

**MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF SOUTH CENTRAL INDIANA
RURAL ELECTRIC MEMBERSHIP CORPORATION
HELD MARCH 28, 2019**

The Regular Meeting of the Board of Directors of South Central Indiana Rural Electric Membership Corporation was held pursuant to notice as required by the Bylaws at the principal office of the Cooperative, 300 Morton Avenue, Martinsville, Indiana on Thursday, March 28, 2019, at 5:30 p.m.

The following Directors were present: Mark Smith, Jerry Pheifer, Jim Cox, Lisa Prosser, Rex Franklin, Stephen Williamson, Jim Koch, Bruce Hamlin, and Heather Mollo. Others in attendance were Michael Schultz, General Counsel; James Tanneberger, President & CEO; Earl Ridlen, London Witte Group; Charity Coffman, Controller; Elisha Wenzel, Accounting Specialist; and Stacey Sauer, Executive Assistant.

The meeting was called to order with prayer offered by Director Lisa Prosser. The Chairman then asked if there were any amendments or corrections to the minutes of the Regular Board of Directors' Meeting held February 28, 2019. Mr. Franklin noted that under the Financial Report, he was reported as making and seconding the motion to accept the Financial Reports. The minutes should have read that Mr. Williamson seconded the motion to accept the Financial Reports. There were no further corrections and upon motion of Mr. Cox and seconded by Ms. Prosser, the minutes of the Regular Board Meeting held February 28, 2019, were approved as amended.

Audit Report: Earl Ridlen with London Witte Group gave the Annual Audit Report discussing the consolidated balance sheet, statement of revenues, statements of comprehensive

income, statement of cash flows, gross margins, and net margins. He further discussed the power cost tracker and suggested making a change in the tracker going forward.

Mr. Ridlen submitted a new 3-year contract for SCI's consideration at the same fee as the previous 3-year contract with the addition of \$5000 for auditing fiber.

The Board then went into an Executive Session with Mr. Ridlen of London Witte Group.

Safety Report: Upon reconvening the Regular Board Meeting, Mr. Tanneberger reviewed the Safety Report for the month and answered directors' questions. Thereafter, Ms. Prosser made a motion to accept the Safety Report. The motion was seconded by Mr. Cox and passed.

Financial Reports: The Board reviewed the February Financial Reports that were available and considered the write-off to bad debt. Following discussion, Ms. Prosser made a motion to accept the available financial reports and write-off to bad debt in the amount of \$3,509.23 for February 2019. The motion was seconded by Mr. Franklin and approved.

Fiber: Mr. Tanneberger brought the Board up to date on the fiber project reporting that additional crews will be added for underground service drops, the first bills were recently produced, and staff continues to work on state and federal grant opportunities.

Committee Reports:

Member Service and Marketing Committee: The Member Service and Marketing Committee met on March 20, 2019. Ms. Mollo reported that the Committee discussed plans for the 2019 Annual Meeting and ideas for the 2020 Annual Meeting. The group was also updated on the IVR (phone system) and possible changes in the contact center to better serve our member.

Finance Committee: Mr. Smith reported on the Finance Committee Meeting held March 26, 2019. He discussed upcoming loan repricing opportunities. He reported that the Committee Meeting focused on discussion regarding the proposed change to the rate for net billing of renewable energy installations (solar, wind, etc.). The Committee recommended that the Board consider a flat rate of \$.06 per Kwh be paid for excess power generation from members' renewable energy sources. This rate would be effective for all members with renewable energy sources current and future. Following discussion, Mr. Smith made a motion to approve the recommendation of the Finance Committee. The motion was seconded by Ms. Mollo and passed with one opposing vote.

Personnel Committee: Mr. Tanneberger reported that a Personnel Committee Meeting needed to be schedule prior to the May Board Meeting. Following discussion, a Personnel Committee Meeting was scheduled for Wednesday, May 15, 2019, at 6:00 p.m.

Unfinished Business: Mr. Tanneberger reviewed the CEO Goals for 2019 and progress of the strategic planning goals.

The Board discussed Diligent Messenger and guidelines for message retention. Ms. Sauer briefly discussed accessing messages in Diligent Messenger.

Mr. Tanneberger reported that the Internal Control Audit will begin in June and will be performed by Clifton Larson Allen (CLR).

The CEO reported that TextPower, approved at the February Board Meeting, will be implemented soon.

New Business: The Board then considered the Certificate of Incumbency and Resolutions for the RUS Loan. Following discussion, Ms. Prosser made a motion to approve the

execution of the Certificate of Incumbency and Resolutions, which are attached. The motion was seconded by Mr. Smith and unanimously approved.

Mr. Tanneberger discussed SCI's Disaster Recovery Plan and efforts to locate or establish an offsite disaster recover location due to changes with our current plan.

The group discussed the impact of the construction of I69 (Section 6) for SCI as far as relocation of facilities and operation and SCI's plans for addressing possible issues.

Attorney's Report: Mr. Schultz reminded the Board that the CEO Appraisal has been distributed to all directors and should be returned to his office in the envelope provided.

The attorney then reviewed Board Policies 4-3 Area Coverage and 4-4 Donations and Charitable Contributions. There were not changes to Board Policy 4-3 and Mr. Schultz will amend Board Policy 4-4 per discussion for review and consideration at the April Board Meeting.

President/CEO Report: Mr. Tanneberger gave the President/CEO's Report asking if there were any questions regarding the departmental reports or the CEO's monthly written report. He further reported on meetings attended over the past month and upcoming conferences.

Thereafter, Mr. Williamson made a motion to accept the President/CEO's report. The motion was seconded by Mr. Cox and passed.

Hoosier Energy: Mr. Pheifer reported on the March meeting of the Hoosier Energy Board of Directors and reminded the Board of the upcoming Hoosier Energy Annual Meeting.

Indiana Electric Cooperatives: Mr. Cox reported that the next meeting of the IEC Board will be held Wednesday, April 17.

Miscellaneous: Mr. Hamlin reported on the recent CoBank Customer Meeting and the discussion regarding Disaster Response (coming to aid within our service area in a disaster) and the possibility of budgeting monies for such possible incidents.

Director Rex Franklin shared information from the recent NRECA Annual Meeting.

There being no further business to come before the Board, the same was duly adjourned.

Bruce Hamlin, Chairman

ATTEST:

Jerry W. Pheifer, Secretary