

INTER-COUNTY ENERGY COOPERATIVE CORPORATION
Meeting Minutes Summary

September 18, 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 telephone, 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

Allen Goggin opened the meeting with prayer.

II. SAFETY MOMENT

Chairman Spalding gave the safety moment and suggested people should be on the lookout for school buses, as various school districts return to in-person school. He also reminded everyone to be aware and patient with large farm equipment that can be found on the roads during the busy harvest season. He last mentioned of the upcoming deer season and noted he had seen several running along the roadside and noted extra caution should be taken during this time.

III. ADOPTION OF AGENDA

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

IV. REVIEW OF MINUTES

The Board reviewed the minutes of the August 28, 2020 Board Meeting. Following a review of the minutes Mr. Goggin made a motion to approve the minutes. Mr. Todd made a second to the motion and the motion passed unanimously.

V. AUGUST SUMMARY MINUTES

August summary minutes were discussed, and a motion was made by Mr. Peyton to approve the summary minutes for August 2020 board meeting. Mr. Kerrick 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 September 18, 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 confirmed the year-to-date income statement for July reflected positive margins of \$1,568,679.00. This is just over \$670,000.00 more than budgeted and nearly \$218,000.00 more than year-to-date margins through July of 2019. She gave an update on patronage capital paid by CFC and CRC. She confirmed the April work plan money was put into commercial paper with CFC. She confirmed the Cooperative had not invested since 2014. Previously, excess funds for short term investments were put into the cushion of credit, which was paying 5% interest. At the current time CFC is paying .14% interest and another local financial institution was paying .01% for short term investments.

Cyber Security Update

Mr. Bach gave an update and advised that the balance of the work he anticipated in engaging in for the remainder of the calendar year included the business continuation contingency plan. He did advise that the Cooperative's systems are set up with the intention to be able to run the operating systems from the Lebanon office in the event of a situation where those could not be ran from the headquarters in Danville.

B. Office Services – Ms. Stocker advised there were 19 unpaid accounts totaling \$8,346.21 to be sent to bad debts and turned over for collection. These accounts represented unpaid bills that were older than May 15 of 2020. She requested those accounts be sent out for collection. A motion was made by Mr. Preston to approve the accounts in the amounts stated. Mr. Goggin made a second to the motion and the motion passed unanimously. It was noted the collection efforts will adhere to the rules and guidelines of the PSC, as there may be some balances that may not be subject to being collected at this time.

Ms. Stocker gave an update regarding the strategic planning issues which she and her team had worked on. Mr. Carter also advised that in terms of past due accounts, he expected the PSC to provide guidance soon. He anticipates that any past due, made be paid over the next 12-month period. However, all late fees are not expected to be collectible. He and Ms. Stocker noted the late fees alone would exceed \$300,000.00 for the time involved – if not more.

C. Operations – Mr. Phelps gave an update on the Diaego and Kentucky Fresh projects. He presented images of both working sites and the processes that were involved. Mr. Phelps confirmed the work that has been solicited by Diaego has a completion date targeted for November 1. He also confirmed that Kentucky Fresh was about 60% complete and noted there are ongoing negotiations for some help “behind the meter.”

He also identified a new employee, Trinity Gribbins and mentioned that Colby Grider was acknowledged for helping two individuals trapped during a recent flash flooding incident.

D. Member Services – Mr. Hitchcock gave an update of the recent activities and the same were listed within his report. He did expect to be responding to several high bill complaints. He also confirmed he recently discussed the Salt River Annual Meeting visit. He listed the key accounts which included both large and small industrial accounts. He discussed the impact that Diaego will likely have on the pie chart. He also discussed possible development of a hotel on the Makers Mark property.

Last Mr. Hitchcock confirmed the membership application process, as well as the Member Appreciation details were being developed. He displayed an overview design of how members could drive through and register, as well as receive their bucket of bulbs. Additional staff will be necessary to assist in the ingress and egress to avoid traffic issues.

E. Executive

Mr. Carter provided an update and noted that Form 7 reflected margins greater than the projected budget. He did say that department expenses were down, along with electric revenue. All of those were expected considering the COVID-19 pandemic. He noted anniversaries for four employees, including Ms. Stocker of 27 years, Mr. Hitchcock of 26 years and others of 7 and 6 years, respectively.

1. Safety/Loss Prevention Summary - Mr. McGuffey gave an update of the Safety Meeting held in August of 2020. He did correct that the “near miss” reference was an accident and did include loss time. This was the result of a clearing of vines around a pole. A cutting device was used, and it ultimately cut through the gloves of an employee.
2. Strategic Plan Update – Mr. Carter then solicited an update from each of the respective groups on their strategic plan efforts. The same were reviewed in detail. Those providing updates included Mr. McGuffey on safety, Mr. Phelps on system reliability, Ms. Stocker on technology, Ms. Gilliam on leadership and employee development, Mr. Hitchcock on communication and member engagement. It is clear the staff and employees are fully integrated within the

strategic plan and recognize their role in continuing to strive to provide the best service, safety and reliability among other goals, for the benefit of the Cooperative and its members.

