

Minutes of the regular meeting of the Clark County REMC
Board of Directors held at the headquarters,
7810 State Road 60, Sellersburg, Indiana on
November 13, 2018 at 5:30 pm (EST)

Those present in person were: President Steve Dieterlen, Vice-President Paul Graf, Secretary/Treasurer Candace S. Meyer and Directors Derrick Vogt, John Biesel, Joe Basham and Robert Kleehamer. Others present: General Manager David A. Vince, System Attorney David A. Lewis, Assistant Treasurer/Finance & Administration Manager Jeremy Miller, Operations & Engineering Manager Dave Barton, Member Services & Marketing Manager Brian Omerso, Human Resources & Benefits Administrator Thera Desmond, IT Manager Mike Mugler, and Purchasing & Facilities Administration Manager Tim Hayden.

Call to Order

All Directors and staff members being present, President Dieterlen called the meeting to order early at 5:25 p.m.

Additions or Deletions to the Agenda

President Dieterlen called for any changes, additions or deletions to the November 13, 2018 meeting agenda as sent out prior to the meeting. Upon motion made by Vice President Graf, seconded by Director Biesel and unanimously approved 7-0, the item "Hoosier Confidentiality and Non-Disclosure Agreement" was added as an item under Legal Report. The agenda was revised accordingly.

Review of Draft Minutes

President Dieterlen called for any corrections, additions or deletions to the draft minutes of the Board of Directors' meeting held on October 2, 2018. There being none, President Dieterlen declared the minutes of the October 2nd Board Meeting approved.

Member Session

There were no members present for the Member Session.

Mack Truck in 2019 Budget

General Manager Vince informed the Board that the co-op is in need of a new digger truck. The truck will cost approximately \$380,000. Mr. Barton gave a short slide show presentation showing how the cost of large trucks has increased over the years. From the time REMC purchased its existing digger truck 15 years ago to now the price has gone from \$203,000 to \$380,000, an 87% increase. However, during the past 10 years that we have owned the existing bucket truck, the cost of bucket trucks has increased 83%. The Board went to the garage to examine the Mack truck that is under consideration. Mr. Guernsey and Mr. Bohlsen described the advantages of the Mack truck over the existing digger truck. It has more horsepower, it will last longer, there is better lift capability, lifts can be made farther from the truck, and the added lift length allows for better and safer road clearance.

51 **Presentation of the 2019 Budget and Work Plan**

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53 The Proposed 2019 Budget and Work Plan was handed out to the Board and Jeremy Miller went through
54 it highlighting the important aspects. Jeremy went over the 7-page summary at the beginning of the
55 document and touched on the 10-year financial forecast and the budget analysis. He explained that the
56 accounting is activity based. The budget took into account the financial forecast ratios from RUS Form
57 325A. Mr. Miller provided the Board with a separate handout highlighting the various components of the
58 budget and “walked through” it using a slide presentation. Due to weather extremes, 2018 was a good
59 year for sales. Jeremy is projecting a slight decline in Kwh sales for 2019. The forecast models project
60 an approximate 1.5% decline in total revenues and an approximate 2.1% decline in purchased power, both
61 of which are conservative estimates. Because it is expected that REMC will add 2 or 3 new employees in
62 2019, the budget allows for an approximate 6% increase in salaries and a 4% increase in benefits. This
63 increase in benefits is wage related and due to additional employees that the co-op expects to hire in 2019.
64 The elimination of health insurance benefits for past directors was also discussed and it was shown how
65 this decision has affected margins for 2018. The budget includes the purchase of a new digger truck and a
66 new pickup truck. Mr. Miller’s handout is made a part of these minutes as Attachment A.

67
68 **Break**

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70 President Dieterlen called for a dinner break at 6:33 p.m.
71 President Dieterlen called the meeting back to order at 7:05 p.m.

72
73 **My Solar Program:** Mr. Omerso reported that Hoosier is offering a “My Solar” program allowing
74 consumers of participating co-ops to buy into solar power. 10 other Hoosier systems are planning to join
75 the program. CCREMC has scheduled a meeting with Hoosier to learn more about the program.

76
77 **General Manager’s Report to the Board**

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79 General Manager Vince gave a brief report about the condition of an employee who is out under sick
80 leave. He also reported that he has met with representatives of Duke Energy to discuss a new residential
81 development called Ellingsworth Commons. The development creates a split site, part being on Duke’s
82 lines and part being on REMC lines. The parties have agreed to trade small sections of territory to allow
83 REMC to have 43 lots and for Duke to have 43 lots. Duke’s lawyers will prepare the paperwork that
84 needs to be filed at the IURC and will make it available for REMC’s review before it is filed. Mr. Vince
85 will have System Attorney Lewis review it.

86
87 **Quarterly Financial Report:** Mr. Miller reported that we have margins that are approximately \$3.3
88 Million through September 2019, which are well ahead of budget. Assets are up \$1.1 Million for the
89 most recent quarter. \$1.3 Million was borrowed on a line of credit and the cash balance decreased by
90 approximately \$147,000 for the Quarter. Approximately \$5 Million was invested in utility plant for the
91 quarter. 39 million more Kilowatt hours have been sold so far this year compared to the same time frame
92 last year. REMC has approximately \$6.5 Million in total margins for the most recent 12-month period.

93
94
95 **Quarterly Safety Report:** Dave Barton gave the quarterly safety report. There was only one “injury”
96 which resulted from an insect bite that became infected. Mr. Barton was happy that Mike Mugler gave a
97 presentation to the safety committee about cyber security. Dave may call on Mike to make periodic
98 reports to the safety committee in the future. Mr. Barton reported that the CCREMC safety video has
99 been posted, at their request, on Federated’s website. NRECA has asked to put it on their website as well.

