

Minutes of the regular meeting of the Clark County REMC  
Board of Directors held at the headquarters,  
7810 State Road 60, Sellersburg, Indiana on  
August 1, 2017 at 5:30 pm (EST)

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

Others Present: General Manager David A. Vince, System Attorney David Lewis, Assistant Treasurer/Finance & Administration Manager Jeremy Miller, Operations & Engineering Manager Dave Barton, 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 or additions to the August 1<sup>st</sup> meeting agenda. It was noted that Senator Erin Houchin will not be attending today's meeting and therefore "Item 4.A. Meet with Senator Erin Houchin" should be removed from the agenda. It was moved by Director Sanders and seconded by Director Vogt to approve the August 1, 2017 regular board meeting agenda as changed. The motion carried.

**Review of Draft Minutes**

President Dieterlen called for any changes to the minutes of the Board of Directors' meeting held on July 10, 2017. It was noted that Paul Graf's title was shown incorrectly as "Sec/Treas." on line 205. It was moved by Director Stumler and seconded by Director Biesel to approve the minutes of the July 10, 2017 regular board meeting with the correction noted above. The motion carried.

**Member Session**

No members attended this month's meeting.

**General Manager's Report to the Board**

**Questions on Reports:** General Manager Vince asked the directors if they had any questions about the department reports that were emailed prior to the meeting. Director Meyer inquired about the Damage Reports that were discussed in the Safety Report. Operations & Engineering Manager Dave Barton explained the situations as they were reported. Director Meyer remarked that she is beginning to see visual issues relating to depth perception in young people because of so much computer usage.

Sec/Treas. Meyer said that she was very impressed with CCREMC's employees during the Clark County Fair. General Manager Vince added it was good publicity for the co-op because the media was covering New Albany Basketball player, Romeo Langford, who went up in our bucket. Member Services & Marketing Manager Brian Omerso said that we would like to get back in the habit of doing these types

50 of events. He added that it means a lot to our members and he thanked the Board for stopping by our fair  
51 booth.

52  
53 The following General Manager's Report to the Board is in addition to the report found in attachment A.

54 **Financial Report:** Assistant Treasurer/Finance & Administration Manager Jeremy Miller presented the  
55 Quarterly Financial Report (Part of attachment A).

56 **Statement of Operations**

57 The REMC posted a loss of \$280k for the 2nd quarter of 2017. This loss was not unexpected as  
58 we had budgeted for a loss of \$491k during this time period which includes shoulder months  
59 between the heating and cooling seasons. Both operating revenues of \$12.4m and purchased  
60 power of \$8.7m came in significantly less than budget for the quarter. The total cost of electric  
61 service, excluding purchased power, was \$115k, or 2.7%, less than budget for the quarter.

62  
63 For the year, total YTD margins of \$876k lag behind budgeted YTD margins of \$1.2m, but are  
64 considerably higher than prior YTD margins of \$373k. Operating revenues of \$26.5m are running  
65 approximately \$1.9m, or 6.7%, less than budget for the year. YTD purchased power of \$17.5m is  
66 \$1.5m, or 7.7%, less than budget for the year. Both operating revenues and purchased power are  
67 running significantly behind budget due to the mild weather experienced during the winter  
68 months of 2017. The total cost of electric service, excluding purchased power, is \$168k, or 2.0%,  
69 below budget for 2017.

70  
71 **Balance Sheets**

72 For the three months ended June 30, 2017, total assets, as well as total liabilities and equities,  
73 increased by approximately \$886k. The increase in total assets can be attributed primarily to net  
74 utility plant, which increased \$370k during the quarter, and accounts receivable – electric, which  
75 increased \$396k. These increases were partially offset by accounts receivable – other, which  
76 decreased \$197k. The increase in total liabilities and equities can be attributed primarily to  
77 accounts payable, which increased \$1.9m due mainly to a higher power bill outstanding for June  
78 than for March. This increase was partially offset by equity, which decreased \$336k due to our  
79 loss in margins and estate capital credits refunded during the quarter, long-term debt, which  
80 decreased \$454k due to our principal repayment to CFC, and accrued liabilities – other, which  
81 decreased \$245k.

82  
83 Equity as a % of total assets is 52%. Equity as a % of total capitalization is approximately 55%.

