

INTER-COUNTY ENERGY COOPERATIVE CORPORATION

Meeting Minutes Summary

March 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	

Also present and participating were President and CEO Jerry Carter and Board Attorney J. Hadden Dean

The Board was advised that Board Member Bill Peyton was absent due to illness. Mr. Todd made a motion to allow the excused absence of Mr. Peyton. Mr. Kerrick made a second to the motion and the motion passed unanimously.

I. PRAYER

Mr. Goggin opened the meeting with prayer.

II. SAFETY MOMENT

Mr. Kerrick presented the safety moment. He circulated an article which dealt with best practices and safety issues in your residence regarding young children and adolescents.

III. ADOPTION OF AGENDA

Chairman Spalding presented the agenda for review. Mr. Goggin 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 February 25, 2022, Board Meeting. Mr. Todd made a motion to approve the minutes with minor changes. Mr. Goggin made a second to the motion and the motion passed unanimously.

V. FEBRUARY 2022 SUMMARY MINUTES

February 2022 summary minutes were reviewed. Mr. Todd made a motion to approve the summary minutes of the February 25, 2022, board meeting with minor changes. 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 March 25, 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 that 167 checks and 31 banks/draft wire payments were made in the last month totaling over \$7,160,000.00. She confirmed for the month ending February that there were positive margins of approximately \$640,000.00 and the budget for the month was for \$574,000.00. She advised OTIER was 5.63 with TIER being 5.63. She confirmed year-to-date the net margins were approximately \$2,181,915. The budget for year-to-date had projected a net margin of just over \$943,000.00. She confirmed year-to-date the OTIER was 9.12 and TIER was 9.20. She reviewed the comparison of the purchase power bill and noted a decrease in kWh purchased of approximately 20% from January of 2022. She reviewed the plant distribution and noted that total services in place had increased by 2.4% while miles of line increased .47%. She then reviewed the current FFB interest rates for the quarters ending March 23 and February 23, respectively. She advised interest rates across the board have increased as the Federal Reserve had anticipated. She then gave a comparison of CFC commercial paper rates and discussed the options available to the Cooperative for drawing down approximately \$5 million from the work plan. After review of those options, Mr. Goggin made a motion that she draw down \$5 million dollars and situate that in a variable rate loan. A second was made by Mr. Kerrick and the motion passed unanimously.

She then reviewed with the Board the financial and statistical report for the Cooperative which noted the OTIER and TIER on both a monthly and year-to-date basis.

She next went over the February 2022 analysis of the amounts budgeted and the actual amounts for the year.

During Ms. Kurtz presentation, the auditors presented their report and advised no material misstatements in the formal records and noted he believed the net margins for 2021 totaled approximately \$1.1 million. After a lengthy discussion, Mr. Kerrick made a motion to approve and accept the auditor's report as stated. Mr. Todd made a second to the motion. After further discussion, the motion passed unanimously.

B. Office Services – Ms. Stocker advised the Board there were 24 accounts to be sent to collections totaling just over \$2,570.30. She requested those be deemed as bad debt and 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 confirmed year-to-date 73 accounts had been sent to collection, totaling just over \$11,626.00.

Ms. Stocker gave an update on the Online Utility Exchange, which noted the amounts of the accounts collected and the commission paid. She noted year-to-date, approximately \$2,920.00 was collected with commissions of just over \$856.00 being paid.

Additionally, Ms. Stocker gave an update on her personnel reports and answered questions by the Board. Notably, one Board member asked how many members of the Cooperative were utilizing any type of net-metering arrangements. Ms. Stocker estimated there were approximately 108 members that are using solar power and the existing net metering rules, as approved by the Public Service Commission.

C. Operations – Mr. Phelps reviewed with the Board his board packet report and provided an update on the activity with the plant account noting there were 104 new work orders started in February with new construction totaling just over \$648,000.00. He advised there were purchases just over \$158,000.00. He confirmed the engineering staking was underway in several areas throughout the service territory. He reported on the inventory of Highland and Gooch Substations and found that Highland was complete, with the field collection at Gooch being 90% complete and modeling approximately 50% complete. He also confirmed the OMS simulation set up was complete and that sample meter testing was to begin on March 14, 2022.

He then provided an update on the construction work going on throughout the service territory.

Mr. Phelps provided an update on the right-of-way clearing through February of 2022.

He advised of a new hire (Kyle Jeffries) for the Warehouse Facilities Coordinator. Mr. Jeffries started on March 14.

He confirmed the Broughtontown Substation was brought online and reduced the load on Highland and Gooch substations. He and another employee attended the NRECA Tech Advantage Meeting in Nashville and confirmed David Turner and John Land were scheduled to attend a Vegetation Management Association Meeting of Kentucky which is scheduled to occur in Lexington.

Mr. Phelps ended his report advising supply chain issues as well as other economic pressures are putting a substantial demand and some concerns about supply for certain transformers. He went through an example of listing several different sizes of transformers and the costs and expectations of when those items may be available for purchase.

