

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 12, 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, 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 September 12th meeting agenda. System Attorney Lewis asked that Item 7.C. Reimbursement Agreement for Bethany Road be removed from the agenda noting that we are not ready to sign the agreement at this point. General Manager Vince explained that improvements are being planned for Bethany Road and we are being asked to move some of our poles in this area. General Manager Vince said that if we move these lines we want to be reimbursed for our expenses so we require a Reimbursement Agreement. The Engineering Group initially seemed to question the validity of our easements, which are blanket easements. System Attorney Lewis said that the person he spoke to at Clark Dietz Engineering Group said that they have identified gaps in some of our easements and blanket easements are not the issue. The Engineering Group has been given additional information and System Attorney Lewis does not want the Reimbursement Agreement executed until all issues are resolved. The question was asked “will the co-op not getting easements in 1990’s affect this outcome?” System Attorney Lewis does not think so. General Manager Vince said that we have not run into this problem before and our blanket easements are legal. System Attorney Lewis will follow up on this and have additional information in the near future. It was noted in response to a question that our easements are 20 feet. It was moved by Director Stumler and seconded by Director Sanders to approve the September 12, 2017 regular board meeting agenda as changed. 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 August 1, 2017. Director Meyer noted that on line 148 the word “to” should be “too”; on line 255 the word “built” should be “build”; and on line 258, in order to clarify who was encouraging the co-op to look into broadband, “She” should actually read “The member”. It was moved by Vice President Graf and seconded by Director Biesel to approve the minutes of the August 1, 2017 regular board meeting with the corrections noted above. The motion carried.

Member Session

No members attended this month’s meeting.

50 **General Manager’s Report to the Board**

51
52 The following General Manager’s Report to the Board is in addition to the report found in attachment A.

53 **Financial Report:** The Financial Report was provided to the directors for their review prior to the
54 meeting. No Financial Report was given during this meeting. The Financial Report is included in
55 attachment A.

56
57 **Safety Report:** The Safety Report was e-mailed to the directors for their review prior to the meeting. No
58 Safety Report was given during this meeting. The Safety Report is included in attachment A.

59
60 **Questions on Reports:** General Manager Vince asked the directors if they had any questions about the
61 department reports that were emailed prior to the meeting. Sec-Treasurer Meyer said that it was good to
62 have Mark Guernsey praise the safety practices as was noted in the Safety Report. Sec-Treasurer Meyer
63 said that our Facebook contacts/hits are very good. She asked why rebates were so high in August 2016.
64 Member Services & Marketing Manager Brian Omerso answered that in 2016 we offered members a
65 really good sale on the GE hybrid water heaters. Not long after that GE stopped manufacturing this
66 model and we have not experienced the same sales numbers this summer.

67
68 **Annual Meeting:** General Manager Vince announced that our 2018 Annual Meeting has been scheduled
69 for Saturday, April 7, 2018.

70
71 **Hurricane Relief Assistance:** Clark County REMC served as the staging facility for extra crews going to
72 help with power restoration in the southern states due to damage from Hurricane Irma. Everyone was
73 very impressed with today’s activities. Crews from both Indiana and Michigan met here to convoy
74 south. Media coverage was great. Both General Manager Vince and Chuck Tiemann with IEC, were
75 interviewed numerous times by all of the local TV stations and area newspapers.

76
77 **Discussion on Changes to the By-Laws Governing the Director Election Voting:** System Attorney
78 Lewis reviewed the changes suggested for the bylaws as indicated in the Resolution below.

79
80 **RESOLUTION AMENDING BYLAWS**

81
82 WHEREAS, the Indiana General Assembly amended Ind. Code §8-1-13-8
83 effective as of July 1, 2017 allowing early voting for Directors at membership
84 meetings by allowing rural electric membership corporations to include a
85 provision in the corporation’s bylaws to allow any votes cast (1) after notice of a
86 meeting is provided in accordance with law, and (2) before a meeting of the
87 members, whether cast in person, by a written ballot mailed to the corporation’s
88 office, or by electronic ballot, to count toward any quorum requirement lawfully
89 established in the bylaws; and

90 WHEREAS, it is in the best interests of the Cooperative to amend the
91 Bylaws of Clark County REMC to allow for early voting; and

