

INTER-COUNTY ENERGY COOPERATIVE CORPORATION

May 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. Kerrick opened the meeting with prayer.

II. SAFETY MOMENT

Mr. Preston gave the safety moment which arose from a recent experience he had while in a parking lot. He was stopped in the parking lot and a vehicle in his proximity was moving which ultimately gave him the sensation he was rolling backwards. He indicated a need to be more aware of his surroundings were important in that his reaction could have been to move his vehicle to avoid contact with another car and/or person in the parking lot.

III. ADOPTION OF AGENDA

Chairman Spalding presented the agenda which was reviewed. Mr. Todd 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 April 16, 2021, Board Meeting. Following a review of the minutes and with a note of some minor grammatical changes, Mr. Goggin made a motion to approve the minutes. Mr. Kerrick made a second to the motion and the motion passed unanimously.

V. APRIL SUMMARY MINUTES

April summary minutes were reviewed. A motion was made by Mr. Preston to approve the summary minutes subject to similar changes made in the April 16, 2021, board meeting minutes. Mr. Peyton 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 May 28, 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 outline of the general accounting and confirmed the Cooperative sent out 127 checks and 26 bank wire payments totaling just over \$5,394,000.00. She also confirmed the operating revenue in March was up \$100,000.00 from last year and the cost of purchase power was up \$500,000.00 during this same timeframe. Operating expenses were likewise \$195,000.00 higher than last year. She advised March of 2021 did result in negative margins of over \$493,000.00. The budgeted margins were \$113,000.00. Year to date net margins are at \$163,000.000 and she attributed the bulk of the reduced margins to the extraordinary costs for successive ice storms earlier in the year.

She then went on to review the comparison purchase power bill from month to month and an explanation of the distribution plant in place for 2021 and a comparison of the same data for 2020. She then outlined the current FFB interest rates approximated for the months of April and May of 2021. She noted overall interest rates for the quarter of May were down for each category from three months up to the thirty-year maturities.

Ms. Kurtz introduced the auditors, Travis Frick and Michael Moriarty, from Jones, Nale & Mattingly. The auditors presented a clean audit report and reviewed in detail. A separate report from the audit committee, as well as the auditor's report were reviewed. Mr. Kerrick made a motion to approve the audit report as presented. Mr. Todd made a second to the motion and the motion passed unanimously.

Ms. Kurtz confirmed there had been a project manager appointed to assist in the claims to FEMA for the snow and ice storm of 2021. The project manager's name is Richard Johnson. At the current time, they are scheduled to have weekly meetings regarding the applications and the data which will support the claim. She also advised she will be reviewing the equity ratios and the data to support the same. She hopes to give the Board a more detailed report at a future board meeting.

She noted working capital will be further reviewed and a determination of whether to draw down any additional funds from the existing work plan may be recommended to the Board at the next meeting.

B. Office Services – Ms. Stocker advised the Board there were 39 accounts older than January 15, 2021, totaling \$23,922.35. 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. Todd made a second to the motion and the motion passed unanimously.

She gave an update on the revisions to the timeframes for all four of the billing cycles and advised there were only ten inquiries on the changes and ultimately the bill impact has been very nominal.

C. Operations – Mr. Phelps gave an update on the right-of-way and work at the Alum Springs, Shelby, and Lebanon crew circuits. He expected the Asplundh crews will have their work completed on the Stanford circuit and will be starting on the Hustonville circuit which are both out of the Shelby City substation. He advised the cycle crews and maintenance crews have to date billed just over \$344,000.00 for completion of approximately 65.5 miles of line. He noted Protectera is working on spraying the Toddville circuit out of the Ballard substation. He also provided an update on the construction crews and advised the contract crews were working on pole changes and 2 conductor changes. Company crews are working on new construction and pole changes. He confirmed staking was underway in Marion County on Science Hill Dr., Hwy 27 expansion in Lincoln County, a conductor change on Perryville Road, a line relocation on Fitzgerald Road in Boyle County and a river wash out on Kentucky Highway 49.

Mr. Phelps presented a diagram of the miles of right-of-way cleared in 2021 and confirmed the start of the year was poor due to carry over of the 2020 ROW cycle. He also presented an image of a nearly 400-pound black bear walking through a parking lot area where a crew had been stationed for training in Tennessee.

Mr. Phelps next presented his departmental budget for March, as well as a budget for the construction and transportation.

C. Member Services – Mr. Hitchcock gave an outline of the member services and communication activity for April of 2021, as well as a summary of the member services activity. He was pleased to see there is some activity going on with some of the energy efficiency rebate programs and other membership benefits of the Cooperative. He next presented a picture of the Lebanon team leadership speech final at Marion County Knight Academy and thanked the judge panel for assisting him in this regard. The winner, Amira Bowman received a \$100.00 award.

He next presented the key accounts for March of 2021 which reflected an increase. He also presented a bar graph of the 2021 sponsorships and donations for the first quarter and did note those were lower primarily because of limited activity due to COVID. He then presented

outlines of electric vehicles and presented images of the Dominos driverless pizza delivery vehicle being utilized in Houston, Texas. The Nuro's R-2 is the first completely autonomous occupant less on-road delivery vehicle with regulatory approval by the US Department of Transportation.

