

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

July 24, 2017

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 24, 2017.

The meeting was called to order by President Ron Thompson followed by the invocation given by Mike Chapman.

The following directors were in attendance:

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

Also present were Dan Arnold, interim CEO; Mike Chapman, Manager of Human Resources/Compliance; Shane Smith, Manager of Operations and Engineering; Matt Miller, Manager of Finance and Accounting; Executive Assistant, Connie Huffine; and Bill Baize, Michael Nail and Tyler Singleton, UDWI employees. Also in attendance were Chris Blunk and Bob Richhart, Hoosier Energy; John Coleman, Mr. and Mrs. John Craft, Byron Goodman, Dewayne Mayfield, Pete Powers, Scott Richards, Charles Roudebush, Jeffery Ryser, Scott Sargent, and Mike Williams, members of the cooperative; and, Kurt Christian, The Herald-Times; Brian Powell and Sara Wittmeyer, WTIU/WFIU; and Sabrina Stockrahm, Greene County Daily World.

President Thompson welcomed members of the cooperative, news media, staff and Board of Directors and introductions were made.

Mr. Thompson asked if there were any additions or corrections to the meeting agenda. Roger Shake requested that "New Service Deposits" be added to the agenda for discussion. A motion was made by Roger Shake to accept the agenda as amended, Jack Norris seconded, and the motion carried.

Mr. Thompson called for additions or corrections to the minutes of the June 26, 2017, regular board meeting. Hearing none, a motion was made by Jim Jackson to approve the minutes as written, Bill Watkins seconded, and the motion carried.

Mr. Thompson then introduced Chris Blunk and Bob Richhart of Hoosier Energy who will serve as facilitators and assist the cooperative's search committee in selecting a CEO. Members of the search committee are David Burger, Todd Carpenter, Jim Jackson, and Bill Watkins. Mr. Blunk and Mr. Richhart provided a presentation on using The Predictive Index and Targeted Selection Process in selecting potential candidates. Candidates from across the nation will be considered. Members of the cooperative will be asked to complete a short survey that will be found on UDWI's website to select and rank the traits they believe are essential qualities of a CEO. Hard copies will also be provided at UDWI's headquarters for those that do not have access to the website.

Mr. Thompson called on each member to voice any questions or concerns they would like addressed. Topics raised by members included:

- Audit findings/Phase I and II/Transparency
- Hoosier Energy's Wholesale Rates/How to lower rates
- Termination of CEO/Cause/Contract
- CEO Search
- Health Insurance
- Contractor Bids/Qualifications

Mr. Thompson and members of the Board then offered brief responses to these topics.

Mr. Carpenter led a discussion of the need for a Transparency Policy to be adopted immediately to address releasing information to the membership. Mr. Thompson recommended forming a committee to create the policy. After discussion, Mr. Carpenter made a motion to create a Transparency Policy, Mr. Shake seconded, and by a show of hands, the motion was carried unanimously.

Todd Carpenter presented highlights of the Treasurer's report for the six months ended June 30, 2017, and noted that charitable contributions are down considerably compared to one year ago. A motion was made by Bill Watkins to accept the Treasurer's report as presented, John Royal seconded, and the motion was carried unanimously.

Todd Carpenter made a recommendation to conduct a compensation rate study on UDWI's employee pay rates to insure the cooperative's pay rankings are in line with other cooperatives and entities. A motion was made by Todd Carpenter that the Board produce a rate study of the cooperative's structure, Jim Jackson seconded, and by a show of hands, the motion was carried unanimously.

Mr. Miller reviewed the Statement of Operations for the six months ended June 30, 2017; Balance Sheet for June 2017; Projected Statement of Operations as of June 30, 2017; 2nd Quarter Operating Budget; 2nd Quarter Capital Budget; and Financial Ratios. The Board discussed replacing aged copperweld wire, making some adjustments in the budget, and continued their discussion from the previous meeting regarding investment options and reviewed a list of CD rates from various financial institutions. Following a brief discussion, a motion was made by David Burger to accept the financial reports as presented, Jack Norris seconded, and by a show of hands, the motion was carried unanimously.

Mr. Thompson provided the UDWI Community Fund Report followed by discussion on UDWI's 2018 Annual Meeting. Roger Shake reported that the tentative date of April 7 may conflict with another event scheduled for the same weekend. After discussion, an alternate date of April 14 was selected. Roger Shake will check with White River Valley High School to see if that date is available and report back to the Board at the August 28 meeting.

The Board drew names for the Give Us an "A" program. Jaden Ingram, Bloomfield Elementary School; Alexandra Miller, Eastern Greene Middle School; Lindsey Sparks, Eastern Greene High School; and Hank Todd, Bloomfield Elementary will each receive a \$50 gift card. Lia Ragle, White River Valley Jr/Sr High School, will receive a \$100 gift card.