92 WHEREAS, there are other updates and amendments that need to be
93 made to the Bylaws; and

94 WHEREAS, Ind. Code §8-1-13-7 and Article XVI of the Bylaws
95 empower and allow the Board of Directors to amend the Bylaws at any regular or
96 special Board meeting if the notice of such meeting shall have contained a copy
97 of the proposed amendments or an accurate summary explanation thereof; and

98 WHEREAS, the Board packet mailed to the Directors ahead of this
99 meeting contained a copy of the proposed amendments and a summary
100 explanation of the amendments;

101 NOW, THEREFORE, BE IT RESOLVED by the Board of Directors that
102 the Bylaws be amended as follows:

- 103 1. Section 1.02, Section 1.03, Section 2.05 and any other Section of the
104 Bylaws which refers to membership fees shall be amended to change
105 references membership fees to “application” fees and to eliminate the
106 obligation of the Cooperative to refund membership fees.
- 107 2. Section 1.04 and Section 2.06 of the Bylaws pertaining to Joint Membership
108 shall be changed to allow for spouses in all legally recognized marriages to
109 become joint members, to eliminate one-half votes for joint members, and
110 to require joint members to give the Cooperative prompt notice when the
111 joint membership should be terminated.
- 112 3. Section 3.01 of the Bylaws pertaining to the Annual Meeting shall be
113 amended to state that the annual meeting shall be held in the month of
114 March or April at Silver Creek High School or such other place in one of
115 the counties served by the Cooperative.
- 116 4. Section 3.03 of the Bylaws pertaining to Notice of Member Meetings shall
117 be amended to allow for notice by electronic transmission.
- 118 5. Section 3.04 of the Bylaws pertaining to Quorum shall be amended to allow
119 for early voting prior to the annual meeting as recently allowed by state law.
- 120 6. Section 3.05 of the Bylaws pertaining to Voting shall be amended to allow
121 for early voting prior to the annual meeting as recently allowed by state law.
- 122 7. Section 3.06 of the Bylaws pertaining to Credentials and Election
123 Committee shall be amended to allow for early voting and to remove ballot-
124 counting responsibilities from the Committee at meetings when an outside
125 consultant is engaged to perform the responsibility of ballot-counting.
- 126 8. Section 3.07 of the Bylaws pertaining to Order of Business shall be
127 amended to allow for early voting, to allow for a majority of the members
128 present at the annual meeting to approve meeting minutes, and to clarify
129 that no action may be taken on new or unfinished business without notice
130 being given to the full membership.
- 131 9. Section 4.03 of the Bylaws pertaining to Elections shall be amended to
132 allow for early voting consistent with the amendments being made to
133 Section 3.05.
- 134 10. Section 4.04 of the Bylaws pertaining to Tenure shall be amended to correct
135 the years in which Directorate Districts are up for election.
- 136 11. Section 4.05 of the Bylaws pertaining to Directorate Districts shall be
137 amended to allow for early voting.
- 138 12. Section 4.13 of the Bylaws pertaining to the Cooperative’s Newsletter and
139 Subscriptions to Statewide Publications shall be amended to reflect the new
140 name of the Cooperative’s newsletter.
- 141 13. Section 8.02 of the Bylaws pertaining to Allocation of Capital Credits shall
142 be amended to give the Cooperative the discretionary power rather than the
143 legal obligation the ability to assign and transfer one-half of capital credits
144 to joint members.

145 RESOLVED this 12th September, 2017.

146 System Attorney Lewis noted that the company will keep track of members who vote early so that no one
147 votes more than once. The question was asked “How do we determine if everyone in the gym during the
148 meeting are actual voting members? System Attorney Lewis said that there is no way for us to know this.
149 It was moved by Sec/Treasurer Meyer, and seconded by Vice-President Graf to accept the resolution
150 amending the bylaws. The motion carried It was the consensus of the Board that voting should take
151 place on-line, by mail, and in person. Assistant Treasurer/Finance & Administration Manager Jeremy
152 Miller explained that we may have an occasional ballot returned with payments or a payment put in a
153 ballot envelop. Ballots that end up accidentally at our lockbox will be sent here by courier. Manager
154 Omerso explained that we will accept mailed in ballots which will be placed in a locked container and
155 then counted by SBS a couple of days before the Annual Meeting. SBS representatives will be at the
156 Annual Meeting to count the ballots that are voted that day, add all votes and provide a total to be
157 announced at the end of the business meeting.

