

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

**February 19, 2018**

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 February 19, 2018.

The meeting was called to order by President Ron Thompson followed by the invocation given by John Royal.

The following Directors were in attendance:

	James Jackson	
David Burger	John Royal	Ronald Thompson
Todd Carpenter	Roger Shake	William Watkins

Also present were Doug Childs, CEO; Joe Boone, Interim HR Manager; Matt Miller, Manager of Finance and Accounting; Shane Smith, Manager of Operations and Engineering; Kim Todd, Manager of Office Services; Amanda Craft, Communications Consultant; Connie Huffine, Executive Assistant; and Bill Baize, UDWI. Also in attendance were Genie Bowers, Scott Carmichael, John Coleman, Dax Collins, Sophie Haywood, Jeff Ryser, and Scott Sargent, members of the cooperative; and Patti Danner, Greene County Daily World.

Mr. Thompson asked if there were any additions or corrections to the meeting agenda. Hearing none, a motion was made by Bill Watkins to approve, Dave Burger seconded, and the motion carried.

Mr. Thompson called for additions or corrections to the minutes of the January 22, 2018, regular board meeting. Hearing none, a motion was made by John Royal to approve the minutes as written, Roger Shake seconded, and the motion carried.

CEO Childs welcomed everyone and read a prepared statement addressing UDWI's counterclaim filed against former CEO Brian Sparks. Mr. Childs then read a prepared statement regarding an adjustment as to how the board meetings shall be conducted. Members and guests desiring to ask questions or make comments to the Board are respectfully asked to submit their requests in advance of the meeting to the Executive Assistant. He also affirmed that after a topic has been addressed, that guests be respectful and offer no comments.

Matt Miller presented the Treasurer's report for January 2018 in a slightly new format that includes dollar and percentage variance columns and added footnotes; Statement of Operations for the twelve months ended December 31, 2017, noting that by discontinuing post-retirement health insurance benefits, the cooperative will realize a one-time gain of \$2.3 million; and Balance Sheet for December 2017. Mr. Miller and Mr. Childs noted that the Profit Sharing contribution to the 401(k) Fund for employees is normally made in one lump sum in February. Contributions have never been made to employees' accounts on a monthly basis. A motion was made by Dave Burger to accept the reports as presented, Bill Watkins seconded, and the motion carried.

Kim Todd provided an update on the Sales and Revenue trends and pointed out that the average monthly residential bill for January 2018 was up due to due extreme cold weather days in January and noted that the average bill of \$269 would have been three dollars higher without the Purchased Power Cost Adjustment Tracking Factor being zeroed out in January.

Ms. Todd gave a presentation on the new on-line voting procedure. On-line voting will be available to members beginning March 12 – April 12, 2018. Members who chose to vote on-line but do not have a computer may visit the REMC headquarters and cast their vote on-line. Other voting options include mail-in ballots or paper ballot at the UDWI Annual Meeting on Saturday, April 14. Bios of this year's board candidates will be published in the *Electric Consumer* magazine, available on line, and included with the mail-in ballots. Voters are encouraged to vote on-line in an effort to reduce costs of the annual meeting. Other annual meeting cost cutting measures will include the elimination of the \$10 bill credit at registration, meals, prizes, entertainment, and reduction in workers among several other cutbacks. Registration for this year's annual meeting will begin at 8:00 a.m. at the White River Valley Gymnasium in Switz City with the business meeting beginning at 11:00 a.m.

Shane Smith provided highlights from the monthly Operations and Engineering Department Monthly Report noting that as of January 31, 2018, 122,976 hours have been worked without a lost time accident. He reviewed the Monthly Outage Report, noting that vegetation issues still represent the majority of all outage minutes per month; and the In-House Safety Meeting minutes.

A discussion was held regarding obtaining bids from local vendors to perform trash pick-up service at UDWI headquarters. After a brief discussion, Mr. Thompson asked Shane Smith to gather bids from three vendors for board consideration.

Mr. Doug Childs advised that according to Article III, Section 7 of the cooperatives Bylaws, it is necessary for the Board to appoint an election committee to assist with the upcoming election of directors. Each director was asked to submit a member's name from their respective district at the March board meeting. Due changes in voting procedures, members appointed to serve on the committee will not be responsible for tallying votes.

Mr. Childs presented clean-up language to reflect organizational changes to Board Policy No. 203.1, *Recommendation for Authority of Command in the Event of a Crisis Situation*, and the Appendix to this Policy, and Board Policy No. 307.0, *Safety Deposit Box* for Board consideration and approval. A motion was made by Dave Burger to approve the changes as presented, John Royal seconded, and the motion carried. (Attachments A and B)

Mr. Burger reported that Hoosier Heritage Management will hold their monthly board meeting on Thursday, February 22, 2018.

