

**Minutes of Regular Meeting of the
Board of Directors of
Utilities District of Western Indiana R.E.M.C.**

April 25, 2016

The regular meeting of the Board of Directors of the Utilities District of Western Indiana Rural Electric Membership Corporation was held at the office of the Corporation, Bloomfield, Indiana, at 6:30 p.m., on April 25, 2016.

The meeting was called to order by President Jim Weimer. The invocation was given by Bill Watkins.

The following directors were in attendance:

James A. Jackson	Jack Norris	Ronald E. Thompson
Jack Knust	Roger Shake	William K. Watkins
		James S. Weimer

Absent: David Stone

Also present were CEO Brian Sparks; Shane Smith, Manager of Operations and Engineering; Executive Assistant Connie Huffine; and John P. Coleman, David Reed and Jimmy Shields, members of the cooperative.

President Weimer asked if there were any additions or corrections to the meeting agenda. Hearing none, a motion was made by Jack Knust to approve, Jack Norris seconded, and the motion carried.

Mr. Weimer called for additions or corrections to the minutes of the March 22, 2016, Regular meeting; March 26, 2016, Annual Meeting of the Members, and March 26, 2016, Reorganization Meeting of Board of Directors. Hearing none, a motion was made by Ron Thompson that the minutes be accepted as written, Bill Watkins seconded, and the motion carried.

Mr. Weimer introduced John P. Coleman, David Reed, and Jimmy Shields and welcomed them to the meeting.

Mr. Shields discussed member concerns including UDWI's expenses; the facility charge; and suggested donations be decreased. He also addressed advertising costs; proposed new headquarters facility; land purchase and clean-up costs; the need for line replacement; and a policy that would allow members to provide their own trenching for primary underground service. He complimented the Board on UDWI's tree maintenance program and line replacement west of Linton.

Mr. Coleman presented a list of the following proposals for board action:

- Post board minutes on the website
- Direct the CEO to cut the corporate giving very substantially with an eventual goal of only the pennies rounded giving (UDWI REMC Community Fund, Inc.)
- Support the CEO's effort to cut expenses by 1% a year for 10 years
- Do not pursue a new building or a sewer or septic system for the new property at this time

- Disclose HHM's (Hoosier Heritage Maintenance) annual financial report and tax returns to our members
- Investigate ways to reduce board member compensation to near the average compensation of the 18 REMC's under Hoosier Energy and attempt to implement it before September board meeting

Mr. Reed's suggestions included eliminating the water heater program, offer the member's a Time-of-Use billing rate, and programmable thermostats.

Mr. Sparks reported on various items that have been or will be eliminated to reduce spending including specialty license plates for all company vehicles; the student intern program after 2016; donations after May 1; and radio, television and newspaper advertising excepting what is required by Touchstone Energy or already under contract.

Following a brief discussion and departure of the guests, Mr. Weimer called for an Executive Session. Upon reconvening to regular session, the following motions were made and approved:

A motion was made by Bill Watkins to begin posting the minutes of the regular monthly board meetings to the cooperative's website effective April 25, 2016, Roger Shake seconded, and the motion was carried.

A motion was made by Jim Jackson to put the building program on hold at this time, Jack Norris seconded, and the motion carried.

The Board requested that Brian Sparks seek approval of the HHM Board of Directors to release their yearly financial report.

Bill Watkins presented the Treasurer's report for the three months ended March 31, 2016. A motion to accept the report was made by Jim Jackson, Roger Shake seconded, and the motion carried.

CEO Sparks reviewed the cooperative's Statement of Operations for the year ended March 31, 2016; Balance Sheet for the month ended March 31, 2016; Projected Statement of Operations thru December 31, 2016; 1st Quarter Capital Budget; 1st Quarter Operating Budget; and Financial Ratios. After discussion, a motion was made by Ron Thompson to accept the reports as presented, Jack Norris seconded, and the motion carried.

Mr. Weimer reviewed graphs charting yearly deposits contributed to the UDWI REMC Community Fund and average number of contributors from 2005 thru 2015, and noted that the Income & Expenses report was included in the board packets.