D. Member Services – Mr. Hitchcock gave an update on the activity report for he and his staff, along with a report of the department activity for the month of February. He presented a graphic display outlining the monthly envirowatts purchased by the membership broken down by the member class. He noted the total envirowatts purchased by members of the Cooperative were 372 for the month of February 2022. He then reviewed sponsorships and donations for 2021 and gave a budget and an outline for sponsorships and donations he anticipates for the calendar year 2022. He noted he felt that total sum would exceed \$45,000.00.

He then presented the key account chart for January 2022 which showed a significant increase in monthly activity from 2021. He noted in 2021, that number totaled just under \$475,000.00 compared to just over \$1.2 million in 2022. He then displayed the top 5 key accounts and noted that Diageo, while not fully on-line, was 45% of the consumption of the top 5 key accounts for the month of February 2022.

Mr. Hitchcock then gave a pictorial graph of the Google analytics through the end of 2021. He noted a significant increase in the amount of internet activity on the website for the later part of February 2021. He attributes that to the significant ice storm and also gave a bar graph showing just over 95% of those contacts came from the United States. He and Mr. Bach noted there is a significant number of international users that are believed to be individuals or other attempts to possibly access and/or manipulate the Cooperative's website. Mr. Hitchcock noted the top pages visited on the website were: outage map, contact us, trouble shooting a high bill and paying your bill.

He then gave a pictorial display of a John Deere all electric tractor and noted there is a separate removable cab for that tractor. He also gave an update and examples of equipment manufactured by Kubota and their efforts to get into the autonomous electric farm implement industry.

E. Executive - Mr. Carter opened with an acknowledgement of the service anniversaries for seven of the Cooperative's employees. Their tenure ranged from 30 years to 4 years. He thanked each of the department heads and staff members for their dedication to the Cooperative.

He then gave an outline of the construction project summary which was attached to his portion of BoardPaq.

1. Safety/Loss Prevention Summary

Bo McGuffey was happy to advise there were good numbers for the safety of the Cooperative's work force during the month of February. He confirmed he had crew visits

and advised the in-service/Safety Meeting Day was in February. He confirmed the March Safety Meeting Day occurred on the 24th and noted Charlie Lewis from the KEC was the presenter.

2. Cyber-Security

Mr. Bach confirmed there continues to be a high level of activity trying to gain access to the Cooperative computer systems and that at the current time, none had been successful to the best of his knowledge.

3. CRC Voting Delegate/Alternate Delegate

Chairman Spalding solicited if there was interest in attending the upcoming CRC meeting in Boston, MA in June of 2022. Mr. Todd made a motion that Mr. Carter be the voting delegate. Mr. Preston made a second to the motion. The motion passed unanimously.

4. Annual Meeting

Chairman Spalding and Mr. Carter discussed the upcoming Annual Meeting. The Board reviewed the district composition. Chairman Spalding noted there is a geographical boundary for each of the districts and since voting for each district representative was done at large, he did not see any immediate need to change the location of the districts. Mr. Kerrick made a motion to acknowledge the review and that there were no recommended changes to the district composition. Mr. Preston made a second to the motion. After discussion, the motion passed unanimously.

Mr. Carter then reviewed the upcoming election process and advised the Board he and Mr. Dean would be working to try to establish some basic rules regarding campaigning for the upcoming election processes for the Casey and Marion County districts. In short, he recommended there be some type of physical boundary from the place of voting and that no electioneering or campaigning could be done within that geographical boundary. After discussion, Mr. Todd made a motion that there be no campaigning within 25 feet of the door or any entrance to a voting location. Mr. Kerrick made a second to the motion. The motion passed unanimously. Then he asked for each district outside Casey and Marion to present their designee for the Credentials and Elections Committee. Those are as follows: Lincoln County – Jeremy Boyle; Garrard County – David Duncan; Mercer County – Ronnie Long and Boyle County – Todd Tiller.

Mr. Carter next reviewed the dates for the Credentials and Elections Committee and noted the last day for that committee to meet is May 4, 2022. Mr. Spalding then entertained a motion to move the monthly June Board Meeting and to approve the Annual Meeting Agenda. Mr. Todd made a motion to approve the draft Annual Meeting Agenda and to reschedule

the June Board Meeting from June 24, 2022, to June 27, 2022. Mr. Kerrick made a second to the motion. The motion passed unanimously.

VIII. LEGAL /REGULATORY/POLICY

Mr. Carter presented Board Policies 104, 111, 204, 205, 206 and 217. He noted there were only minor changes to Policy 111. After discussion, Mr. Todd made a motion to acknowledge that the policies referenced were reviewed and the only changes made were to Policy 111, as presented by the staff. Mr. Kerrick made a second to the motion and the motion passed unanimously.

IX. BOARD/CEO SESSION

A. Annual Calendar Review

Mr. Carter reviewed the annual calendar with the Board and advised he anticipated having Tony Campbell and possibly others from EKPC in attendance at the April and/or May meeting.

