

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

January 22, 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 January 22, 2018.

The meeting was called to order by President Ron Thompson followed by the invocation given by CEO Doug Childs.

The following Directors were in attendance:

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| | 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; Bill Baize, Kolby Hutton, and Tyler Singleton, UDWI. Also in attendance were Genie Bowers, John Coleman, Dax Collins, Jeff Ryser, Scott Sargent, Mike Williams, members of the cooperative; and Patti Danner, Greene County Daily World.

Mr. Thompson welcomed everyone to the meeting and introductions were made. He then called on each member to voice any questions or concerns they would like addressed. The following questions/comments were raised:

- Does UDWI have insurance to cover being sued or do the members foot the bill?
- Can pending lawsuit be settled between the former CEO and Attorney?
- Keep charitable giving at zero
- Push to increase Operation Roundup participation

CEO Childs then offered a response to the first question but stated he could not comment on the second question due to pending litigation.

Mr. Thompson asked if there were any additions or corrections to the meeting agenda. Mr. Shake made a request to address the Board regarding refusal to add an item to the agenda and board compensation. After discussion, Mr. Shake made a motion to eliminate UDWI's director insurance effective March 1, 2018, Todd Carpenter seconded, and the motion failed by a vote of 2 in favor and 4 opposed.

Following the above discussion, a motion was made by Dave Burger to accept the agenda as written, Bill Watkins seconded, and the motion carried.

Mr. Thompson called for additions or corrections to the minutes of the December 18, 2017, regular board meeting. Hearing none, a motion was made by Jim Jackson to approve the minutes as written, Todd Carpenter seconded, and the motion carried.

Mr. Childs presented the proposed 2018 Capital and Operating Budgets and thanked staff members for their help. Many cost cutting measures were noted including the elimination of the employee profit sharing plan; reducing UDWI's scholarship awards, annual meeting expenses, and overtime expenses; and plans to switch the employee health insurance plan to an HSA plan. Mr. Childs advised that another budget with more reductions will be presented to the Board in four months. After discussion, a motion was made by Dave Burger to approve the Capital and Operating Budgets as presented, Bill Watkins seconded, and the motion carried by a vote of 5 in favor and 1 opposed. The 2018 Capital and Operating Budgets will be available on the home page of UDWI's website.

Matt Miller Presented the Treasurer's report for the twelve months ended December 31, 2017. Bill Watkins made a motion to accept the Treasurer's report as presented, Roger Shake seconded, and the motion carried.

Kim Todd provided an update on the Office Services Report including graphs comparing 2017 residential sales and revenue trends to the past five years. She reported that letters have been sent to those members on the Whole House Generator Program that will receive a credit on their February electric bill whose generator switch was still activated during the month of December. Proposed amendments to Appendix B - Schedule of Miscellaneous Charges were presented to the Board for approval. A motion was made by Dave Burger to approve the amendments as presented, John Royal seconded, and the motion carried. (Attachment A)

Mr. Smith provided highlights from the monthly Operations and Engineering Department Monthly Report noting that as of December 31, 2017, 120,304 hours have been worked without a lost time accident. He reviewed the Monthly Outage Report including a Vegetation Feeder Heat Map targeting areas that are most susceptible to power outages; noted that IEC's Fourth Quarter Compliance Report was included in the board packet; and provided highlights from the 2017 Operations Year End Report.

Mr. Smith reported that the State of Indiana and the Indiana Department of Transportation are planning an improvement project (#1400044) to replace the current drainage structure located under US 231, located near the far western end of property owned by the cooperative consisting of 0.6 of an acre. The State is prepared to offer the cooperative \$8,500 for the land and land improvements. After discussion, a motion was made by Bill Watkins to accept the offer, Jim Jackson seconded, and the motion carried.

Mr. Childs presented a resolution to rescind Board Policy No. 203.2, Post-Retirement Benefit for Chief Executive officer effective January 22, 2018. A motion was made by Roger Shake to adopt the resolution as presented, John Royal seconded, and the motion carried. (Attachment B)

Mr. Childs reported that a bid proposal from Catalyst Consulting LLC has been accepted to perform a Cost of Service Study and Rate Design for the cooperative. The scope of work provided in the agreement includes 1) Completion of Cost of Service Study; 2) Completion of a new Rate Tariff/Design; and 3) Two public presentations (Residential and Commercial Members).

Mr. Childs made a recommendation to reclassify two accounting positions from hourly to salary with no difference in compensation. A motion was made by Todd Carpenter to authorize the change, Bill Watkins seconded, and the motion carried.

Mr. Childs recommended that due to the cold temperatures and higher kWh usage in January, the Board approve a Purchased Power Cost Adjustment Tracking Factor (PCA) rate of

zero effective January 1, 2018. A motion was made by Dave Burger to approve the zero PCA rate, John Royal seconded, and the motion carried.

Mr. Thompson reported that an audit committee needed to be established as recommended by Blue & Company in their internal control audit. He asked for a motion to approve the following directors to serve on the committee: Todd Carpenter, Chairman; Dave Burger; Roger Shake; and Bill Watkins. A motion was made by John Royal to approve the appointments of the audit committee, Jim Jackson seconded, and the motion carried.

Mr. Thompson reported that the Bylaws Committee is looking at board compensation and that the topic will be up for discussion at the February board meeting; the next Community Fund meeting will be held on March 31, 2018, and that the *Give Us an "A" Program* has been discontinued.

Due to a conflict with NRECA's Annual Meeting, a motion was made by Dave Burger to reschedule the February board meeting to February 19, Jim Jackson seconded, and the motion carried.

Mr. Thompson advised that a nominee to serve as a member of Hoosier Energy's Board of Directors needed to be selected. A motion was made by Jim Jackson to re-appoint Bill Watkins to represent the cooperative as a member of Hoosier Energy's Board of Directors, Roger Shake seconded, and the motion carried.

Mr. Thompson advised that a voting delegate needed to be appointed to represent the cooperative at Hoosier Energy's annual meeting. A motion was made by Roger Shake to retain Jim Jackson as voting delegate, Dave Burger seconded, and the motion carried.

Mr. Thompson announced the slate of candidates for UDWI's 2018 Board of Directors election and stated that an election committee will need to be selected as provided in Article III, Section 7, of the cooperative's bylaws.

At 8:10 p.m., the Board convened into Executive Session. All guests and staff, excepting for Joe Boone, CEO Childs, and Shane Smith departed the meeting at that time.

There being no further business to come before the meeting, Mr. Thompson adjourned the meeting at 9:00 p.m.

Roger Shake, Secretary

APPROVED:

Ronald E. Thompson