84  
85 **Statements of Cash Flows**

86 Cash and cash equivalents totaled \$1.7m at March 31, 2015, which represents a \$595k increase  
87 Cash and cash equivalents totaled \$2.2m at June 30, 2017, which represents a \$20k decrease from  
88 the March 31, 2017 balance of \$2.2m. During the current quarter, cash provided from operating  
89 activities was \$1.9m. The REMC invested \$1.4m in utility plant, and repaid \$454k in principal to  
90 CFC.

91  
92 YTD cash provided from operating activities has been \$4.4m. During the year the REMC has  
93 invested approximately \$2.5m in utility plant, received \$482k in retired patronage capital, and  
94 made principal repayments of \$1.0m to CFC.

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**Operating Statistics**

YTD kWh sales are 224.2m, a decrease of 2.9m kWh, or 1.27%, from last year’s total of 227.1m kWh. YTD kWh purchases of 229.5m represent a 10.6m kWh, or 4.43%, decrease from last year’s total of 240.2m kWh. Line loss for the 12-month period ending June 30, 2017 was 3.58%.

**Operating Statement – Last 12 Months**

Total net margins for the 12-month period ending June 30, 2017 are \$4.3m. Total operating margins for the same period are \$1.9m. These amounts result in a MDSC ratio of 2.06 and a TIER of 2.90.

Manager Miller noted that everything is looking good. There was a brief discussion at this time regarding the location of new housing developments being constructed in our service area.

**2017 Restatement of the R&S and 401K Plans:** Assistant Treasurer/Finance & Administration Manager Jeremy Miller said that qualified retirement plans must undergo a review by the IRS to insure that they are compliant with current codes and regulations. He explained that this is just a formality that takes place every five years and nothing in our plans has changed. NRECA’s retirement plans will be restated on July 1, 2017 and NRECA needs Board approval and signatures on the agreement which continues the plans we currently have in place. Manager Miller presented the following resolution for adoption by the directors. Attachment B.

RESOLUTION OF THE BOARD AUTHORIZING the AMENDMENT and  
RESTATEMENT of THE RETIREMENT SECURITY and/or 401(K) PENSION PLAN.

WHEREAS: the Board of Directors of Clark County REMC is aware that the Plan(s) must periodically be amended to comply with new or changed regulations, rulings, legislation and plan operations, and that this restatement will be effective July 1, 2017.

THEREFORE BE IT RESOLVED that this Board authorizes the July 1, 2017 amendment, restatement and continuance of the Plan(s) to conform in its (their) entirety with all the provisions of the governing plan document(s) of the Plan(s), through the execution of the Adoption Agreement(s), which includes all of the provisions of the Cooperative’s most recently executed Adoption Agreement(s) and any compliance clarification needed to conform with plan operations; and

BE IT FURTHER RESOLVED, in the event that the timing of the restatement does not correspond with regularly scheduled meetings of the Board of Directors, the Board does hereby authorize and direct Steve Dieterlen, President of the Board of Directors to execute all necessary documents and to take any and all further actions necessary to carry out the July 1, 2017 amendment and restatement of the Plan(s).

It was moved by Director Biesel, seconded by Vice President Graf to adopt the resolution above authorizing the Amendment and Restatement of the Retirement Security and 401(K) Pension Plan for Clark County REMC. The motion carried.

**Safety Report:** Operations & Engineering Manager Dave Barton presented the following Safety Report as part of attachment A.

146 **Near Misses:** On June 21, 2017 Electricom was setting new poles on Hwy 31 South to re-  
147 conduct the line. While in the process of rotating the boom to the front of the truck and moving a  
148 pole, the auger hose got too close to the primary wire knocking out the line while on hot line tag.  
149 Dave reported that we conducted an investigation on the incident. He noted that Electricom has  
150 had a leadership change. We have stressed our expectations to Electricom to follow all safety  
151 rules to prevent accidents. We will continue to do follow-ups with them.

152  
153 On July 17, 2017 while using our Digger Truck to pull a pole, the winch line broke 4 inches  
154 above the hook. Dave reported that we had Kentuckiana Wire and Rope inspect the broken line  
155 and they found it showed signs of being damaged prior to the break. As a result of this incident  
156 we will review our policy and change from replacing every two years to every six months.  
157 General Manager Vince agreed with this change. Mark Guernsey stated that he has asked that  
158 load limit tags be sent to us. We usually receive the tags but this time we didn't.