He provided an update on a 75,000-mile comparison from CleanTechnica.com. That summary outlined the use of a Tesla owner compared to a BMW 3 series owner from 2018 which had an average mileage of 28 miles per gallon. He noted the cost for fuel for driving 75,000 miles was approximately \$9,350.00 and the cost for charging was \$1,350.00 for home charging and a \$154.00 for supercharging. He noted the approximate \$8,000.00 savings.

Mr. Hitchcock presented an article showing that 26% of electric vehicle owners in California have ultimately switched back to internal combustion engines due to charging challenges and limitations. The article also noted that while charging is less costly than the purchase of gas, even with the \$7,500.00 federal tax credit, the cost for an electric vehicle is more than an internal combustion engine. Further, the charging infrastructure leaves much to be desired in terms of connectors, memberships charging rates, the number of chargers and a collection of conditions which put many potential EV buyers in a quandary when making their final decision.

Mr. Hitchcock gave an outline regarding publicly announced plans from various countries to reduce coal as a source of fuel, but later took steps to increase the consumption of coal. Those included Japan, Mexico, Canada, Australia, United States, India, and China. He noted China is adding more coal fired plants than the rest of the world combined.

Mr. Hitchcock gave an update on the Ford F-150 Lightning. He outlined its pricing for the upcoming 2022 model and advised the base model will start around \$40,000.00 with the platinum model having a base price estimated at \$90,000.00. The estimate for a standard package battery would include travel of 230 miles which could be extended up to 300 miles with the larger extended range battery.

He then gave an outline of the member services budget and concluded his presentation with the 2021 key account breakdown for the top 10 commercial accounts.

D. Executive

Mr. Carter started with a review of the Executive department budget along with the summary budget and again thanked Ms. Kurtz for her excellent outline of the financial reports of the Cooperative. He also noted there were six (6) service anniversaries during the month of May including Chairperson Spalding with 26 years and Mr. Preston with 22 years of service.

Mr. Carter then gave an update regarding the 2021 Annual Meeting. He confirmed the last day to file a petition for the board positions for Mercer and Lincoln districts would be June

4, 2021. He noted the Credentials and Election Committee, along with Mr. Dean and other staff members would meet on June 9, 2021, at the Cooperative to perform their work.

Mr. Carter advised the Membership Appreciation Day will be sometime prior to the Annual Meeting and hopefully fall within the timeframe in which absentee ballots can be cast.

1. Safety/Loss Prevention Summary - Mr. McGuffey gave an outline on a near miss. The incident included the rupture of a hydraulic hose. Luckily, the employee had on his safety equipment. Further investigation will be done to avoid this type of situation which will include a review of hydraulic lines, as well as location and protection of the tool levers that engage the hydraulic of the hose that ruptured.

Mr. McGuffey gave an outline of the crew visits he conducted and was happy to report the recordable incident rate, DART rate and severity rate for March were all zero.

He also confirmed he would be holding two separate safety meetings in May which will include one for inside and one for outside personnel.

2. Cyber-Security – Chris Bach gave an update on a breach which occurred earlier in the year and noted an upcoming report would be finalized in the next few days. He advised he and the staff continue to be diligent about the sources for potential cyber attacks and advised continuing education is going to be the key. He is very pleased the systems that were in place prevented any substantial loss of data or other materials.

3. NCSC Voting Ballot - Chairperson Spalding advised the Board of an upcoming election and solicited a request for the Board to nominate someone to cast the vote on behalf of the Cooperative. Mr. Todd nominated Chairperson Spalding to cast the vote on behalf of the Cooperative. Mr. Preston made a second to the motion and the motion passed unanimously.

VII. LEGAL/REGULATORY/POLICY

A. Bylaw Revision to change time from 5:00 p.m. to 4:30 p.m. under “Absentee Balloting” on page 3 and “Nominations” on page 5.

Mr. Carter gave an outline of a potential bylaw revision regarding absentee balloting and nominations revisions. After review of the proposed change, Mr. Preston made a motion to accept the changes as presented by Mr. Carter. Mr. Todd made a second to the motion. After a lengthy discussion, the motion passed unanimously.

B. Bylaw Revision to Change Member Meeting Quorum

Mr. Carter presented a bylaw revision to change the member meeting quorum. The Board reviewed the proposed revisions which included reducing the quorum to one-half of 1% or 50 members being present, the lesser of the two to establish a quorum at the Annual

Meeting. After discussion, Mr. Kerrick made a motion to approve the changes as presented. Mr. Goggin made a second to the motion. After discussion regarding the same, the motion passed unanimously.

VIII. BOARD/CEO SESSION

A. Annual Calendar – Mr. Carter reviewed the Annual Calendar with the Board and advised of upcoming events and activities.

B. Dashboard Review – Mr. Carter reviewed the Dashboard with the Board and advised there is going to be an additional in-depth review of the equity and additional information will be upcoming. He confirmed TIER was 1.38 and the rolling 12-month TIER was 1.31. All other graphical displays were reviewed as they pertained to the various financial indicators and discussed the same with the Board.

