

INTER-COUNTY ENERGY COOPERATIVE CORPORATION
Meeting Minutes Summary

October 23, 2020

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

Board member Jason Todd was in quarantine due to an exposure of the COVID pandemic. Mr. Kerrick made a motion to allow Mr. Todd to attend via video conference. The motion was seconded by Mr. Goggin and passed unanimously. Also present and participating were President and CEO Jerry Carter and Board Attorney J. Hadden Dean.

I. PRAYER

Jerry Carter opened the meeting with prayer.

II. SAFETY MOMENT

Chairman Spalding gave the safety moment and advised a family member had recently used a ladder to do some home maintenance. The ladder was unfortunately not properly shored up, as it met an uneven surface of the ground. The ladder gave way and resulted in a significant injury. He noted care should always be used when using a ladder and/or working from any heights not only on home projects but any type of working environment.

III. ADOPTION OF AGENDA

Mr. Kerrick made a motion to approve the agenda. Mr. Goggin made a second to the motion and the motion passed unanimously.

IV. REVIEW OF MINUTES

The Board reviewed the minutes of the September 18, 2020 Board Meeting. Following a review of the minutes Mr. Peyton made a motion to approve the minutes. Mr. Todd made a second to the motion and the motion passed unanimously.

V. SEPTEMBER SUMMARY MINUTES

September summary minutes were discussed, and a motion was made by Mr. Preston to approve the summary minutes for September 2020 board meeting. Mr. Goggin 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 October 23, 2020 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. Gilliam introduced Alyssa Kurtz as a new employee to the Cooperative working with her in the finance and accounting department. It is anticipated that Ms. Kurtz will succeed Ms. Gilliam after retirement. Ms. Kurtz has over 12 years of experience working for Clark Energy Cooperative and heeds from Indiana. Ms. Gilliam did confirm there were negative margins for the month of August. She also gave an update on the Windstream bankruptcy and confirmed there were two outstanding damage claims that were outside of the scope of the pole attachment contracts with Windstream that have not been addressed but those issues will be reviewed by bankruptcy counsel. Ms. Gilliam also confirmed that CFC made a semi-annual interest payment of approximately \$20,937.00. Ms. Gilliam also gave an update on the PPP loan and expects that that loan forgiveness request will be prepared and will be granted in the not distance future.

1. Cyber Security Update

Mr. Bach gave an update on the continued work for establishing the stability of the platform and remote site operations of the cyber infrastructure. He advised he hopes that the new plan will be in place and could be up and running as early as November of 2020.

B. Office Services – Ms. Stocker advised there were 21 unpaid accounts totaling \$5,429.38 to be sent to bad debts and turned over for collection. Mr. Kerrick made a motion to declare the unpaid accounts as bad debt in the amount stated. Mr. Goggin made a second to the motion and the motion passed unanimously. She confirmed the debts had to be written off and only a portion of the same would be sent to online collections due to recent local, state and/or federal governmental regulations. She also gave an update the PSC regulations disconnection of services and the status of the costs incurred by the Cooperative. There is a substantial loss in late fees that will not be collected by the Cooperative. Collection regulations are still not totally clear but hopefully those can be collected and the timeframe in those collections are currently being reviewed. She also confirmed that she and others have continued to refer

individuals to Community Action and other governmental and/or local charitable resources for addressing those members unable to pay their bills. She gave a comparison showing that receipts from those agencies as of September of 2019 totaled approximately \$847.00. For the same time frame through September of 2020, those payments totaled over \$64,000.00 and over \$287,000.00 for the calendar year of 2020. She notes that the total received in 2019 from charitable resources on behalf of members for satisfaction of bills was only \$5,300.00.

1. Bylaw Discussion on Memberships

There was a question by a board member regarding member status and what occurs upon the death of a spouse. Mr. Carter and Ms. Stocker confirmed that in the event of the death of a spouse who is the member of the Cooperative, that the surviving spouse does not automatically become the new member. The surviving spouse would need to make a new application in order to become a member.

Last there was discussion for allowing nominations of the membership for the Board and how they would solicit nominations during the pandemic. Mr. Carter, Mr. Dean, and others advised they would be working with NRECA and other national cooperatives to advise on language for best practices in allowing for securing for nominations for the Board of Directors on a virtual basis.

- C. Operations – Mr. Phelps gave an update on the right of way status. He confirmed that requests for proposals were to be turned in in December and he would be reviewing those and advising the Board of his decision on issuing contracts for the calendar year 2021 for right-of-way clearing.

Mr. Phelps presented some overhead images of the Diageo project and the installation of the infrastructure. He also contrasted that work with the work that had been completed at Kentucky Fresh. It is obvious there is some distinction between the quality of work performed. Notwithstanding the fact that the work at both work sites met code, there also appeared to be a substantial amount of waste or loss at the Kentucky Fresh Project. He noted that the Cooperative and its employees are not responsible for the work at the Kentucky Fresh work site.

Mr. Carter also gave additional updates regarding Diageo, the installation and testing of equipment and overall status of the project. Mr. Kerrick posed questions about what would occur in the event of a power outage and/or other equipment failure at the site. Mr. Phelps and Mr. Carter confirmed there are redundant transformers and other switching equipment on site and that ultimately, power outages issues will be addressed by EKPC as they own the substation that serves the member.

