

Chris Bach gave an update on the integrity of the computer system of the Cooperative and advised it was working well.

VI. LEGAL/REGULATORY/POLICY

There was no report given.

VII. BOARD/CEO SESSION

A. Sonny Curtsinger - Mr. Carter and Mr. Dean gave an update on a draft complaint which has yet to be filed but has been provided to Mr. Dean through Mr. Curtsinger's new counsel, Mr. Bott. Mr. Dean read over the complaint and advised the Board of the circumstances involved. Mr. Phelps was invited to remain and further gave information regarding the nature and extent of the alleged damage and the communication that has been exchanged between Mr. Curtsinger's prior attorney, the Cooperative and a contact for Kendall, the independent contractor.

Mr. Phelps was advised to present the claim to Federated. Mr. Dean will follow up with Plaintiff's counsel and at this stage there are no additional steps that can be taken at the Cooperative level, as the independent contractor would be the exclusive remedy in this circumstance, notwithstanding the allegations of negligent retention or hiring.

B. Annual Calendar Review

Mr. Carter then reviewed the Annual Calendar with the Board.

C. Dashboard Review – Mr. Carter reviewed the Dashboard with the Board and specifically discussed TIER, OTIER, as well as the equity. He again is glad to confirm the equity is just under 18 ½%. He, Mr. Dean, and the Board will later review the Equity Management Policy and discuss any changes the Board wishes to make.

D. Red Flag Policy – Mr. Carter gave an update on the red flag policy and will be presenting an update to the Board in the future.

VIV. COMMITTEE REPORTS

There were no reports.

VIII. EKPC

Chairman Spalding presented a general financial overview of EKPC and advised it too had negative margins, but those margins were not as bad as the amount which was budgeted. He also confirmed the status of multiple upcoming solar projects. At this time there are only four that have executed agreements, but he expected those numbers to go up

dramatically in the future. He also confirmed that two of the four solar projects which are under written agreements are in the Cooperative service territory.

He then gave an update on the rate increase and Mr. Carter also advised of the procedural history to date. He gave an outline of the intervenors into that action and that there appears to have been an error in calculation by the experts obtained by EKPC. There appears to be a pending agreement on the amount of increase and that amount is going to be somewhere around \$38,000,000.00.

IX. KEC/UUS

Chairman Spalding advised of the recent Board Election and thanked Mr. Todd for his willingness to run for that position. Ultimately, Marty Littrell obtained the position. Additional discussion about the election and the position Mr. Littrell had was presented to the Board by both Mr. Todd and Chairman Spalding. All confirmed Mr. Littrell will do an excellent job in that position.

Mr. Todd also discussed the status of the broadband projects in terms of both state and federal government support and the feasibility studies that are underway. Mr. Carter added that the economics of the project still is the biggest obstacle for this matter to move forward. The rough estimates for the project include there is about \$40,000 - \$50,000 per mile that could be anticipated for providing fiber and/or reliable broadband. He acknowledges that the Cooperative alone has approximately 4,000 miles of line. Mr. Carter confirmed that feasibility studies are under way for the Cooperative's service territory, and he will be providing an update on those soon. Mr. Carter also advised that he responded to a questionnaire posed by Voices of Appalachia. In closing, Mr. Todd and Mr. Carter confirmed that UUS was doing very well through the pandemic period because of high demand for its inventory.

X. NRECA

Mr. Carter played a National Rural Electric Cooperative Association Board Governance video that dealt with navigating ethical issues. He then went over the NRECA Board Meeting Report for the Summer of 2021. He confirmed that the Safety Leadership Summit was scheduled to take place in Orlando, Florida on August 9-12, 2021 and further confirmed Bo McGuffey would be attending on behalf of the Cooperative. He noted that the Region 2 & 3 meeting are scheduled to occur October 5-7 in Birmingham Alabama or alternatively,

October 6-7 online. He gave details for hotel reservations. Last, he confirmed that the meeting delegates had been determined to be Mr. Todd and Mr. Preston and there was no need to certify the delegates unless the Board choose to do so. There being no motion for a change of those delegates by acclamation those board members will serve in that capacity on behalf of the Cooperative at the Region 2 & 3 Meeting. In the event either or both of those designees wish to attend the meeting, Mr. Goggin made a motion to approve their travel to do so. Mr. Peyton made a second to the motion and the motion passed unanimously.

XI. FEDERATED RURAL ELECTRIC INSURANCE

Mr. Carter advised that Tony Hermes from Federated met with the Cooperative on July 21, 2021. He advised there would likely be an increase in the premiums for the coverages provided to the Cooperative. Otherwise, he did not see any substantial change to the coverages, or the amount stated within those coverages.

XII. RUS-CFC-COBANK NEWS/UPDATES

Mr. Carter gave an update on the strategic planning session that is scheduled to be held at the Cooperative September 23 and 24. He confirmed that electronic surveys would be sent out to the Board on July 30. He also confirmed that CoBank Energy Directors Conference is scheduled to be held in Tampa, Florida October 25-27, 2021. At the time of the meeting, registration information was unavailable.

XIII. CAPITAL CREDIT DISBURSEMENTS

Mr. Preston advised there were estates retirements for May of 2021 totaling \$16,673.35. Mr. Peyton made a motion to approve the disbursements as stated by Mr. Preston. Mr. Todd made a second to the motion and the motion passed unanimously. Mr. Preston also noted the total patronage capital retirements as of May 2021 were \$14,480,963.00.

XIV. WORK ORDERS

Mr. Preston presented Work Order #2018 in the amount of \$488,030.74 and Work Order #2019 in the amount of \$10,573.54 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. Peyton made a second to the motion and the motion passed unanimously.

XV. NEW MEMBERS

Mr. Preston advised for June of 2021 the Cooperative added 187 new members totaling \$9,350.00. 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.

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 was scheduled for Monday, August 23, 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

Mr. Kerrick made a motion to go into an Executive Session for a potential acquisition. Mr. Goggin made a second to the motion and the motion passed unanimously.

The Board went into Executive Session. Following a brief time, Mr. Todd made a motion to come out of Executive Session which was seconded by Mr. Preston. The motion passed unanimously. Chairperson Spalding advised that no action was taken.

XVIII. ADJOURN

Hearing no further business, Chairman Spalding called for a motion to adjourn the meeting. Mr. Preston made the motion to adjourn at approximately 1:17 p.m. Mr. Goggin made a second to the motion, and the motion passed unanimously.