

INTER-COUNTY ENERGY COOPERATIVE CORPORATION
Meeting Minutes Summary

May 15, 2020

Chairman of the Board, Joseph H. Spalding, acknowledged that due to the novel coronavirus (COVID-19), he and CEO Jerry Carter recommended this April Board of Directors Meeting be conducted telephonically. A motion was made by Mr. Kerrick to approve conducting the April Board of Directors Meeting telephonically. Mr. Todd made a second to the motion and the motion passed unanimously.

Mr. Carter gave the prayer. After roll call, it was noted that the following directors were present via telephonically, to-wit:

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| Joseph H. Spalding | J. Kevin Preston |
| William H. Peyton | Louis A. Kerrick |
| Jason E. Todd | Allen Goggin |

Also present and participating was President and CEO Jerry Carter, Board Attorney J. Hadden Dean and Sheree Gilliam.

I. PRAYER

Mr. Kerrick gave the prayer.

II. SAFETY MOMENT

Bo McGuffey presented the safety moment, reminding everyone to pay close attention as they approach an intersection. He shared an incident pertaining to a young driver who stopped at a red light in Danville, Kentucky. The driver then became confused and proceeded through his red light and struck another motorist. Mr. McGuffey noted that having a green light does not relieve you of the responsibility of being aware of your surroundings and that you should try to avoid drivers making potential mistakes, such as the young driver he observed.

Mr. Carter and Mr. McGuffey confirmed there are multiple checks being made and protocols put in place to comply with the Governor's orders and to address the ongoing COVID pandemic work environment. This includes health screens, temperature checks and masks to be worn by employees, staff, and guests while in common areas.

III. ADOPTION OF AGENDA

Mr. Todd made a motion to approve the agenda. Mr. Preston made a second to the motion and the motion passed unanimously.

IV. REVIEW OF MINUTES

The Board reviewed the minutes of the April 17, 2020 Board Meeting. Following a review of the minutes there were some changes acknowledged and discussed. Mr. Peyton made a motion to approve the minutes with the identified changes. Mr. Goggin made a second to the motion and the motion passed unanimously.

V. APRIL SUMMARY MINUTES

April summary minutes were discussed, and a motion was made by Mr. Goggin to approve the summary minutes for April 2020 board meeting. Mr. Preston made a second to the motion and the motion passed unanimously.

VI. REPORTS

Departments

The minutes will reflect each of the respective department heads have in the past and 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 15, 2020 meeting, because of COVID-19, Mr. Carter requested that only Ms. Gilliam and Mr. McGuffey attend the May board meeting and advised the Board of the same. He stated he had spoken with each of the respective departments heads and would provide any additional input as necessary on their report. In addition, a proposed budget was circulated by each and a review of each of the line items as presented with the summary of their activities, which was included in the board packet for each Director of the Cooperative.

A. Finance and Administration – Ms. Gilliam advised February was a very good month and resulted in revenue of \$471,000.00 more than budgeted. She advised there was approximately \$374,000.00 in margins. Ms. Gilliam stated that the 2019 Financial Audit of the Cooperative was ongoing, and the work was being done remotely. The audit process was even more challenging than normal, due to working under the guidelines of the Governor's orders and the COVID-19 virus environment.

1. Cyber Security Update

Mr. Bach advised that overall, the Cooperative system is very stable. He confirmed there were several challenges with technology, as ZOOM and other formats for conducting audio/video conferences where being used by staff. Most included users learning the platform and the proper use of the mute feature during conference time to minimize feedback and other distracting noises.

B. Office Services – Ms. Stocker requested a motion to approve 42 accounts totaling \$16,439.05 to be deemed as overdue and that the same would be assigned to collections. Mr.

Preston made the motion. Mr. Goggin made the second to the motion and the motion passed unanimously.

In addition, Ms. Stocker confirmed her budget was in-line and that she and her staff have been fielding a lot of phone calls from members. She noted the members on the prepaid program were struggling and noted approximately 210 accounts were not paying. She reminded the Board, that pursuant to PSC rules, no shut offs/disconnects can occur during the COVID pandemic, pursuant to the PSC.

Ms. Stocker presented a bar graph to demonstrate the difference in delinquency and collection comparisons from 2019 to 2020. The number of total delinquent accounts from March 20th to May 4th of each respective year was 7,173 accounts in 2019 compared to 7,803 accounts in 2020. Those overdue accounts respectively totaled \$1,759,066.00 compared to \$1,898,776.00. Ms. Stocker then presented a comparison of the number of accounts eligible for disconnection as of May 7 for each respective year. Those totaled 284 in 2019 compared to 1,519 in 2020. Those respective accounts totaled \$69,162.00 in 2019 compared to \$564,958.00 in 2020.

Ms. Stocker was pleased to advise that her staff has successfully made the transition to work from home.

In response to a question from a board member about the PSC rules on service termination, Ms. Stocker stated she had not been made aware of when that timeframe would occur and said that in addition to not being able to shut-off the electricity for non-payment, that the Cooperative would not be able to charge interest or late fees.

