

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 7, 2017 at 5:30 pm (EST)

Those present were: President Steven G. Dieterlen, Vice-President Paul Graf, Secretary/Treasurer Candace S. Meyer, and Directors: Jimmie L. Sanders, Derrick Vogt and John Biesel

Not Present: Director Stephen C. Stumler

Others Present: System Attorney David Lewis, General Manager David A. Vince, Assistant Treasurer/Finance & Administration Manager Jeremy Miller, Member Services & Marketing Manager Brian Omerso, IT Manager Mike Mugler, Purchasing & Facilities Administration Manager Tim Hayden, and Assistant Secretary/Administrative Assistant Cindy Hockensmith

**Call to Order**

President Dieterlen called the meeting to order at 5:20 p.m.

**Additions or Deletions to the Agenda**

President Dieterlen called for any changes, additions or deletions to the November 7<sup>th</sup> meeting agenda. There being no changes made, it was moved by Director Sanders and seconded by Director Vogt to approve the November 7, 2017 regular board meeting agenda as presented. The motion carried.

**Review of Draft Minutes**

President Dieterlen called for any changes to the draft minutes of the Board of Directors' meeting held on October 3, 2017. Hearing no changes a motion was made by Sec./Treasurer Meyer and seconded by Director Biesel to approve the minutes of the October 3, 2017 regular board meeting as written. The motion carried.

**Member Session**

No members attended this month's meeting.

**Easement Update:** General Manager Vince gave an update on an issue we are having with an easement. He said that we currently have an underground electrical line running across Member A's property to power a Radio Tower on Member B's property. The line has been there since 1980 and if it goes bad it will need to be replaced. Member A is refusing to allow us onto their property to repair or replace the line. Member A wants the line moved to Member B's property. General Manager Vince added that neither Member A nor Member B owned the properties when the line was installed. We can find no record of the original easement. We have 3 options: 1) Stand by our prescriptive easement; 2) Demand that Member A grant us an easement as stated in our by-laws as a requirement of membership; or 3) Move the line to Member B's property. The cost to replace/repair the line where it is currently located on Member A's property is estimated to be \$12,000 vs. an estimated cost of \$24,000 to construct a new line on Member B's property. There is a question as to how much of the \$24,000 if any, should be borne by the co-op. System Attorney Lewis is concerned whether our obligation to provide service extends to a

49 radio tower. He noted that we can file suit asking the court to 1) order Member A to provide us with an  
50 easement; and 2) declare that we have a prescriptive easement. System Attorney Lewis said that another  
51 option is to enforce our bylaws and prescriptive rights and require Member A to grant an easement.  
52 There was additional discussion regarding the history of the current line. General Manager Vince noted  
53 that the courthouse clerk said that finding an electrical easement is one of the hardest things to do.  
54 General Manager Vince said that this is a disagreement between property owners. There is no  
55 documentation that the previous property owners had an easement either. Director Biesel said to just do  
56 what we need to do. System Attorney Lewis will research what our obligations are to provide service to a  
57 non-profit radio station and what options would be best for the co-op.

### Budget Presentation

61 Assistant Treasurer/Finance & Administration Manager Jeremy Miller distributed and reviewed the 2018  
62 Work Plan and Budget (attachment A). Directors were encouraged to take the budget home, review it and  
63 contact Manager Miller or General Manager Vince with any questions. Action to approve the 2018 Work  
64 Plan and Budget will be taken at our December Board Meeting.

### Executive Session

68 At 6 pm the Board went into Executive Session to discuss issues pertaining to the Union. Erin Borissov,  
69 Attorney with Parr Richey, joined the meeting at this time via Skype. The Directors were given  
70 information on current Union issues and the meeting was returned to regular session at 6:40 pm.

72 At this time the Directors moved to the warehouse to look at the company's vehicles.

74 President Dieterlen called for a dinner break at 6:50 p.m.

75 President Dieterlen called the meeting back to order at 7:25 p.m.

### General Manager's Report to the Board

77 The following General Manager's Report to the Board is in addition to the report found in attachment B.

79 **Financial Report:** Assistant Treasurer/Finance & Administration Manager Jeremy Miller reviewed the  
80 quarterly Financial Report. The Financial Report is included in attachment B.

### Statement of Operations

82 The REMC posted total margins of \$500k for the 3rd quarter of 2017. These margins lagged well  
83 behind both budgeted margins of \$840k and prior year margins of \$811k. Both operating  
84 revenues of \$15.5m and purchased power of \$11.3m came in considerably less than budget for  
85 the quarter. The total cost of electric service, excluding purchased power, was right in line with  
86 budget for the quarter.

87 For the year, total margins of \$1.4m are less than budgeted YTD margins of \$2.0m, but are ahead  
88 of prior YTD margins of \$1.2m. Operating revenues of \$42.0m are \$2.6m, or 5.9%, less than  
89 budget for the year. YTD purchased power of \$28.7m is \$1.6m, or 5.3%, less than budget for the  
90 year. The total cost of electric service, excluding purchased power, is \$384k, or 3.1%, below  
91 budget for 2017.