100 It speaks well of CCREMC's safety culture that these national organizations have included it in their
101 website materials.

102
103 **Questions on Department Managers' Reports (as provided in Board packet):** Other than correcting a
104 typographical error in the Safety Report, there were no questions.

105
106 **Capital Credits:** Jeremy Miller gave a report on the retirement of capital credits. Approximately \$1.2
107 Million of capital credits will be retired to 1991 to 2000 members. Based on our past history there are
108 known members that have moved away, died, failed to accept their checks, or otherwise failed to claim
109 their capital credit checks. As a result Mr. Miller recommends sending out approximately \$984,000 in
110 December. The balance of the retired credits will be retained if unclaimed or applied to bad debts. On
111 motion made by Vice President Graf and seconded by Director Biesel, the Board approved sending out
112 the capital credit checks totaling approximately \$984,000 by a vote of 7-0.

113
114 **Hoosier Wholesale Rate Changes:** Hoosier Energy is implementing a revised wholesale rate tariff
115 effective with April 2019 usage. The revision will allow Hoosier to recover more of its cost through
116 demand, rather than energy. Hoosier's on-peak and off-peak rate schedule is also changing. As a result
117 approximately 22% will be purchased on peak compared to 30+% under the old calendar. Large power
118 customer rates will be adjusted accordingly. There is now a tighter time frame for on-peak power
119 purchases.

120
121 **Member Concerns:** Each director was given an opportunity to make the staff aware of any member
122 concerns. There weren't any concerns but Director Vogt reported that Volkswagen installed 12 electric
123 vehicle charging stations at the Clarksville Walmart.

124
125 **Annual Meeting Update:** Brian Omerso made a presentation concerning the 2019 election. Brian
126 provided a handout of important milestone dates needed to keep the election process on track. The
127 director candidate solicitation started in October and will continue through January 7, 2019. Brian
128 reported that we have already received applications from two persons who wish to run for election. The
129 Credentials & Election Committee will meet sometime between January 8th and 18th and the candidate
130 information will be submitted to the election company by January 23rd. Early voting opens on March 7th
131 and ends on the day before the annual meeting which will be held on April 6th. Mr. Omerso's handout is
132 made a part of these minutes as Attachment B.

133
134 Except for Ms. Desmond, all other members of the staff were excused at 7:37 p.m.

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136 **Approval of General Manager's Report:** Upon motion made by Director Kleehammer and seconded by
137 Director Basham, the General Manager's report was accepted by a vote of 7-0.

138 139 **Standing Reports**

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141 **Hoosier Energy Update.** President Dieterlen gave the Hoosier Energy report. He reported there have
142 been employee retirements. No landfill gas has been produced at Clark-Floyd Landfill site since July.
143 The Hoosier board voted to terminate the contract. Some of Hoosier's equipment will be left behind for
144 use by the county.

145
146 **IEC Meeting Update.** Secretary/Treasurer Meyer stated that the IEC board received a report from the
147 government relations staff about the farm bill. IEC has sent a team of 3 to teach Guatemalans how to
148 govern and run a co-op as a 501(c)(3) tax exempt organization. It was reported that Bill 1065 will go
149 through to provide funding to help the development of broadband services in rural parts of Indiana. There

150 has been a 6.8% increase in dues to participate in the IEC. This results in a \$7,000 increase to CCREMC.
151 Other co-ops experienced higher increases. General Manager Vince reported that IEC folded its
152 regulatory compliance section into its safety division. Mr. Vince asked Hoosier if they would be willing
153 to take over management of regulatory compliance and he was encouraged by his meeting with them.
154 They seem willing to take over those duties.
155

156 **Legal Report:** President Dieterlen gave the Board the background about Hoosier Energy's decision to
157 require managers, employees, and directors to sign confidentiality and non-disclosure agreements (NDA).
158 As a result of confidential information having leaked out of Hoosier's board room, their attorney, Chris
159 Goffinet, developed a NDA form. While Hoosier's Directors by law have a fiduciary duty to protect
160 confidential information, managers don't have the same duty under law. A signed NDA contractually
161 creates the fiduciary duty in managers. Hoosier will be asking all managers, directors and employees to
162 sign an NDA as a show of unity and solidarity. Mr. Vince asked System Attorney David Lewis to review
163 Hoosier's draft form and report to the Board. Mr. Lewis spoke with Mr. Goffinet and learned (as one
164 example among others) that Hoosier has coal contracts that include specific confidentiality provisions. If
165 that information becomes public Hoosier is in breach of its contract and is potentially subject to penalties.
166 Mr. Lewis concluded that there is a legitimate legal purpose for the NDA. Such forms are commonly
167 used in the corporate world to protect business interests. While he suggested that Mr. Goffinet consider
168 making some changes in the form to clarify that the Hoosier Board of Directors Reports are not
169 considered to be confidential, he reported that it was his opinion that the form is legal and enforceable.
170

171 **Calendar Update:** Ms. Desmond and Mr. Vince went through the calendar update that was included in
172 the Board packet. The next board meeting will be on December 4th at the regular time.
173

174 **Other Business**

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176 There was no other business.
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178 **Adjournment**

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180 There being no further business appearing the meeting was adjourned at 8:08 p.m.
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184 
185 Candace Meyer, Secretary/Treasurer
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187 **Attachment A:** Highlights of 2019 Budget and Work Plan

188 **Attachment B:** 2019 Election Information – Dates to Remember