B. Dashboard – Mr. Carter reviewed the dashboard with the Board and confirmed the metrics for safety indicators for 2022 were all 0.00 and noted he was pleased about that. He discussed the financial indicators and again was pleased that TIER was at 9.20 and OTIER was at 9.12 with equity being 20.05 and overall equity including EKPC allocated but not retired patronage capital being 37.58. Mr. Carter then reviewed the operational indicators and again was pleased the load factor was at 63% and SAIFI and CAIDI were all in favorable ranges in light of recent storms. He also noted that line loss was below the benchmark. He ended with a review of the customer indicators and noted the average total of members served was 27,359.

Mr. Carter then reviewed a graphical display of TIER, OTIER and equity.

C. Board Policy Review - Mr. Carter then reviewed Board Policies 406, 423, 424 and 425. Mr. Todd made a motion to acknowledge those policies were reviewed without changes. Mr. Goggin made a second to the motion and the motion passed unanimously. Mr. Carter and Mr. Dean gave an update on Policy 413A and gave a version with amendments that had been made in the past. After discussion, the Board requested additional review to be made and for reconsideration of 413A at the upcoming April and or May board meeting.

D. CFC Voting Delegate/Alternate Delegate – Mr. Carter noted that Mr. Todd was the current delegate and that he requested this motion be held until April so that the full board could consider who might want to serve in that position.

X. COMMITTEE REPORTS

A. Audit Committee Report – Mr. Goggin advised he had met with the auditors and the staff of the Cooperative and he was pleased to announce to the Board that there was a clean

audit with no material findings of misstatements or other concerns. He advised he continues to look for additional opportunities for internal audits but with the passing of Graham Johns there are few resources for some of the typical audits that were performed in the past. He and his committee will continue looking for opportunities and advise the Board.

XI. EKPC

Chairman Spalding gave an update on the financial status of EKPC and advised they ended the year with margins just over \$13.3 million. He noted they had budgeted to lose \$3 million for the year. He also confirmed upcoming issues and challenges with maintaining equity at that level, as well as upcoming expected expenses with certain CT units and/or transmission line. He also announced that David Smart is retiring in May 2022. He will assist the Board in any way he can until his successor is appointed.

Mr. Spalding advised the upcoming board elections are set to take place and he would ask the Cooperative to nominate its representative for the EKPC board position. Mr. Todd made a motion to nominate Chairman Spalding to serve in that capacity. Mr. Preston made a second to the motion and the motion passed unanimously.

XII. KEC/UUS

Mr. Todd gave an update on a recent convention, as well as discussing the appointment process and the current status of the Public Service Commission. He also gave an update on the EV issue which KAEC is looking at and the potential for growth with trying to establish level for "fast chargers" every 50 miles along Kentucky highways. He also confirmed that the fuel adjustment issues were still in process and there is hope that proper legislation will be drafted to allow the fuel adjustment charge to be adjusted so the current high levels can be leveled out over time for the membership.

XIII. NRECA

Chairman Spalding advised that the directors conference is set to occur in Austin, Texas April 2 – 5, 2022 and that he would be attending on behalf of EKPC. Mr. Carter acknowledged the legislative conference was set to occur in Washington, D. C., May 1 – 5, 2022. However, he and Chairman Spalding noted since the legislature is not to be in session, there will be serious questions as to who would actually be present to hear any concerns for any members attending that conference.

XIV. FEDERATED RURAL ELECTRIC INSURANCE

No report given.

XV. RUS-CFC-COBANK NEWS/UPDATES

Chairman Spalding gave an update and attached the February 2022 CFC Board Report. He also confirmed the CoBank Energy Conference was set to occur in Chicago, Illinois on July 12 – 14, 2022. Mr. Carter then presented the RUS Form 675 (Authorized Signatures) for the Board to review and approve. That “certificate of authority” allowed the certification to remain in force until rescinded by resolution of the Board and notification to RUS that Jerry Carter, President and CEO of the Cooperative and Alyssa Kurtz, VP of Finance & Administration were authorized individuals to sign documents and/or act as agents the Cooperative.

Chairman Spalding ended with a note and reference to the February 2022 CFC Report from the Board.

XVI. CAPITAL CREDIT DISBURSEMENTS

For February 2022 there was \$12,860.46 in capital credit disbursements. Mr. Goggin made a motion to approve the capital credit disbursements which was seconded by Mr. Peyton. The motion passed unanimously.

XVII. WORK ORDERS FOR February 2022

- A. Work Order #2038 - \$590,247.37
- B. Work Order #2039 - \$0.00

Mr. Kerrick made a motion to approve the work orders as stated and Mr. Goggin made a second to the motion and after discussion the motion passed unanimously.

XVIII. APPROVE NEW MEMBERS FOR FEBRUARY 2022

- A. 141 New Members
- B. \$7,050.00 Membership Fees

Mr. Todd made a motion to approve the 141 new member applications for membership and the fees as stated and Mr. Kerrick 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 Friday, April 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

Chairman Spalding called for any other business to be brought before the Board. None was provided.

XXI. ADJOURN

A motion to adjourn was made by Mr. Goggin. Mr. Kerrick seconded the motion and the motion passed unanimously, and the Board adjourned at 2:59 p.m.