C. Operations Meeting – Mr. Carter gave an update on the data that is coming in on the successive winter storms. He reported SADI will likely be very poor for the calendar year because of these storms. He noted that by and large there is not a whole lot else the Cooperative could have done. However, he and Mr. Phelps have confirmed they are continuing to do a study and review of the series of events and will continue to refine how these types of events will be handled in the future.

D. Executive Session – Chairperson Spalding called for an executive session regarding potential acquisitions and/or dispositions. A motion was made by Mr. Kerrick to go into an executive session. Mr. Todd made a second to the motion and the motion passed unanimously.

Following the conclusion of the executive session, a motion was made by Mr. Goggin for the Board to come out of the executive session. Mr. Kerrick made a second to the motion. The motion passed unanimously. Chairperson Spalding advised there was no action taken.

IX. COMMITTEE REPORTS

Audit Committee Report – Mr. Peyton gave an update on the Audit Committee Report and advised that information presented by the auditors was fair and accurate and noted he and the committee were very pleased with the report. Chairperson Spalding then requested the Board to reconsider redesignating the Compensation Committee. He suggested it be broadened to be defined further as the Governance Committee. The Governance Committee would have input not only on the compensation for the Board but also other governance issues. A motion was made by Mr. Kerrick to rename the Compensation Committee to the Governance

Committee with further definition in the scope of its work to be defined. Mr. Peyton made a second to the motion and the motion passed unanimously.

X. EKPC

Chairman Spalding advised the margins were \$2.4 million below budget. He also gave an update on a recent discussion that was held by an agent of PJM on the issue of how carbon is being addressed at the federal level. There were several proposals that had been discussed but ultimately the energy industry is going to have to embrace the idea that some type of accounting, tax or other accommodations for carbon will likely be presented through legislation sometime within the next few months.

XI. KEC/UUS

Mr. Todd gave an update on the strategic planning which took place at KEC. He expected there will be a draft of the results from the presentation for review during the July meeting and expected a formal approval would likely take place at the September meeting.

XII. NRECA

A. Notice of NRECA Director Election

1. Certification of Voting Delegate for NRECA Director Election.

Chairman Spalding advised the Board that NRECA director elections were upcoming and asked for a voting and alternate delegate. Mr. Goggin made a motion that Mr. Carter be the voting delegate with Chairman Spalding the alternate delegate. Mr. Kerrick made a second to the motion. The motion passed unanimously.

2. Board Governance Video. Due to time constraints, Mr. Carter asked the Board Governance video to be postponed for the month of May.

3. Safety Leadership Summit – August 9-12, 2021 (Orlando, FL). At the current time, Mr. Carter advised there are two employees he would like to send and may also recommend other employees to attend.

4. CEO Close-Up – August 18-21, 2021 (Amelia Island, FL) (Dates subject to change). Mr. Carter noted he may be requesting approval from the Board to attend the CEO Close-Up meeting currently scheduled for the third week in August and will keep a close review of the dates and time for that session.

XIII. FEDERATED RURAL ELECTRIC INSURANCE

Chairperson Spalding advised the report from the Board of May 21 was attached. The Board advised they had received a review of that report.

XIV. RUS-CFC-COBANK NEWS/UPDATES

Chairperson Spalding advised the CFC Summer Summit was scheduled to be conducted in San Antonio, Texas from June 14 through the 16. He did note only one person from the Cooperative could attend. He noted Mr. Carter had identified he would be attending on behalf of the Cooperative.

XV. CAPITAL CREDIT DISBURSEMENTS

Mr. Preston had to leave the meeting early. In his absence, Chairperson Spalding advised there were estates retirements for March of 2021 totaling \$15,010.28. Mr. Todd made a motion to approve the disbursements as stated. Mr. Kerrick made a second to the motion and the motion passed unanimously. Chairperson Spalding also noted the total patronage capital retirements as of March 2021 were \$14,454.240.00.

XVI. WORK ORDERS

Chairperson Spalding presented Work Order #2014 in the amount of \$460,940.53 and Work Order #2015 in the amount of \$16,241.58 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. Goggin made a second to the motion and the motion passed unanimously.

XVII. NEW MEMBERS

Chairperson Spalding advised for April of 2021 the Cooperative added 214 new members totaling \$10,700.00. 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. Chairman Spalding reminded the next regular board meeting was scheduled for Friday, June 18, 2021, at 8:30 a.m. however because of a conflict with Board Attorney, J. Hadden Dean, the June meeting was proposed to be held on Thursday, June 24, 2021, at 8:30 a.m. Mr. Kerrick made a motion to approve the rescheduled June board meeting date. Mr. Goggin made a second to the motion and the motion passed unanimously.

XIX. OTHER BUSINESS

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. ADJOURN

Hearing no further business, Chairman Spalding called for a motion to adjourn the meeting. Mr. Kerrick made the motion to adjourn at approximately 2:34 p.m. Mr. Goggin made a second to the motion, and the motion passed unanimously.