

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

July 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 July 25, 2016.

The meeting was called to order by President Jim Weimer who also gave the invocation.

The following Directors reported present:

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

Also present were CEO Brian Sparks; Executive Assistant Connie Huffine; and guests Scott Carmichael and Martin Wolfger.

President Weimer asked if there were any additions or corrections to the meeting agenda. Hearing none, a motion was made by David Stone to approve, Bill Watkins seconded, and the motion carried.

Mr. Weimer welcomed and introduced Scott Carmichael and Martin Wolfger, members of Utilities District of Western Indiana. The gentlemen came to the meeting to listen, observe, and gather information regarding board compensation and health insurance, rates, and reduction in charitable donations. Following an informative discussion, Mr. Carmichael and Mr. Wolfger expressed their appreciation to the Board for their time.

Mr. Weimer called for additions or corrections to the minutes of the June 27, 2016, regular board meeting and executive session. Hearing none, a motion was made by Roger Shake to approve both minutes as written, Jack Norris seconded, and the motion carried.

Bill Watkins presented the Treasurer's report for the six months ended June 30, 2016. A motion to accept the report was made by Ron Thompson, Jack Knust seconded, and the motion carried.

Mr. Sparks reviewed the cooperative's Statement of Operations for the year ended June 30, 2016, noting a 7% decrease in kWh sales, and Balance Sheet for June 30, 2016. A motion was made by Jack Norris to accept the reports as presented, Bill Watkins seconded, and the motion carried.

Mr. Sparks also reviewed the 2nd Quarter Operating Budget; 2nd Quarter Capital Budget; Financial Ratios; Projected Statement of Operations; and reported on the cooperative's Long Term Debt Analysis. He noted that a savings of \$2,943,993 to the members has occurred since UDWI refinanced its existing debt and became a CFC borrower last year. After discussion, a motion was made by Jim Jackson to accept the reports as presented, Ron Thompson seconded, and the motion carried. Mr. Carmichael and Mr. Wolfger departed from the meeting following the conclusion of the financial reports.

Mr. Weimer noted that the Community Fund Income and Expenses report was included in the board mailing. Mr. Sparks reported that he spoke with the Fund's financial advisor regarding reducing the minimum balance as discussed at last month's board meeting. It was determined that a decrease in the minimum balance would not be feasible.

A brief discussion was held regarding NRECA's Regions 1 & 4 Meeting to be held September 7-9, 2016, in Grand Rapids, Michigan, and CFC's District 4 Meeting which will also be held in Grand Rapids on September 8.

Bill Watkins, Chairman of the Equipment Committee, reported that the committee met on July 7 to discuss the following vehicles that are due for replacement in 2017:

Truck 6	2008 International 7300 Line Truck
Truck 11	2011 Ford E250 Meter Van
Truck 13	2013 Ford F550 Service Truck
Truck 18	2005 International 7300 Bucket Truck

Mr. Watkins reported that the committee will get three quotes from suppliers for the vehicles and review in the fall. The committee also discussed at length Versalift and Altec booms.

In Round Table discussion, Mr. Sparks reported that within the next two weeks, perc testing will be conducted at the new site and results will be presented at the next board meeting. He reviewed the cooperative's June 2016 power bill; net margins for period ended June 2016 from RUS Form 7; discussed upcoming employee health insurance renewals; and noted that the UDWI annual fish fry will take place on September 30 beginning at noon.

He reported that according to *The Kiplinger Letter* predictions, the stock market is in for a bumpy ride. Commodities, especially industrial metals, are in for a rocky journey after pre-vote prices had seemingly hit bottom. Now, 5%-10% lower seems possible. Oil is likely to fall a bit as well as gas prices. Gold will trend higher. ~ Weather tracking could be a new money making business for telecom firms. Wireless signals can detect rainfall by analyzing when signal strength drops because of moisture. The low-cost method is cheaper than rain gauges and more accurate than radar. ~ Spending on smart bombs will hit \$6.3 billion dollars this year as the Pentagon increases its use of the laser-guided munitions that can hit distant targets with great precision. ~ U.S. race relations are bound to deteriorate due to the racially charged police shootings of African-Americans. ~ Social Security Benefits will be cut if changes aren't made. Two key dates to keep in mind: 2019, when interest income won't be enough and the government will have to sell off bonds to keep sending out monthly checks at full value. And 2034, when payments will be cut by 21% unless the rate is changed or other reforms are made. ~ Eight airlines will get final approval from the Department of Transportation to make commercial flights to fly to Havana this fall from New York City, Atlanta, Charlotte, North Carolina, Houston, Los Angeles and Newark plus Miami, Orlando, Fort Lauderdale and Tampa. American tourism is barred as it will take time for Cuba's infrastructure to catch up with growing travel demands, but a dozen other types of travel are okay including family visits, professional research, public performances, and sports events.

Appendix A was presented to the Board for approval of a Purchased Power Cost Adjustment Tracking Factor in the amount of \$0.006779 per kWh – up \$0.000018 from the previous month. The new rate goes into effect with use beginning July 1, 2016. Bill Watkins made a motion to approve, David Stone seconded, and the motion carried. (See Attachment A)

Write-off of uncollectible accounts in the amount of \$28,601.78 was presented to the Board for approval. A motion was made by Ron Thompson to approve the write-off, Jack Norris seconded, and the motion carried. (See Attachment B)

Mr. Sparks revisited a discussion from last months' meeting regarding UDWI's Water Heater Program. When the water heater inventory is depleted, UDWI will no longer sell water heaters but will continue the current incentive program through the end of the year. Members replacing a 40 or 50 gallon existing water heater may purchase a heater at a location of their choice. A \$50 credit will be issued if the member will send us a copy of their receipt of purchase and agree to have an energy savings switch installed. Members can purchase a water heater for new construction and/or a geothermal at the location of their choice and receive a credit up to \$400 by providing us with a receipt of purchase.

Mr. Sparks reviewed the Operations and Engineering Department Monthly Report, Monthly Vehicle Maintenance and Repairs Schedule, and minutes from the July 18 In-House Safety Meeting noting that as of June 30, 2016, 226,310 hours have been worked without a lost time accident.

Board Policy Nos. 101.1, Patronage Allocations, and 201.3, Second Regular Board of Directors Meetings were presented to the Board for review. A motion was made by Ron Thompson to approve the policies as presented, Bill Watkins seconded, and the motion carried.

Mr. Weimer presented a report of the Hoosier Energy Board Meeting held July 18, 2016.

There being no further business, the meeting was adjourned at 9:20 p.m.

Roger Shake, Secretary

APPROVED:

James S. Weimer, President