

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

September 26, 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 September 26, 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; Shane Smith, Manager of Operations and Engineering; Matt Miller, Manager of Financial Services; Executive Assistant Connie Huffine; and Brian Stavish, National Rural Utilities Cooperative Finance Corporation.

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

Mr. Weimer called for additions or corrections to the minutes of the August 22, 2016, regular board meeting. Hearing none, a motion was made by Jim Jackson to approve the minutes as written, Jack Knust seconded, and the motion carried.

Mr. Weimer welcomed Brian Stavish who provided an overview of UDWI's 2015 Key Ratio Trend Analysis. He compared UDWI's financial performance over the past five years to distribution cooperatives across the nation, state, and within Hoosier Energy's system and commented that UDWI is financially very strong. UDWI's average number of consumers served in 2015 was 18,930 and ranked 11th highest out of 37 distribution cooperatives in the state and 20th highest in the state in kilowatt sales with 80% of sales coming from residential consumers. The analysis identified the cooperative's strengths as well as areas for improvement. Mr. Stavish complimented the Board, management staff, and employees for making 2015 a good year for UDWI.

Matt Miller provided a summary of CFC's 2015 Key Ratio Trend Analysis focusing on various trends including average residential kilowatt usage per month, TIER, ability to pay debt, blended interest rate, equity as a percent of assets, annual capital credits retired, power cost per total kilowatts sold, electric revenue per kilowatt, reliability, among several others.

Shane Smith provided a presentation regarding net metering including UDWI's current net metering contract and application, the complexity of solar rates, standardized rates for solar customers, and Hoosier Energy's solar rate proposal. A discussion regarding Hoosier Energy's rate proposal ensued following the presentation. A motion was made by Ron Thompson to accept Hoosier Energy's new solar rate proposal including a grandfather clause to leave solar

customers connected before January 31, 2017, on the existing rate and a sunset clause to move all solar customers to the new rate by January 1, 2025, Roger Shake seconded, and the motion carried.

Bill Watkins presented the Treasurer's report for the eight months ended August 31, 2016. A motion to accept the report was made by Jack Norris, Jack Knust seconded, and the motion carried.

Mr. Sparks reviewed the cooperative's Statement of Operations for the year ended August 31, 2016, Balance Sheet for August 2016, and Projected Statement of Operations as of August 31, 2016. A motion was made by Bill Watkins to accept the reports as presented, Roger Shake seconded, and the motion carried.

Mr. Weimer provided the UDWI REMC Community Fund Report noting that the trustees met on September 24, 2016. Twelve applications out of 15 submitted were selected to receive a grant. The total amount awarded was \$12,600.

The Board discussed NRECA's Regions I and IV meeting that was held September 7-9, 2016, in Grand Rapids, Michigan, IEC's Annual Meeting scheduled for December 5-6 at the Marriott Hotel in downtown Indianapolis, and NRECA's Annual Meeting to be held February 28-March 2, 2017, in San Diego, California.

Mr. Weimer advised that a nominee needed to be appointed to represent the cooperative as director on the IEC Board of Directors. A motion was made by Ron Thompson to nominate Jim Jackson to serve as director on IEC's board of directors, Bill Watkins seconded, and the motion carried.

Mr. Weimer reported that a Voting Delegate and Alternate needed to be appointed to represent the cooperative at IEC's Annual Meeting. A motion was made by David Stone to nominate Jack Knust to serve as the Voting Delegate and Roger Shake as Alternate, Jack Norris seconded, and the motion carried.

In his manager's report, Mr. Sparks discussed UDWI's net margins for period ended August 2016 from RUS Form 7; the cooperative's August 2016 power bill, and reported that patronage capital dividends for 2015 was received this month from United Utility Supply and Cooperative Response Center, Inc. He reminded the Board of UDWI's employee fish fry that will be held on September 30, and to think about proposals for future capital credit distributions. A discussion regarding capital credits will take place at the October board meeting. Mr. Sparks reported that according to a prediction from *The Kiplinger Letter*, the race to become the 45th president is Hillary Clinton's to lose. He also reported that according to *The Kiplinger*, average pay raises this year will be 3% versus 2.5% to attract and retain top-notch employees. ~ Affordability is the biggest issue ahead for medical care and look for big hikes in premiums and deductibles in 2017. ~ Guantanamo Bay detention camp will likely remain open well into the next president's term despite President Obama's plan to close it. Donald Trump vows to keep it open and fill it with more terrorists.

Appendix A was presented to the Board for approval of a Purchased Power Cost Adjustment Tracking Factor in the amount of \$0.006038 per kWh – up \$0.000024 from the previous month. The new rate goes into effect with use beginning September 1, 2016. Jim Jackson made a motion to approve, Jack Knust seconded, and the motion carried. (See Attachment A)

Mr. Sparks reviewed the Operations and Engineering Department Monthly Report and called attention that year-to-date, UDWI has seen 41 days without an outage. The previous record for an entire year was 38. He reviewed the minutes from the September 6, 2016 In-House Safety Meeting noting that as of August 27, 2016, 245,128 hours have been worked without a lost time accident; Monthly Vehicle Maintenance and Repairs schedule; and August 2016 Marketing & Communications Report.

Board Policy Nos. 500.0, Area Coverage, and 502.0, Modifications of Electric Services and Facilities were presented to the Board for review.

Mr. Sparks reported that in order to comply with FEMA requirements, UDWI's attorney has recommended that the language to Board Policy 200.2, Board of Directors and Officers Code of Ethics, be revised regarding Gifts and Favors, including establishing a maximum annual amount to receive from a particular source per year. After discussion, a motion was made by Bill Watkins to set the maximum annual amount to \$150, Jim Jackson seconded, and the motion carried.

There being no further business, the meeting was adjourned at 10:22 p.m.

Roger Shake, Secretary

APPROVED:

James S. Weimer, President