C. Operations – Mr. Phelps provided an update on the work orders in March and confirmed there were 137 new work orders undertaken. New construction costs were just over \$487,000.00 and purchases were just short of \$87,000.00. He confirmed that staking projects were underway in Campbellsville, Highway 27 expansion in Stanford, the Dollar General in Marion (3 Phase), Wilderness Trace Child Development Center (3 Phase).

Mr. Phelps gave an update on the construction and contract crew work in several areas. He also gave an update on an employee who returned to work on May 11, 2020 after having had knee surgery. He confirmed the employee can be at work but is on a limited light duty schedule because of the surgery. Mr. Phelps then presented a graph to demonstrate the miles of right of way that has been cleared in 2019. He confirmed he has one hot spot crew and cycle crews currently working. He stated there was just under 93 miles of right-of-way cleared year-to-date. The total cost for that work, including hot spot maintenance, was \$457,084.00.

Mr. Phelps presented images of line clearing on Old Dixville Road and work crews trimming trees at Bruners Chapel Church.

With the COVID pandemic and while adhering to the current operating procedures at the Cooperative and through the directives from the Governor's office, Mr. Phelps is still promoting as many employees of the Cooperative continue working from home as practical. He confirmed the Cooperative is still adhering to social distancing and he has crews staggered as far as start times for purposes of minimizing in-person contact in and out of the headquarters in Danville.

Mr. Phelps provided an update on a large commercial contract and the placement of a pad mounted transformer that will serve to test its fire pump stations. This will be downsized as its operations come online.

He also gave an update of OMS Data Corrections for 2019. Mr. Phelps discussed a pie chart for outages by cause through April of 2020.

He closed his report by discussing his budget and answering other questions posed by the Board.

Mr. Carter added he received a letter of compliance from the Kentucky Public Service Commission regarding a "construction and safety inspection" of the Cooperative that was performed on April 17, 2020.

D. Member Services – Mr. Hitchcock gave an update on the member service activity report for the month of April. That included 67 contacts, 19 key account contacts and 16 button up TSE efficiency exercises. He also gave a highlight of the member service department activity for the month of April. He continues to be pleased that the Cooperative reached approximately 21,500 people with posts on social media in the last 28 days prior to the meeting. On a positive note he stated that the first post on the Facebook page for the Cooperative regarding the closing of the office due to COVID virus was made on March 16. The analytics from Facebook confirmed that that post reached 38,859 people and included 27 comments and was shared 857 times with 110 individuals "liking" the post.

Mr. Hitchcock gave an update on the 2020 scholarship winners for Boyle, Casey, Garrard, Lincoln, Marion, and Mercer counties. He also provided an update on the cancellation of the 2020 Washington Youth Tour. Following a brief discussion regarding the cancellation, a motion was made by Mr. Peyton to give \$500.00 to each of the six students who were selected to attend the tour. The motion was seconded by Mr. Goggin and passed unanimously.

A key account monthly bar chart was presented which reflected comparisons from the months of January through March for the years 2019 and 2020.

Mr. Hitchcock then presented images to review regarding upcoming new electric vehicles which include the Nikola Badger and its performance statistics, Bollinger B1 & B2 and the Lord's Town Endurance including the timeframes when these vehicles would be available to purchase by the public.

Last, Mr. Hitchcock reviewed his budget with the Board and concluded his presentation with the 2020 key account breakdown for the top 10 accounts.

E. Executive – Mr. Carter began with a review of the Executive Budget and noted he was approximately \$106,000.00 under budget. From the summary budget he noted there were total margins of \$286,409.00. He did confirm that the power costs were about \$482,000.00 for the month and \$494,046 under budget for the year. He then presented images of work/service anniversaries. Those included Chairman Spalding (25), Board Member Mr. Preston (21) and three other employees ranging from 15 years to 6 years. He thanked each of those individuals personally for their service.

He then reviewed the Safety and Loss Prevention Summary meeting minutes for March 2020, along with the April Safety Information which was sent to all employees.

Next Mr. Carter then discussed the 2020 Annual Meeting. He presented to the Board a proposed revision to the By-Laws on the topic of the Annual Meeting. The proposal would allow for the Board to postpone and/or cancel the meeting all together, if necessary. Mr. Carter advised that should a cancellation occur then specific information could be disseminated to the membership. The revisions also included a provision for an election to be held, should one be scheduled to occur during a time when either a pandemic or other reason resulted in the cancellation of the Annual Meeting of the Cooperative. The changes were discussed and a motion by Mr. Preston was made to adopt the modifications of the bylaw pertaining to the Annual Meeting. Mr. Todd seconded the motion and the motion passed unanimously.