The Board discussed UDWI's Annual meeting held last month and reviewed a graph of member attendance. This year's attendance was the second lowest in the past ten years. The Board attributed the decrease in attendance to the meeting falling on spring break and the boys state final basketball tournament. A discussion was held about the \$1,500 Grand Prize and if the Grand Prize should be lowered to \$1,000 and eliminate the \$1,000 First Prize. After discussion, Jim Jackson made a motion to lower the Grand Prize from \$1,500 to \$1,000 and eliminate the \$1,000 First Prize, Bill Watkins seconded, and the motion carried.

A discussion then ensued to select a date to hold UDWI's 2017 Annual Meeting. A motion was made by Bill Watkins to hold next year's Annual Meeting on April 8 pending

availability of White River Valley's high school gymnasium, Ron Thompson seconded, and the motion carried.

Mr. Weimer noted that he has asked Roger Shake and David Stone if they would be willing to serve on the cooperative's Member Relations Committee and both agreed to do so. The committee will be comprised of Roger Shake, David Stone, and Jim Weimer. As provided in Board Policy 404.1, if an issue or concern should develop that is not resolved between a Co-op member and a member or members of the management staff of the REMC, the matter will be referred to the Member Relations Committee.

Mr. Weimer led a discussion regarding a Member Advisory Council. He advised that some electric cooperatives have this program and the purpose of the council is to keep members informed about various aspects of the cooperative with hopes that they will share any concerns and information from other members in their districts. After discussion, this topic was tabled until a later date for further discussion.

In Round Table discussion, Mr. Sparks reviewed the cooperative's March 2016 power bill noting that a special bill credit from Hoosier Energy in the amount of \$284,954.07 was applied to the bill, and reported on net margins for period ended March 2016 from RUS Form 7.

Appendix A was presented to the Board for approval of a Purchased Power Cost Adjustment Tracking Factor in the amount of \$0.009095 per kWh—down \$0.001084 from the previous month. The new rate goes into effect with use beginning April 1, 2016. Roger Shake made a motion to approve, Bill Watkins seconded, and the motion carried. (See Attachment A)

Mr. Sparks reported that [REDACTED] will meet with the Revolving Loan Fund Committee on April 28 to submit an application for a loan in the amount of [REDACTED]. Mr. [REDACTED] plans to use the funds, if approved, to purchase equipment to establish a new business under the name of [REDACTED]. Due to time restraints, Mr. Sparks asked the Board if they would consider pre-approving the loan. After discussion, a motion was made by Jack Norris that the pre-approval of the Revolving Loan in the amount of [REDACTED] be accepted, Bill Watkins seconded, and the motion carried.

Mr. Sparks reviewed the Operations and Engineering Department monthly report and minutes from the April 18, 2016 In-House Safety Meeting noting that 198,303 hours have been worked without a lost time accident. He also reviewed the March Marketing & Communications Report and provided an update on UDWI's Distributed Generation accounts.

Mr. Sparks reported that PowerTech Engineering LLC has evaluated the bids submitted to PowerTech on April 20, 2016, for work order numbers 216045, 216046 and 216047. PowerTech has recommended that UDWI enter into a Labor Only Contract with Pike Electric. Mr. Sparks then presented a resolution for board consideration and approval that Utilities District of Western Indiana REMC and its Board should enter into a contract with Pike Electric for the completion of this project.

A motion was made by Ron Thompson to accept, Jack Knust seconded, and the motion carried. The resolution is attached hereto as Attachment B.

Proposed revisions to Board Policy No. 200.0, Board of Directors Duties and Qualifications were reviewed and discussed. A motion was made by Roger Shake to table approval of the proposed revisions for further clarification, Bill Watkins seconded, and the motion carried.

Proposed revisions to Board Policy No. 201.2, Public Attendance at Cooperative Board Meetings were reviewed. After discussion, a motion was made by Roger Shake to approve the revisions as presented, Jim Jackson seconded, and the motion carried.

A new proposed Board Policy No. 200.2, Board of Directors and Officers Code of Ethics was presented to the Board for adoption. After discussion, a motion was made by Jack Knust to table action on the policy for further clarification, Ron Thompson seconded, and the motion carried.

Mr. Jackson presented a report of the Indiana Electric Cooperatives Board Meeting held April 20, 2016.

Mr. Weimer presented a report of the Hoosier Energy Annual Meeting and Board Meeting that was held at the French Lick Springs Resort on April 7, 2016.

There being no further business to come before the meeting, on motion duly made, the meeting was adjourned at 11:15 p.m.

Roger Shake, Secretary

APPROVED:

James S. Weimer, President