

Minutes of the regular meeting of the Clark County REMC  
Board of Directors held at the headquarters,  
7810 State Road 60, Sellersburg, Indiana on  
September 11, 2018 at 5:30 pm (EST)

Those present in person were: Vice-President Paul Graf, Secretary/Treasurer Candace S. Meyer and Directors John Biesel, Joe Basham and Robert Kleehammer. President Dieterlen was out of town and unable to attend the first portion of the meeting, but joined the meeting by telephone after the break. Director Derrick Vogt was absent.

Others present: General Manager David A. Vince, System Attorney David A. Lewis, Assistant Treasurer/Finance & Administration Manager Jeremy Miller, Operations & Engineering Manager Dave Barton and Human Resources/Benefits Administrator Thera Desmond.

**Call to Order**

Vice-President Graf called the meeting to order at 5:19 p.m.

**Additions or Deletions to the Agenda**

Vice-President Graf called for any changes, additions or deletions to the September 11, 2018 meeting agenda. General Manager Vince asked that Items B and C under "Other Business" be moved to the General Manager's Report. Director Meyer asked to add "Tree Stewardship" as an agenda item under the General Manager's Report. Director Biesel requested that "Discussion of Executive Session" be added under Other Business. The agenda was revised accordingly.

**Review of Draft Minutes**

Vice-President Graf called for any changes to the draft minutes of the Board of Directors' meeting held on August 7, 2018. Director Meyer noted that line 164 should be changed from "2.0" to "2.0 Million". Mr. Graf, as the presiding officer, declared the minutes of the August 7<sup>th</sup> Board Meeting approved as amended.

**Member Session**

There were no members present for this month's Member Session.

**CFC KRTA Report – Brian Stavish**

Mr. Brian Stavish from the National Rural Utilities Cooperative Finance Corporation (CFC) handed out copies of the current Key Ratio Trend Analysis report which provides industry data for 2017. (Included as Attachment A) He gave a presentation highlighting industry averages as compared to CCREMC and provided the information which follows (and more). CCREMC's customer growth is much better than the national average. CCREMC's growth rate is 2.3% compared to Indiana's median growth of 0.5%. CCREMC's residential Kwh monthly use is higher than the national average, and, like the rest of the industry, the usage rate is flattening out due to a number of factors: availability of solar and other renewable sources of energy, technological advances, higher power costs, and tough economic times. CCREMC's power costs are higher than the national average primarily due to coal-powered energy being more expensive than other energy sources. CCREMC's modified debt service coverage is strong,

51 consistent and well above CFC's required minimum. Our equity as a percentage of assets ranged from  
52 49.42% to 52.2% over the past five years. This is higher than the national average and lower than the  
53 state average. Indiana is considered to be a high equity state because its co-ops tend to retire capital  
54 credits less frequently than other co-ops around the country. Over the past 21 years CCREMC has  
55 doubled its plant through annual investments in maintenance, extensions and improvements. We have  
56 481 customers per employee compared to an average of 320 per employee for other co-ops our size  
57 throughout the country. CFC doesn't keep statistics on co-ops' use of outside contractors so Mr. Stavish  
58 is unable to compare CCREMC's use of outside contractors with other co-ops our size, but CCREMC's  
59 employee to customer ratio is an indication of good staff efficiency. CCREMC has a long term debt of  
60 \$54 Million. Our blended interest rate is 4%, which is close to the national average. CCREMC is in the  
61 top 15% of electric co-ops nationwide in consumer growth. We have invested \$14 million in utility plant  
62 over the past 5 years. We have retired 17.44% of our capital credits compared to other co-ops in Indiana  
63 being at 10-12% and an industry average of approximately 25%. CCREMC is denser than the industry  
64 average with 13 customers per mile. Mr. Stavish invited the Board to look over the data found in his  
65 hand-out. Vice-President Graf and the Board thanked Mr. Stavish for his presentation and invited him to  
66 share dinner with the Board.

67  
68 **Break**  
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70 Vice-President Graf called for a dinner break at 6:21 p.m.  
71 Vice-President Graf called the meeting back to order at 6:46 p.m. at which time President Steve Dieterlen  
72 joined the meeting via speaker phone.  
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74 **General Manager's Report to the Board**  
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76 **Questions on Department Manager Reports Provided in Board Packet:** General Manager Vince  
77 asked if there were any questions about the department manager reports that were included in the board  
78 packet. There were none. The General Manager's report is included as Attachment B.  
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80 **Member Concerns:** Each director was given an opportunity to make the staff aware of any member  
81 concerns. There were none this month.  
82

83 **Tree Stewardship Program Request:** Sec./Treas. Meyer reported that CCREMC has received a request  
84 to be a donating sponsor for an educational program concerning tree health to be conducted by a  
85 501(c)(3) organization. The sponsorship amount is \$525, but the organization would appreciate receiving  
86 any amount. Dave Barton thought the program could be beneficial to the co-op if the program includes  
87 information about tree clearing and danger trees around electric lines. By consensus, Mr. Barton will  
88 have Eric Melton make contact with the organization.  
89

90 **Miscellaneous:**  
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- 92 • Director Basham was inadvertently overpaid by \$50 on his monthly fee for May through August.  
93 He reported it to staff. The payment mistake has been corrected and the overpayment amount  
94 will be adjusted from his September Board fee.
- 95 • General Manager Vince reported that CCREMC will be the staging area for co-ops who are  
96 sending personnel and equipment to the Carolinas for hurricane relief in the aftermath of  
97 Hurricane Florence.
- 98 • General Manager Vince told the Board that the November meeting will have to be changed due to  
99 a conflict with Election Day. By consensus the meeting date was changed from November 6<sup>th</sup> to

- 100 November 13<sup>th</sup>. Director Meyer will be out of the country on that date and will try to arrange to  
101 join the meeting by FaceTime, Skype or speaker phone.
- 102 • CCREMC has received a letter from the Parr Richey law firm advising that co-ops should always  
103 use independent contractors for traffic control. A recent lawsuit apparently resulted in significant  
104 damages being awarded against a co-op for injuries caused by the co-op's traffic control. Mr.  
105 Barton is checking into contractor services.
  - 106 • General Manager Vince confirmed that all Directors have received the strategic planning agenda.  
107 Director Kleehamer advised that he will likely be late attending the first day's session due to a  
108 mandatory medical treatment.