Mr. Carter then advised the Board it was time to review the Annual Calendar and to elect Board Officers. A motion was made by Mr. Goggin to maintain Mr. Spalding as the Chairperson, Mr. Todd as the Vice Chairman and Mr. Preston as the Secretary/Treasurer. A second was made by Mr. Kerrick and after discussion the motion passed unanimously. Mr. Carter then reviewed and gave an update on the environmental surcharge and the Windstream Bankruptcy matter. An issue concerning the environmental surcharge was discussed. This specifically was a mathematical calculation that needed to be reviewed. Apparently, the environmental surcharge passed through tended to be more favorable to large members and the cost shift to the other membership was not being properly accounted for.

VII. LEGAL/REGULATORY/POLICY

VIII. BOARD/CEO SESSION

A. Annual Calendar Review

Mr. Carter advised that due to the COVID pandemic many of the in-person meetings that were identified within the Annual Calendar had to be cancelled. He did hope there would be a return to “normal” soon. However, until then, unless it is critical, any such meetings or events may be either cancelled or rescheduled for later in the year or on into the following year.

B. Dashboard Review

Mr. Carter then made a review of the dashboard with the Board and gave an update with year-to-date TIER which was 4.17 and the rolling 12-month TIER was 2.45. Each of these items were in the “green” area of the graphics Mr. Carter presented. He also gave an update on OTIER, MSDS Dashboard and Equity Dashboard. He did confirm that the year-to-date distribution only equity was at about 14.61%. That is just in the lower shade of the red designation in the graphic and the yellow would be 15-20% and green would be greater than 20%. He discussed the manners and method he has been using to try to obtain an increase in the equity.

C. Capital Credit Discussion

Mr. Carter advised he had recently learned that EKPC is not going to be making any decisions on any subsequent retirement of capital patronage to the Cooperative or other distribution cooperatives in the month of May. He said the annual meeting had been moved to August and that would be the soonest timeframe for any action on that item. He did strongly suggest the Board review Policy 413A, as well as the redraft of the capital credit policy and bylaw that the Board had requested. He anticipated potential action on that by the Board in the month of June 2020.

IX. COMMITTEE REPORTS

There were no committee reports presented at this time.

X. EKPC

Chairperson Spalding gave an update and confirmed that the Annual Meeting had been moved to August. He did solicit a nomination for the delegate and alternate delegate for the EKPC Annual Meeting. Mr. Todd nominated Mr. Preston to serve as the delegate and Mr. Kerrick as the alternate delegate. Mr. Goggin made a second to the motion. After discussion, the motion passed unanimously.

Chairperson Spalding also confirmed that the work at Spurlock was proceeding even though there were challenges with the COVID pandemic. He confirmed there was routine

testing for temperatures and other protocols in place to make sure the workplace is safe and that there are no infected employees.

XI. KEC/UUS

Mr. Todd identified there were no updates.

XII. NRECA

There were no updates provided at this time.

XIII. FEDERATED RURAL ELECTRIC INSURANCE

Chairperson Spalding identified there were no updates.

XIV. RUS-CFC-COBANK NEWS/UPDATES

Chairperson Spalding confirmed the CFC Forum was cancelled due to the COVID pandemic.

XV. CAPITAL CREDIT DISBURSEMENTS

Mr. Preston advised there were estates retirements for March of 2020 totaling \$9,527.00. 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 February 2020 were \$13,863,361.00.

XVI. WORK ORDERS

Mr. Preston identified Work Order #1988 in the amount of \$403,799.99 and Work Order #1989 in the amount of \$13,470.78. Mr. Todd 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

Mr. Preston advised for April of 2020 the Cooperative added 158 new members totaling \$7,850.00. 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.

XVIII. MISCELLANEOUS

Chairperson Spalding requested the Board submit their expense sheets and provide those to Ms. Coleman via email and/or by dropping the same off through the drive-up window at the Cooperative. He reminded the Board that the next regular board meeting is scheduled to be held on Friday, June 19, 2020 at 8:30 a.m. It is expected this June Board Meeting will likewise be conducted telephonically or by other electronic means.

XIX. OTHER BUSINESS

Chairperson Spalding then asked if there are any additional issues that need to be addressed on the agenda other than those mentioned above. Mr. Carter suggested that anyone wishing to have an item placed on the agenda do so by providing the same to Farrah Coleman.

XX. BOARD/ATTORNEY EXECUTIVE SESSION

Chairperson Spalding called for an Executive Session. Mr. Todd made a motion to move the meeting in to Executive Session for purposes of reviewing the President/CEO, Mr. Carter, and the Performance Evaluations. Mr. Goggin made a second to the motion and the motion passed unanimously

Following the Executive Session, a motion was made by Mr. Todd to adjourn the Executive Session. Mr. Peyton made a second to the motion and the motion passed unanimously.

After executing the Executive Session, the Board conveyed to Mr. Carter that they were pleased with his progression in his position as President/CEO and continue to encourage him to seek educational opportunities on topics of subject matters as discussed during the Executive Session. The Board noted they were overall very pleased with his performance.

XXI. ADJOURN

Hearing no further business, Mr. Kerrick called for a motion to adjourn the meeting at 10:35 a.m. Mr. Goggin made a second to the motion, and the motion passed unanimously.