3. United Way Day Proposal – Mr. Carter advised that the program is once again seeking participation by the Cooperative. Mr. Carter requested that for every employee giving one hour of pay per month, that they receive one extra vacation day. He noted this had been a great incentive for employees to “give back” to a very worthy cause. Mr. Todd made a motion to approve the proposal by Mr. Carter to give one extra day of vacation for every employee who gives one hour of their respective pay per month to United Way. Mr. Preston made a second to the motion and the motion passed.

VII. LEGAL/REGULATORY/POLICY

Mr. Dean discussed the Lincoln County Sanitation condemnation lawsuit filed for purposes of securing of an easement for extension of services.

VIII. BOARD/CEO SESSION

A. Wage and Salary Presentation - Mr. Carter provided a proposal pertaining to wage and salary. After a review of the proposal, projections and requests by Mr. Carter, Mr. Todd made a motion to accept the proposed raise for all employees. A second was made by Mr. Kerrick and the motion passed unanimously. He noted the approval was critical in getting this information to the NRECA by the second week of October and made note the changes will obviously be included in the 2021 budget.

B. Annual Calendar – Mr. Carter presented the Annual Calendar on an overhead projection and reviewed the same. Obviously, most of the in-person visits and other activities by the Board and/or staff have been delayed or postponed because of the COVID-19 pandemic.

C. Dashboard Review - Mr. Carter reviewed the dashboard line items including safety, financial, operational and customer indicators. Of note, Mr. Carter advised that the safety indicators do not include the most recent loss time incident. He also advised equity seemed to be flat regarding the financial indicators but noted there is nominal growth. He was glad to announce that the SADI was the lowest it had been in six (6) years. He attributes that to continued work with right-of-way clearing and increasing reliability as a result thereof.

He commented that customer growth was .83 and that the Cooperative had approximately 27,636 meters and approximately 19,000 members.

Mr. Carter reviewed the display pertaining to Tier, O-Tier, MDSC and equity. He discussed each of these indicators and the Board reviewed and posed questions regarding the same.

D. Capital Credits Discussion – Mr. Carter reviewed the capital credit policy question as posed by Mr. Kerrick at the last meeting. The concern was whether the balance of each client’s distribution and “G & T” capital credits had to be published annually. Mr. Carter pointed out that each member can, if requested, secure that information at any time.

IX. COMMITTEE REPORTS - None

X. EKPC

Chairman Spalding gave an update on the solar farm issue around the Cooperative territory. He also advised there are considerations for a feasibility study and steps to develop further the relationship with PJM. It is estimated there is approximately 42 projects underway in the state at this time. He also confirmed the margins for July were \$2.6 million greater than budget and that EKPC is \$6.1 million above margins for year-to-date.

Last he confirmed due to COVID-19 pandemic, he is still participating in EKPC meetings by Zoom. He continued to encourage the Board to review the Power Plus newsletter for the fall of 2020 which was included in their board packet.

XI. KEC/UUS

Mr. Todd noted there had been no meeting of KEC since the last Cooperative meeting but noted one was scheduled in the upcoming week.

XII. NRECA

Chairman Spalding gave an update on the Region 3 Virtual Meeting – General Session which is set to occur on October 14. Any member of the Board wishing to participate may do so at the Cooperative headquarters in Danville. Currently those planning to attend include Mr. Kerrick Mr. Todd, Mr. Peyton, Mr. Preston, and Mr. Carter. The Cooperative’s voting delegate was designated to be Mr. Todd and the alternative was Mr. Preston. He also gave reference to the NREA Board notes of August 2020, which were included in the board packet.

The Board then viewed a Board Governance video titled “Business Judgment Rule” for approximately 10 minutes. At the conclusion, the Board discussed the content and how the same applies. Mr. Dean also fielded questions regarding the exercise of the Business Judgment Rule and the importance of recognizing how this rule applies to the Board.

XIII. FEDERATED RURAL ELECTRIC INSURANCE

No report was provided.

XIV. RUS-CFC-COBANK NEWS/UPDATES

Chairman Spalding discussed the upcoming election and solicited voting and alternate delegates. Mr. Peyton made a motion to nominate Mr. Todd to serve as the voting delegate. Mr. Goggin seconded the motion and the motion passed unanimously. Since the ballot was in possession of the Board at the time of the meeting, there was no need for an alternate delegate.

XV. CAPITAL CREDIT DISBURSEMENTS

Mr. Preston advised there were estates retirements for July of 2020 totaling \$1,979.00. He also confirmed there were eight (8) subparts to the agenda to confirm retirements paid out starting from 1937 through the last general retirement of capital credits allocated in 1990. He noted that the total patronage capital retirements as of July of 2020 were \$13,874,207.00. 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.

XVI. WORK ORDERS

Mr. Preston identified Work Order #1997 in the amount of \$894,631.97 and Work Order #1998 in the amount of \$2,321.36 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. Kerrick made a second to the motion and the motion passed unanimously.

XVII. NEW MEMBERS

Mr. Preston advised for August of 2020 the Cooperative added 160 new members totaling \$8,000.00. Mr. Peyton 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 is scheduled to be held on Friday, October 23, 2020 at 8:30 a.m. There was also discussion held regarding the need to reschedule the November board meeting date. Following that discussion, a motion was made by Mr. Todd to change the November meeting to occur 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. Kerrick made the motion to adjourn at 2:14 p.m. Mr. Goggin made a second to the motion, and the motion passed unanimously.