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110 Upon motion made by Director Kleehamer and seconded by John Biesel the General Manager's report  
111 was accepted by a 5-0 vote.

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### 113 Safety Video

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115 The Board was shown a 13-minute safety video that was prepared exclusively in house by the CCREMC  
116 staff. The video shows our employees describing and demonstrating ideal safety practices during office  
117 preparations, record keeping, field preparations, and work activities. Mr. Barton indicated that the video  
118 has been used by other co-ops and has been met with a good reception. State safety officials have been  
119 very complimentary about the video and have expressed interest in disseminating the video nationwide. It  
120 will be shown at an upcoming national meeting in Louisville. The Board complimented Mr. Barton and  
121 the entire staff for an excellent job well done.

122

### 123 Election of Statewide Board Representative and Annual Meeting Delegate

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125 The Board elected Sec./Treas. Meyer to be CCREMC's representative to serve on the IEC board of  
126 directors. President Dieterlen was designated as the annual meeting delegate and Vice-President Graf  
127 was named as alternate.

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129 The staff left the meeting at 7:20 p.m.

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### 131 Standing Reports

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133 **Hoosier Energy Update.** President Dieterlen reported on the Hoosier Energy Board meeting. He  
134 reported that they are working on an employee policy handbook.

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136 **IEC Meeting Update.** Secretary/Treasurer Meyer reported that Tom Van Paris is leaving his position to  
137 work for Hoosier Energy. IEC is creating a CEO profile which follows their bylaws. They will select an  
138 interim replacement from outside the organization and will use an outside search firm. There are at least  
139 3 known IEC employees who are interested in interviewing for the job. Federated gave a \$94,542 check  
140 to IEC to help offset job training and safety training-related expenses, thus reducing this expense for  
141 member cooperatives. Dr. Tyner gave a broadband presentation which indicated that fiber is "future-  
142 proof". The Governor has allocated \$100 Million earmarked to assist co-ops to extend broadband  
143 services to underserved areas of the state. IEC is building an impressive talent data base. IEC has  
144 prepared a sample resolution for co-op consideration supporting NRECA's February Governance Task  
145 Force Report. Sec./Treas. Meyer is in favor of adopting it. General Manager Vince will have it ready for  
146 board consideration at the October board meeting. System Attorney Lewis will email all Directors some  
147 information about the task force report that he acquired at Legal Seminar 58.

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149 **NRECA Regional Meeting.** All Directors who attended the NRECA Regional Meeting agreed that it  
150 was a good meeting.

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152 **Discussion of Executive Session Policy**

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154 Director Biesel raised a concern that Directors should only be allowed to participate in executive sessions  
155 in person. He pointed out that distance attendance by electronic means (telephone, FaceTime, Skype,  
156 etc.) doesn't provide adequate security assurance. People other than directors could overhear the  
157 discussions being held which would violate confidentiality of the discussions. Our current policy doesn't  
158 address this situation. Director Biesel moved to prohibit distant director participation in executive  
159 sessions by electronic means. Director Basham seconded the motion. The motion carried by a 6-0 vote.

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161 **General Manager's Evaluation**

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163 General Manager Vince reported that the Directors are annually provided with a form to assist in  
164 evaluating his performance and success in meeting Board-set goals and objectives. The previously-  
165 constituted Board did not set goals and objectives, deferring the process to the Strategic Planning Session.

166  
167 **Advance Payments Forfeited Due to Cancellations**

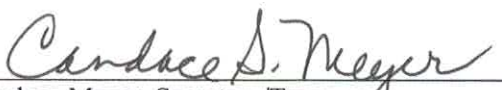
168  
169 The Board discussed a situation that it felt needed attention. There have been occasions when Directors  
170 have signed up to attend out-of-town events related to co-op business that require advance payment of  
171 registration fees and booking of hotel accommodations. Last minute cancellation without adequate notice  
172 results in the forfeiture of advance payments made by REMC. The consensus of the Board was to direct  
173 Mr. Lewis to prepare a policy that requires a director's stipend to be docked by the amount of the  
174 forfeited expenses when non-emergency last minute cancellations occur.

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176 **Executive Session**

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178 President Dieterlen hung up his call and the Board went into Executive Session at 8:05 p.m. System  
179 Attorney Lewis provided an update on three cases of pending litigation – J&J Development v. Duke  
180 Energy, et al. (in which CCREMC was named as a defendant), Sanders v. CCREMC, and Reis, et al. v.  
181 CCREMC.

182  
183 **Adjournment**

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185 Vice-President Graf called the meeting back into open session. There being no further business appearing  
186 the meeting was adjourned at 8:30 p.m.

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188  
189   
190 Candace Meyer, Secretary/Treasurer

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192 Attachment A: Key Ratio Trend Analysis Report

193 Attachment B: General Manager's Report