159  
160 **Damage Reports:** Joe McNew reported that on the morning of June 16, 2017, he was headed in  
161 to work on Ebenezer Church Road, when his mirror hit an open door on a metal mailbox that was  
162 very close to the road. There was no damage to the mailbox but the truck mirror had to be  
163 replaced for a cost of \$207.09.

164  
165 Derrick Coombs reported that on July 6, 2017 he was meeting in Charlestown with a member  
166 regarding new service, when he backed into a fence post with Unit 21. Derrick stated that when  
167 backing out of the driveway he backed over a fence post near the drive, causing damage to the  
168 drivers' side rear fender and bumper. Derrick and the member put the fence post back up and the  
169 incident caused \$900 of damage to the truck. It was noted that back-up cameras need to be on all  
170 of our vehicles. Jerry Applegate suggested that, just like the linemen do, everyone should do a  
171 walk around to look for hazards before getting in any of our vehicles. It was also suggested that a  
172 round sticker be put on the driver's door to remind employees to do the walk around. Dave  
173 Barton said that he would talk with Derrick about the incident.

174  
175 **Employee Injury:** None  
176 **Minor Accident Report:** None  
177 **Vehicle Accident Report:** None  
178 **Public Contact:** None  
179 **Major Accident Report:** None

180  
181 **Statistical Report:** The numbers below were added into the minutes after the meeting.

182	<u>12,226</u>	Hours worked without a minor injury
183	<u>146,046</u>	Hours worked without a major injury
184	<u>295</u>	Days worked without a vehicle accident

185  
186 **Suggestion Committee Report:** There is nothing new reported this month from the Suggestion  
187 Committee.

188  
189 **Communications:** Jerry Applegate thanked the co-op for supplying the Sqwinchers noting that  
190 they really help in the hot weather. He also said that they are trying to get all the hot work  
191 completed early in the day whenever possible.

192  
193 Mark Guernsey said that we may need to provide training on electric brakes to new employees  
194 that are/will be pulling equipment trailers. Dave said that a discussion with everyone on this  
195 would be a good idea and he will do it tomorrow morning.

196  
197 Vice President Graf asked what training we use for electric brakes. Manager Barton explained that we  
198 make sure that all crew members know how to properly adjust the brakes for the weight being carried  
199 before driving a vehicle off the lot.

200  
201 **Robo Texting/Calling:** Manager Omerso reviewed the handout noting when and why we stopped our  
202 courtesy call program. Recently the FCC has come out with more detailed guidelines governing  
203 automatic call programs. Manager Omerso reviewed some of the guidelines. Manager Omerso said that  
204 we have been in contact with Text Power, an outside company that reviews call lists looking for  
205 reassigned cell numbers and removes them from our call list each day. Manager Omerso wants to resume  
206 the calls/texts and expand the program to include outage notifications. General Manager Vince said that  
207 there is a minimal legal risk, but we feel that this is an important service for our members. Manager  
208 Omerso gave the estimated costs of working with Text Power, noting that automated calls/text will free  
209 up phone lines and customer service representatives, and be an instant communication tool with our  
210 members. It was the consensus of the board to move forward with implementing the call/text program as  
211 explained.

212  
213 **Annual Meeting Election Voting:** Manager Omerso presented and reviewed a power point showing  
214 information from two popular companies that conduct voting for director elections. He noted that the  
215 company will keep track of members who vote early so that no one votes more than once. Manager  
216 Omerso also reviewed the costs of services for each company and indicated that Survey and Ballot  
217 Systems is the company that we recommend. System Attorney Lewis will need to make several changes  
218 to the bylaws to govern our new election process.

219  
220 It was noted that Survey and Ballot Systems has indicated that they usually see 15 to 20% of ballots  
221 returned when early voting is an option. We now get about 7.5 to 9% of members voting at the Annual  
222 Meeting so early voting may double the participation. Manager Omerso stated that a kiosk in the lobby  
223 will be used for early in-person voting. SBS provides a Scantron for ballot voting. The co-op will  
224 provide lots of notices to our members highlighting the different ways to vote this year. We will begin  
225 sending out notices far in advance of the actual voting window.

226  
227 The board discussed providing a bill credit for all voters, those that vote early and those that vote at the  
228 Annual Meeting; and also continuing our practice of giving a registration gift to members registering at  
229 the Annual Meeting.

230  
231 Director Sanders said that he thinks it is a good idea to not have the C&E Committee members or the  
232 employees handle any ballots. It was noted that the C&E Committee will still handle their other duties  
233 such as verify candidates, rule on questions, and pass on questions, protests, and objections, etc.