D. Member Services – Mr. Carter gave a brief review of Mr. Hitchcock’s board report and advised that he was involved in the Member Appreciation Day was working outside with members and staff to accommodate their ingress and egress to the property and answer questions. There were no further board questions regarding the report of Mr. Hitchcock.

E. Executive

Mr. Carter displayed both the executive and summary budget on an overhead projection. He noted several key elements to that analysis. He continues to state that the primary driver of the reduction in electrical revenue is a result of the COVID-19 pandemic.

Mr. Carter next noted the anniversaries of six (6) employees and advised the Board and staff present of their services to the Cooperative. Two (2) of the individuals have been at the Cooperative for 16 years.

Mr. Carter gave an update on the Member Appreciation Day which was recently held in the Lebanon Office. He advised that the routing of traffic and the ingress and egress of members went very smoothly, and he extended his appreciation to all the staff for their assistance in having a very successful day.

1. Safety/Loss Prevention Summary - Mr. McGuffey gave an update and reviewed his report with the Board.

Mr. Carter called for an executive session to discuss potential or threatened litigation. A motion was made by Mr. Kerrick and seconded by Mr. Goggin and the motion passed unanimously.

VII. LEGAL/REGULATORY/POLICY

Mr. Carter then advised he had requested the Board to review Policy 315- Attachment A – Safety and Occupational Health and confirmed that additional work needed to be done. He noted Policy 315 – Attachment A will be brought back up at the convenience of the Board for further review.

VIII. BOARD/CEO SESSION

A. Annual Calendar – Mr. Carter reviewed the Annual Calendar and advised there were no changes at this time and continued to regret that due to the COVID-19 pandemic, much of the in-person or other communications that the Board had discussed which had been incorporated into the Annual Calendar could not be performed due to the pandemic. He also advised that Chris Bach had been moved from the financial department in the organizational structure. He is now going to be part of the Executive Department due to the complexity of the position. Mr. Carter advised the Board he thought it would be best if Mr. Bach reported directly to the CEO rather than through the Finance Department.

B. Dashboard Review - Mr. Carter then displayed the dashboard and went through the various metrics with the Board. Part of the metrics were discussed in the Finance and Administration section of the Board reports.

C. Capital Credits Discussion

He also advised that Policy 402 and the Capital Credit Bylaws would likewise be reviewed at the next meeting.

D. Equity Management Discussion

Mr. Carter then presented Policy 413A and advised that he would be working on that at the next meeting with the Board and due to the Member Appreciation Day and limited time, he advised it would be best for the Board to engage that discussion during the November Board Meeting.

IX. COMMITTEE REPORTS

A. Audit Committee

Mr. Peyton gave an update of the work done by the Audit Committee. A report was generated and circulated to the Board. A motion was made by Mr. Kerrick to accept the Audit Committee Report as submitted. A second was made by Mr. Todd and the motion was unanimously approved.

B. Compensation Committee

Mr. Kerrick provided an update on the Compensation Committee. A report was generated and included four (4) pages and an in-depth review of director's compensation and other aspects of the Cooperative business with the Board was detailed. After discussion, it was noted the Compensation Committee did not recommend any change to the director compensation at this time. The motion passed unanimously. Mr. Peyton made a motion to approve the

Compensation Committee Report. Mr. Goggin made a second to the motion and the motion passed unanimously.

X. EKPC

Chairperson Spalding gave an update on the margins and other activity at EKPC. He also provided an update on the documents in BoardPaq from recent meetings and other activities.

XI. KEC/UUS

Mr. Todd advised the KEC Annual Meeting is set to occur via video conference on Monday, November 16, 2020. Attendees of the Cooperative will include Voting Delegate,

Kevin Preston and Alternate Delegate, Louis Kerrick. Those attending the meeting will do so at the Cooperative headquarters.

XII. NRECA

A. NRECA Board Meeting Report Fall 2020 was presented by Chairperson Spalding.

B. NRECA Distribution Membership Dues Invoice

XIII. FEDERATED RURAL ELECTRIC INSURANCE

No report was provided.

XIV. RUS-CFC-COBANK NEWS/UPDATES

No report was provided.

XV. CAPITAL CREDIT DISBURSEMENTS

Mr. Preston advised there were estates retirements for August of 2020 totaling \$16,759.00. 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 August of 2020 were \$13,890,966.00.

XVI. WORK ORDERS

Mr. Preston identified Work Order #1999 in the amount of \$503,738.40 and Work Order #2000 in the amount of \$2,148.59 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. Kerrick made a second to the motion and the motion passed unanimously.

XVII. NEW MEMBERS

Mr. Preston advised for September of 2020 the Cooperative added 143 new members totaling \$7,150.00. Mr. Kerrick 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 Ms. Coleman. Chairperson Spalding reminded that the next regular board meeting has been scheduled to be held on Thursday, November 19, 2020 at 8:30 a.m. Mr. Preston seconded the motion and the motion passed unanimously.

XIX. OTHER BUSINESS

Chairman 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. ADJOURN

Hearing no further business, Chairman Spalding called for a motion to adjourn the meeting. Mr. Goggin made the motion to adjourn at 1:10 p.m. Mr. Kerrick made a second to the motion, and the motion passed unanimously.