93 **Balance Sheets**

94 For the three months ended September 30, 2017, total assets, as well as total liabilities  
95 and equities, increased by approximately \$58k. The increase in total assets can be  
96 attributed primarily to net utility plant, which increased \$432k, accounts receivable –  
97 energy, which increased \$492k, and other current and accrued assets, which increased  
98 \$217k. These increases were partially offset by cash, which decreased \$1.1m for the  
99 quarter. The increase in total liabilities and equities can be attributed to equity, which  
100 increased \$493k due primarily to margins generated during the quarter, and notes  
101 payable, which reflects the \$750k increase in our line of credit balance with CFC. These  
102 increases were partially offset by accounts payable, which decreased \$794k due mainly to  
103 a lower power bill outstanding for September than for June, as well as a \$557k decrease  
104 in our long-term debt balance with CFC.

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106 Equity as a % of total assets is approximately 52%. Equity as a % of total capitalization is  
107 approximately 56%.

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109 **Statements of Cash Flows**

110 Cash and cash equivalents totaled \$1.2m at September 30, 2017, which represents a \$1.1m  
111 decrease from the June 30, 2017 balance of \$2.2m. During the current quarter, cash provided  
112 from operating activities was \$238k. The REMC invested \$1.5m in utility plant, repaid \$557k in  
113 principal to CFC, and borrowed \$750k on the line of credit with CFC during the quarter.

114  
115 YTD cash provided from operating activities has been \$4.6m. The REMC has invested  
116 approximately \$4.0m in utility plant, made principal repayments of \$1.6m to CFC, and borrowed  
117 \$750k on the line of credit with CFC during the year.

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119 **Operating Statistics**

120 YTD kWh sales are 352.0m, a decrease of 14.0m kWh, or 3.82%, from last year's total of 366.0m  
121 kWh. YTD kWh purchases of 360.3m represent a 20.3m kWh, or 5.32%, decrease from last  
122 year's total of 380.5m kWh. Line loss for the 12-month period ending September 30, 2017 was  
123 3.96%.

124  
125 **Operating Statement – Last 12 Months**

126 Total net margins for the 12-month period ending September 30, 2017 are \$4.0m. Total operating  
127 margins for the same period are \$1.6m. These amounts result in a MDSC ratio of 1.99 and a  
128 TIER of 2.76.

129 **Safety Report:** General Manager Vince noted that the Quarterly Safety Report was included in the board  
130 packets for the Directors' review, but no verbal report was given.

131  
132 **Questions on Reports:** General Manager Vince asked the directors if they had any questions about the  
133 department reports that were emailed prior to the meeting. There were no questions.

134  
135 **Capital Credits:** Manager Miller reported that we will be distributing a portion of the equity from 1990  
136 to 1994 as well as Hoosier Energy equity from 1991 – 2000 during our annual distribution of retired  
137 Capital Credits in early December. It was moved by Vice President Graf, and seconded by Director Vogt  
138 to approve the December, 2017 distribution of Capital Credits in the amount of \$1.2 million. The motion  
139 carried.

141 **Member Concerns:** There were no member concerns reported.

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**Action on Reports**

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145 A motion was made by Director Meyer, and seconded by Director Biesel to approve the General

146 Manager's Report to the Board and accept the Financial Report as written. The motion carried.

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148 Assistant Treasurer/Finance & Administration Manager Jeremy Miller, Member Services & Marketing  
149 Manager Brian Omeroso, IT Manager Mike Mugler, and Purchasing & Facilities Administration Manager  
150 Tim Hayden left the meeting at this time.

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**Standing Reports**

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154 **Hoosier Energy Report:** No report was given.

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156 **Indiana Electric Cooperatives Report:** Secretary/Treasurer Meyer reported that IEC staff and facilities  
157 committee are currently pursuing a leasing option for the IEC headquarters at Keystone at the Crossing.  
158 She noted this is a good deal. Secretary/Treasurer Meyer said that due to hotel remodeling the venue for  
159 the IEC Annual Meeting has been changed from the Downtown Marriott to the JW Marriott at no  
160 additional cost to event attendees. General Manager Vince gave a presentation at the IEC Board Meeting  
161 about Clark County REMC's new voting options and he received many good comments.  
162 Secretary/Treasurer Meyer reported on the annual Consumer Survey results. She also noted that Tom  
163 VanParis received a good review.

164 **Legal Report:** System Attorney Lewis gave an update on the Bethany Road improvements noting that  
165 nothing is being done at this time. It is likely that additional funding for the work needs to be secured. At  
166 this time we are not being asked by Clark Dietz Engineering Group to sign anything.

167 **Calendar Update:** The calendar was reviewed. The January 2, 2018 board meeting was moved to  
168 January 9<sup>th</sup> and the April 3, 2018 board meeting was moved to Monday, April 2<sup>nd</sup>.

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**Other Business**

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172 **Hoosier Energy Alternate Resolution:** It was reported that Steve Stumler will be unable to attend the  
173 Hoosier Energy Board Meeting on November 13<sup>th</sup>. Therefore it was moved by Vice President Graf and  
174 seconded by Director Biesel to appoint Steve Dieterlen to serve as alternate Director representing Clark  
175 County REMC with full authority at the Hoosier Energy Board Meeting. A Resolution was adopted by  
176 the Clark County REMC Board of Directors as required by Hoosier Energy. (Attachment C)

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**Adjournment**

180 There being no further business appearing the meeting was adjourned at 7:45 p.m.

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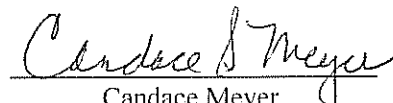
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186 Attachment A: 2018 Work Plan and Budget

187 Attachment B: General Manager's Report

188 Attachment C: Hoosier Energy Resolution

  
Candace Meyer,  
Secretary/Treasurer