234  
235 It was moved by Vice-President Graf and seconded by Sec/Treas. Meyer to proceed with implementing  
236 the changes and using Survey and Ballot Systems for our election/voting company. The motion carried.  
237 Manager Omerso will contact SBS and ask them for a time line so that we know when to begin publishing  
238 information.

239  
240 **Member Concerns:** Director Biesel reported that Connie Shaw had let him know that we had removed  
241 some poles on her property and her mailbox was also taken down. She said that when she asked us to put  
242 the mailbox back we refused telling her it was her job. Manager Barton will check for more information  
243 on this incident.

244

245 It was noted that Director Vogt had called General Manager Vince about an easement dispute. General  
246 Manager Vince explained the situation and reported that the land owners are not getting along. Member A  
247 is wanting to build a new house and wants us to run an electrical line across his neighbor's (Member B)  
248 land to get to his site by the shortest distance available. General Manager Vince said that he has talked to  
249 System Attorney Lewis and we do not want to get involved with this. General Manager Vince gave the  
250 background on the situation explaining that we have a blanket easement which according to System  
251 Attorney Lewis allows us to access Member B's property but the easement does not indicate where we  
252 can put a new line according to Attorney Lewis. It was also noted that our estimates are only good for 90  
253 days so we will have to re-measure and give Member A a new estimate. We believe it is best to put the  
254 ball in their court and let them solve this issue themselves. General Manager Vince will call member A  
255 and let him know that we will build the line after he and Member B solve their issue.

256  
257 Sec/Treasurer Meyer said that she was contacted by a friend who had seen an article on Jackson County  
258 REMC's involvement with Broadband. The member wanted to encourage us to look into the possibility  
259 of providing broadband to our members.

### 260 Action on Reports

261  
262  
263 A motion was made by Vice President Graf, and seconded by Director Stumler to approve the General  
264 Manager's Report to the Board and accept the Financial Report as written. The motion carried.

265  
266 President Dieterlen called for a dinner break at 6:40 p.m.

267 President Dieterlen called the meeting back to order at 7:10 p.m.

### 268 2018 Budget Discussion

269  
270  
271 The Department Managers presented their department's proposed activities and projects for the 2018  
272 Budget and Work Plan. Copies of the handouts are included as attachment C.

273  
274 Member Services & Marketing Manager Brian Omerso reviewed the proposed activities and projects for  
275 the Marketing and Member Service Department (attachment C-1). Manager Omerso noted that there was  
276 not much demand for the Smart Appliance Smart Homes program and we have heard nothing from  
277 Hoosier Energy at this point encouraging continuation of the program.

278  
279 Purchasing & Facilities Administration Manager Tim Hayden reviewed the proposed activities and  
280 projects for Building Maintenance (attachment C-2). Manager Hayden reported that he had spoken with  
281 the water company regarding a previous directive from the board to check on the cost for replacing our  
282 sprinkler system. The water company indicated that they can't provide enough pressure at our location to  
283 be able to provide water to our facility. It would cost \$50,000 to \$100,000 to replace our entire system.

284  
285 IT Manager Mike Mugler reviewed the IT Department's proposed main projects (attachment C-3).  
286 Manager Mugler said that we will be checking out a program offered by Verizon that allows meter  
287 readings through their cell phone service. We will be looking at moving our phone service into a Cloud  
288 based service, which Manager Mugler said was secure and has good speed.

289  
290 Operations & Engineering Manager Dave Barton reviewed the proposed activities and projects for the  
291 Operation and Engineering Department (attachment C-4). Manager Barton touched a little on the pilot  
292 program for the Verizon Metering Program mentioned in the IT report. Director Sanders mentioned that  
293 a Poplar Borer has shown up in trees up north and to the central east, which we may want to be aware of

294 and keep an eye out for in this area. Manager Barton said that we are looking at what may be available to  
295 replace the radio that we have had since 1988.

296  
297 Assistant Treasurer/Finance & Administration Manager Jeremy Miller, Operations & Engineering  
298 Manager Dave Barton, IT Manager Mike Mugler, Purchasing & Facilities Administration Manager Tim  
299 Hayden and Member Services & Marketing Manager Brian Omerso left the meeting at 7:45 p.m.

300  
301 General Manager Vince reported that we have heard no more from the members regarding an issue  
302 mentioned at our February 2017 Board Meeting, which involved re-routing our lines across the property  
303 of one member to reach the property of another member. Director Vogt indicated that he had not heard  
304 anything else about it either.