Mr. Royal, chairman of the Bylaws Committee, reported that the committee has been examining board compensation trends of other cooperatives and presented the following recommendations for a new compensation structure for the Board:

**Exhibit A - Board Compensation**  
**Effective June 1, 2018**

The board of directors of Utilities District of Western Indiana Rural Electric Membership Corporation ("UDWI") will receive compensation as set forth below:

1. **MONTHLY STIPEND.** A stipend of FIVE HUNDRED DOLLARS (\$500) shall be paid to each Director each month as compensation for his/her position as a Director. This monthly stipend compensates each Director for:
  - a. Preparation for and attendance at UDWI's regular monthly board meeting;
  - b. Director time traveling to UDWI's office or other UDWI facilities to conduct UDWI business outside of scheduled meetings;
  - c. Director time corresponding with members of UDWI; and
  - d. Director time reviewing industry news and educational periodicals.
  
2. **SCHEDULED LOCAL MEETING PER DIEM.** A per diem of TWO HUNDRED DOLLARS (\$200) shall be paid to each Director for any Local Official Scheduled Meeting, other than UDWI's monthly board meeting. Directors shall not be reimbursed for travel expenses for Local meetings. For purposes of this Exhibit:
  - a. "Official Scheduled Meeting" shall mean any of the following:
    - i. Committee meetings;
    - ii. Special board meetings;
    - iii. Special executive session of the Board;
    - iv. Annual meeting; and
    - v. Local meetings of associated organizations (Indiana Electric Cooperatives, National Rural Electric Cooperative Association, and others).
  - b. "Local" shall mean the area within the service territory of UDWI.
  
3. **OTHER MEETINGS.** A per diem of TWO HUNDRED DOLLARS (\$200) shall be paid to each Director for any other meeting not detailed above that is less than four (4) hours and not Local. Directors shall be reimbursed for mileage at the current rate set by the IRS for all non-Local meetings. However, if such meeting should last for more than four (4) hours, the per diem shall be FIVE HUNDRED DOLLARS (\$500).
  - a. For purposes of this per diem, the length of the meeting shall be measured by actual meeting time plus travel time to and from the meeting.
  
4. **OTHER COMPENSATION OR REIMBURSEMENT.** UDWI will not pay a per diem or mileage reimbursement for any meeting where the Director is being provided compensation or mileage reimbursement by another entity.

Mr. Royal also presented a proposal to eliminate all insurance benefits to the Board of Directors excepting liability insurance coverage.

After discussion, Resolution No. 2018-01, *Board Resolution Regarding Compensation for the Board of Directors*, and *Exhibit A – Board Compensation*, were presented for approval. A motion was made by John Royal to accept the committee's recommendations as set forth in Resolution No. 2018-01 and Exhibit A as presented, Dave Burger seconded, and the motion passed by a vote of 4 in favor and 2 opposed. The new compensation rates and elimination of the aforesaid insurance benefits shall become effective June 1, 2018. Furthermore, amendments to the Bylaws, Policy No. 202.0, Policy No. 202.2, and all other applicable policies regarding Director compensation to be consistent with Resolution 2018-01 and the Board compensations method set forth in Exhibit A shall be reviewed and approved by the Board prior to June 1, 2018. (Attachments C and D)

Mr. Royal reported that the Bylaws Committee meetings regarding board compensation were able to be handled via telephone and e-mail. There were no paid meetings.

Mr. Carpenter provided an update on the Audit Committee meeting held February 1, 2018, commenting it was a good meeting with many items to identify and prioritize including approval of the annual financial audit, establishment and maintenance of an ethics policy, establishment of an audit committee policy, cyber security, physical security, and sexual harassment prevention. He also reported that that the committee approved the rotation of UDWI's auditor on a three-year cycle.

Upcoming meetings were briefly discussed including the NRECA Annual Meeting to be held February 25-28 in Nashville, Tennessee and Hoosier Energy's Annual Meeting scheduled for April 5 at French Lick Springs hotel.

At 7:34 p.m., the Board convened into Executive Session. All guests and staff, excepting CEO Childs and Amanda Craft, departed the meeting at that time.

There being no further business to come before the meeting, Mr. Thompson adjourned the meeting at approximately 10:30 p.m.

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Roger Shake, Secretary

APPROVED:

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Ronald E. Thompson