John Royal reported on cost cutting measures the Board is looking at in response to member concerns:

- Company Vehicles – The possibility of implementing a motor pool
- Credit Card Receipts Treasurer reviews receipts bi-yearly. Incorporate procedure into Board Policy 301.0,
- Board Voting Method – Show of hands
- Hoosier Heritage Management – More transparency
- Training – Board will utilize local programs as much as possible to reduce cost
- Conferences – Board will limit number of attendees and eliminate unnecessary travel

Ron Thompson welcomed Dan Arnold, UDWI's interim CEO, and called on him to present the Manager's Report. Mr. Arnold expressed his appreciation for the opportunity the Board has given him and will do the best he can until a CEO is selected. He reported on two initiatives discussed at the Indiana Electric Cooperatives Association Meeting that he attended on July 19 which included IEC's Cooperative Talent Initiative, this project hopes to create a pool of pre-qualified applicants who desire a career working in rural areas of Indiana; and, the Pole Attachment Study Committee. The committee's goal is to develop a standard formula for all REMCs to use when calculating pole contact rental charges for other electric utilities, telecommunications companies, and internet service providers.

Appendix A was presented to the Board for approval of a Purchased Power Cost Adjustment Tracking Factor in the amount of \$0.00063 per kWh – up \$0.00042 from the previous tracker. The new rate goes into effect with use beginning July 1, 2017. Bill Watkins made a motion to approve, Jim Jackson seconded, and by a show of hands, the vote was unanimous.

Shane Smith discussed the Key Ratio Trend Analysis report (KRTA) that the National Rural Utilities Cooperative Finance Corporation (CFC) provides to electric distribution cooperatives. KRTA compares the cooperative's annual performance against other systems across Indiana and the U.S. Matt Miller will contact UDWI's CFC representative, Brian Stavish, to present the KRTA report at the September 25 board meeting.

Mike Chapman presented the attached NRECA Adoption Agreement Retirement Security Plans which apply to the nonunion group Plan under 15001-001 and the Union group Plan under 15001-002 for adoption effective July 1, 2017, based upon the Board's prior Resolution to accept the restated agreements signed by Secretary Shake. (See Attachments A and B)

Mr. Smith provided highlights from the monthly Operations and Engineering Department Monthly Report including the Monthly Outage Report; July 2017 Contractors Work Inspections; June's Monthly Vehicle Maintenance & Repairs Report; and minutes from the July 13, 2017 In-House Safety Meeting noting that as of June 30, 2017, 67,652 hours have been worked without a lost time accident. He discussed the 2017-2018 Construction Work Plan including seeking advice from the Board to replace 10 miles of copperweld wire. David Burger authorized getting bids for the project. Mike Chapman discussed UDWI's Second Quarter Compliance Report prepared by IECs regulatory consultant, Marty Jones.

Mr. Thompson reported that HHM will provide a financial and operational overview presentation at the August board meeting

Mr. Chapman provided an update on recent activities from the June 2017 Marketing & Communications Report. Prior to the board meeting, seven recipients, each receiving a \$1,000 scholarship from UDWI's scholarship program, were awarded certificates acknowledging their achievements. This year's recipients were: Drew Lumsdon, District 1; Zoie Cramer, District 2; Martha Batz, District 3; Lindsey Lukens, District 4; William Deischer, District 5; Isaac Murdock, District 8; and Shelby Chestnut, District 8 (Roger D. Davis Memorial Scholarship).

Mr. Smith reviewed the Office Services Report for June 15-July 15, 2017, including billing data, collections, and prepaid metering.

Board Policy No. 200.2, Board of Directors and Officers Code of Ethics, was presented to the Board for review. Mr. Carpenter made a proposal to amend Item II. (c) Gifts and Favors. The current policy allows an Official of the cooperative to receive gifts or favors of nominal value or casual entertainment, business-related meals, refreshments, or recreational activities not exceeding a total of \$150 in value from any one individual or organization for any given year which meet all standards of ethical business conduct, and involves no element of concealment. Mr. Carpenter suggested lowering the value from \$150 to \$50 to avoid appearance of conflict. After discussion, Mr. Thompson put the question to a vote to determine whether to leave the amount at \$150 or lower it to \$50. By a show of hands, 5 voted in favor to leave the policy at \$150, 2 opposed. Board Policy No. 200.2 will be presented for approval at the August board meeting.

At 9:30 p.m., Mr. Thompson called for a short recess before entering into Executive Session. Matt Miller and all remaining guests departed the meeting at this time.

The Board convened into Executive Session at approximately 9:40 p.m.

Upon reconvening to regular session at 11:10 p.m., the Board discussed the need to determine an adequate security deposit for a former commercial location during the period while the building is undergoing remodeling and renovation. After discussion and input from staff concerning possible usage levels, Roger Shake moved to set the temporary security deposit at \$2,000 with the stipulation provisions of the existing security deposit policy will apply to the building when it returns to commercial operation, Jim Jackson seconded the motion, and by a show of hands, the motion passed by a unanimous vote.

There being no further business to come before the meeting, on motion duly made, the meeting was adjourned at 11:20 p.m.

Roger Shake, Secretary

APPROVED:

Ronald E. Thompson, President