

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

October 23, 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 October 23, 2017.

The meeting was called to order by President Ron Thompson followed by the invocation given by Bill Watkins.

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; Joe Boone, Interim HR Manager; Shane Smith, Manager of Operations and Engineering; Matt Miller, Manager of Finance and Accounting; Connie Huffine, Executive Assistant; Amanda Craft, Communications Consultant; John Coleman, John Duell, 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 Jackie Norris to approve, Todd Carpenter seconded, and the motion carried unanimously.

Mr. Thompson called for additions or corrections to the minutes of the September 25, 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 unanimously.

Mr. Thompson welcomed everyone and introductions were made. He then called on each member to voice any questions or concerns they would like addressed. One request was made to Bill Watkins, UDWI board member and member of Hoosier Energy's board, to ask Hoosier Energy to release their tax returns for a few years for UDWI's members to see. Mr. Watkins indicated he would discuss this request with Hoosier.

Mr. Thompson reported that with the departure of UDWI's Manager of Marketing and Member Services, UDWI has contracted Amanda Craft, Crafted Communications, to assist with communications. Joseph Boone, Strategic HR Solutions, LLC, is serving as Interim HR Manager for the cooperative due to the upcoming departure of the current Manager of HR/Compliance.

Amanda Craft reported that from a list of 70 applicants for UDWI's CEO Search, candidates were narrowed down to 15 and then 3. On October 21, UDWI's Board of Directors met with and interviewed the final three potential candidates. Mrs. Craft stated that a new CEO should be named very soon.

Matt Miller presented the Treasurer's report for the nine months ended September 30, 2017, Statement of Operations, Balance Sheet for September 2017, 3rd Quarter Operating Budget, and 3rd Quarter Capital Budget. Todd Carpenter reported that the Budget Committee has met and that the 2018 budget is very detailed and well done. The committee will meet one more time and then present the budget to the Board. After discussion, a motion was made by Bill Watkins to accept the Treasurer's report as presented, Jack Norris seconded, and the motion carried unanimously.

Mr. Miller provided an update regarding state and federal taxes UDWI has paid on the income of its subsidiary HHM. HHM is organized as a limited liability company (LLC). LLC's are "pass-thru" entities for income tax purposes, meaning the members of the LLC pay the income taxes on the LLC's taxable net income. However, if HHM's revenues are substantially related to UDWI's exempt purpose of providing electricity to its members, those revenues would not be subject to tax. In the opinion of UDWI's auditor, attorney, and tax consultant, HHM's services provided to UDWI are substantially related to UDWI's exempt function. Therefore, HHM's related activity profits should be non-taxable. By May 2018, UDWI will file for a refund of the taxes.

Mr. Thompson provided an update of the UDWI Community Fund and reported that the trustees awarded a total of \$10,100 in grants to eight organizations at their September 30, 2017, meeting. Applications are being accepted for the next meeting scheduled for December 9, 2017.

Mr. Thompson reminded the Board of upcoming meetings including IEC's Annual Meeting scheduled for December 4-5, 2017, at the Marriott Hotel in downtown Indianapolis; NRECA's National Convention with general sessions from February 25-28, 2017, in Nashville, Tennessee, and UDWI's Annual Meeting to be held April 14, 2018, at White River Valley High School gymnasium. Incumbents Roger Shake (District 5), Bill Watkins (District 7), and Jackie Norris (District 8) have each submitted their letter of intent declaring to stand for re-election.

Mr. Arnold presented a Wage & Salary Plan for board consideration and approval that defines director responsibilities and management's limitations in administering the plan for non-union employees. All members of the Board were provided copies of the Plan in their meeting packets prior to the meeting. A motion was made by Bill Watkins to accept the Plan as presented, Dave Burger seconded, and the motion carried. (See Attachment A)

The Board of Directors reviewed Policy No. 202.1—*Post-Retirement Benefit for Long-Standing Director*. Following discussion, Roger Shake moved to rescind the policy in its entirety. The motion specified further that the post-retirement benefit is to terminate immediately for all current and future members of the UDWI Board of Directors. The motion was seconded by John Royal and it passed. (See Attachment B)

Mr. Arnold presented four proposed revisions to Board Policy No. 203.0, *Chief Executive Officer Duties*, Item III(B) Procedure, as listed below:

- Verbiage was expanded to clarify that the CEO assists in negotiations with the labor union to assure benefit packages conform to industry norms and are reflective of the demographics of the service territory;
- Serving as the UDWI representative on the Hoosier Heritage Management Board of Managers.