305  
306 **Standing Reports**

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308 **Hoosier Energy Report:** Director Stumler stated that there has been no Hoosier Energy Meeting since  
309 our last Board meeting.

310  
311 **Indiana Electric Cooperatives Report:** Director Vogt stated that there has been no IEC Meeting since  
312 our last Board meeting.

313  
314 **Legal Report:** System Attorney Lewis distributed handouts (attachment D) and reviewed the  
315 information from a Legal Seminar he recently attended. System Attorney Lewis stated that he is working  
316 to update our easement forms. Director Sanders asked if it is worth getting old easements signed over to  
317 the new easements. It was noted that this would be a big effort but may be worth it. Attorney Lewis is  
318 not sure at this point.

319  
320 When asked about our progress with AT&T, System Attorney Lewis said that we are in the T crossing,  
321 and I dotting stage of the talks. We are currently dealing with snub poles and set and seal details. We do  
322 not want to use the IURC rate, so we will try to get the best rate possible.

323  
324 **Calendar Update:** The calendar was reviewed and no changes were made.

325  
326 **Other Business**

327  
328 **Media Information:** General Manager Vince reviewed the three seminars he recently attended. He  
329 noted that two of the seminars emphasized that if media questions relate to the operation of the co-op then  
330 the General Manager should answer their questions. If the media questions pertain to Governance then  
331 the questions should be answered by a spokesman from the Board. General Manager said that it was  
332 stressed at both events not to direct the media to the co-op's attorney as this gives the impression that  
333 there is wrongdoing going on. A message should be developed for everyone to follow and fall back on.  
334 General Manager Vince said that NRECA's tax expert was at one of the seminars and talked about what  
335 should be reported on the form 990. General Manager Vince said that co-ops were encouraged to report  
336 specific items on their 990's that may not have been reported in the past. This includes post-retirement  
337 benefits for current directors as well as post-retirement benefits for past directors receiving over a specific  
338 amount annually as indicated in the 990 instructions. Also it is up to the co-op if they report  
339 compensation being paid to directors by other organizations such as Hoosier Energy. General Manager  
340 Vince said that for transparency purposes, it was suggested that links be added from the co-op website to  
341 their form 990 and Board Meeting minutes.

342

343 President Dieterlen asked how the directors would respond to questions being asked that they did not  
344 want to answer. The questions might refer to money being paid to post retirement directors. Director  
345 Sanders answered that those receiving this benefit were grandfathered in several years ago when the  
346 Board changed this policy. This benefit is no longer being offered to Directors elected after the policy  
347 changed, due to the expense related to the benefit. It was suggested that media training be provided for  
348 all the directors. There was further discussion on how to answer media questions.  
349

350 **Voting Delegate and Alternate:** The Directors appointed Vice President Paul Graf as voting delegate  
351 and Director John Biesel as alternate for the CFC Meeting on September 7<sup>h</sup> during the NRECA Regional  
352 Meeting.  
353

354 **Habitat for Humanity Donation:** It was the consensus of the directors to donate \$500 to Habitat for  
355 Humanity's Appliance Recycling Program in partnership with Hoosier Energy.  
356

357 The Board indicated that the meeting would go into executive session and General Manager Vince and  
358 Assistant Secretary/Administrative Assistant Cindy Hockensmith left the meeting at this time.  
359

360 It was determined that an executive session was not warranted and the meeting continued in regular  
361 session.  
362

#### 363 **Board Training:**

364  
365 The board discussed the need for training for handling media inquiries. Consensus was reached that such  
366 training would be beneficial. President Dieterlen will ask General Manager Vince to help find training  
367 resources and to make arrangements. President Dieterlen will contact the Directors when a date is set.  
368

#### 369 **Adjournment**

370 There being no further business appearing the meeting was adjourned at 8:38 p.m.  
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375 \_\_\_\_\_  
376 Candace Meyer,  
377 Secretary/Treasurer  
378

- 379 Attachment A: General Manager's Report  
380 Attachment B: Resolution authorizing the restatement of the R&S and 401K Plans  
381 Attachment C: 2018 Budget and Work Plan proposed activities and projects  
382 C-1: Marketing and Member Service Department  
383 C-2: Building Maintenance  
384 C-3: IT Department  
385 C-4: Operation and Engineering Department  
386 Attachment D: Legal Seminar Report  
387