- Supervising, directly and indirectly, day to day activities of all personnel – The verbiage was modified to increase clarity.
- Preparing an Employee Handbook containing procedures and personnel policies for approval by the Board of Directors. Administering policies contained in the Employee Handbook and recommending changes as necessary. – This verbiage was expanded to include approval by the Board of Directors.

After discussion, a motion was made by Bill Watkins to approve the revisions as presented, Jim Jackson seconded, and the motion carried. (See Attachment D)

Board Policy 205.0, *Signatures for Communications and Financial Reports*, was presented for review with no changes.

Joe Boone presented a proposed revision to Board Policy No. 201.2, *Attendance at Cooperative Board Meetings*, Item III (A), Procedure, for consideration and approval. The existing policy required members and media to give at least twenty-four (24) hours advance notice to attend the meeting. The proposed revision requires giving at least two (2) business days advance notice. A motion was made by Dave Burger to approve the revision, Roger Shake seconded, and the motion carried unanimously. (See Attachment D)

Appendix A was presented to the Board for approval of a Purchased Power Cost Adjustment Tracking Factor in the amount of \$0.00003 per kWh – down \$0.00063 from the previous tracker. The new rate goes into effect with use beginning October 1, 2017. Roger Shake made a motion to approve, Bill Watkins seconded, and the motion carried unanimously.

Dan Arnold presented a resolution for board consideration and approval to authorize amending the voting procedure in the cooperative Bylaws. The amendments make it possible for members to vote in the director election by mail-in paper ballot, on line, or on-site paper ballot and permits such votes to count toward the quorum requirements contained in the Bylaws to the extent permitted under Indiana law. Mr. Arnold explained that the above stated voting options should increase voter participation and noted that a Minnesota-based company will facilitate the election process and tabulate the votes. A motion was made by Dave Burger to approve the resolution as presented, Jack Norris seconded, and the motion carried unanimously. (See Attachment E)

Dan Arnold reported that there are 305 members holding more than one membership fee. Since the cooperative By-laws state that no member may hold more than one membership, he recommended refunding the memberships in the form of a bill credit to those accounts before the end of the year. The consensus of the Board was to refund said memberships as recommended.

Shane Smith provided highlights from the Operations and Engineering Department Monthly Report and minutes from the October 16, 2017, In-House Safety Meeting minutes noting that as of September 30, 2017, 91,793 hours have been worked without a lost time accident.

Mr. Smith spoke about two programs UDWI currently offers to members to help off-set peak load – Demand Response Unit Program and the Generator Program. Due to the cost of installation, repairs, and negative benefit to the cooperative, Mr. Smith recommended discontinuing both programs. Following Mr. Smith's presentation, a motion was made by Bill Watkins to discontinue the programs, Roger Shake seconded, and the motion carried unanimously. Letters will be sent to all participants notifying them of these decisions.

Mr. Smith informed the Board of the Varentec Pilot Program that UDWI has successfully tested at three locations. The program allows closer tracking of voltage along the line, increases voltage near the end of the line, and allows UDWI to reduce voltage at regulators while maintaining all meter voltages above ANSI standard (114V), and can also reduce peak demand. Mr. Smith asked the Board for approval to continue testing the program. A motion was made by Jack Norris to approve, Jim Jackson seconded, and the motion carried unanimously.

Mr. Arnold provided highlights from the September Marketing & Communications Report and the monthly Office Services Report. He noted that there were 820 accounts on pre-paid metering as of October 14 and commented that it is an excellent program.

At 8:09 p.m., Mr. Thompson called for a short recess before entering into Executive Session. Joe Boone, Matt Miller, and guests departed the meeting at that time.

The Board convened into Executive Session at approximately 8:30 p.m.

Upon reconvening to regular session, the Board discussed the practice of awarding some employees post-retirement medical insurance benefits. Mr. Arnold stated the practice is defined in two sections of the Employee Handbook found on pages 36 and 37 and advised the Board those sections should be deleted from the handbook if the practice is terminated. Following lengthy discussion, John Royal moved to delete Employee Handbook sections "Salaried Employee Post-Retirement Benefits" (page 36) and "Post-Retirement Benefit for Long-Standing Employees" (page 37). The motion specified further the practice of offering post-retirement medical insurance benefits for current employees and all future employees will cease immediately. The motion was seconded by Dave Burger and passed.

There being no further business to come before the meeting, on motion duly made, the meeting was adjourned at approximately 10:50 p.m.

Roger Shake, Secretary

APPROVED:

Ronald E. Thompson, President