158
159 **Advertising Request:** We have been asked to advertise in the 2018 Plat Book being produced to benefit
160 the 4H Programs. It was the consensus of the Board to not advertise in the Plat Book at this time.

161
162 **Member Concerns:** It was stated that a member had contacted Director Stumler regarding the removal
163 of some Ash Trees from his property. Also a member had contacted Director Stumler about having us
164 move an electric line away from an area where he is installing a pool. He would like this moved as soon
165 as possible. Manager Barton will follow up on these two issues.

166
167 President Dieterlen called for a dinner break at 6:15 p.m.

168 President Dieterlen called the meeting back to order at 6:45 p.m.

169 **CFC KRTA Report**

170 Brian Stavish with CFC presented a power point presentation of our Key Ratio Trend Analysis (KRTA)
171 for year ending December 31, 2016. A handout was distributed explaining the ratios, how they are
172 figured and the calculations (attachment B).

173
174 Mr. Stavish noted that some co-ops are getting into other economic areas in an attempt to improve their
175 revenue. He also added that power cost from Hoosier Energy has stabilized and interest rates are low,
176 which are both good for the co-ops.

177
178 Mr. Stavish reviewed the co-op’s 20 years history noting good growth until 2004. At that time there was
179 a downturn and growth dropped from 4% to less than 1% from 2007 to 2010. Growth is picking up some
180 again now. Monthly usage increased until 2005 and from 2008 it has been pretty flat. This may be due to
181 weather trends, CFL light bulbs, conservation, etc. Regardless co-ops are seeing flat sales. New plant
182 was added at an 8% investment rate per year from 1997 to 2006. Now we invest into new plant about two
183 thirds of what we invested 20 years ago. The goal should be to invest as little as possible but maintain
184 strong equipment.

185
186 Clark County REMC’s number one expense is power cost. Our power cost begin raising in 2008 and
187 came down a little in 2016. Our Residential and kWh sales are really flat, along with our monthly
188 residential usage and total kWh. Mr. Stavish stated that CCREMC does a better job of controlling costs
189 (other than power costs) than other co-ops noting that CCREMC’s ratios look very good.

190
191 According to Mr. Stavish:

- 192 ● Clark County REMC has a very consistent performance in modified DSC. We are right in middle
193 50% and right on target.

- CFC does not look at one bad year but averages the past five (5) years and Clark County REMC is still in the 2.0 average and in the middle 50%.
- Clark County REMC is 50% above average in equity across the country. Both Hoosier Energy systems and co-ops across the State have higher equity than CCREMC. We are in a good spot in the middle and very stable. CCREMC does a good job managing this number. Mr. Stavish explained why Indiana is a higher equity state. Distribution equity is 40% higher in Indiana than across the country.
- Clark County REMC is right in line with Hoosier Energy and Wabash Power on Power Cost. We are in top 25% with \$.70 going to power cost. With this cost higher it shows that we do a good job managing other costs.
- We are right in line with co-ops across country on Depreciation Expense and doing a really good job here.
- Average Consumers per Employee is close to 500 members per employee not including contract labor. These are very good numbers.
- Clark County REMC does an excellent job taking advantage of the low interest rates. We are not in the top or bottom percentages in Long Term Debt, but are very stable.
- Clark County REMC has the advantage of being relatively large and selling more than other co-ops. Based on our number of full-time employees being 50 and the average co-op having 70 full-time employees, we are doing very good in the area of Average Total Consumers served.
- We are in the bottom 25% but better than other State of Indiana co-ops Cumulative Patronage Capital retired. We returned 15% that members have put into organization.
- 70% of our sales go to residential and we are in the bottom 25% of controllable expenses per consumer. Clark County REMC is doing a good job managing in this area.
- Clark County REMC's Average Service Availability is 99.98 and this is very good.

The Directors thanked Mr. Stavish and he left the meeting at 7:45 pm.

Annual Meeting: Member Services & Marketing Manager Brian Omerso passed out a summary of the Annual Meeting Election Updates. Manager Omerso said that we would like to ask specific questions of the candidates. Manager Omerso handed out sample candidate information sheets for the board to review. Director Biesel asked if we still need as many members to serve on Credentials and Election Committee. Most Directors believe we do. Manager Miller said that the five (5) ballot boxes used at the Annual Meeting will be rotated during the voting so SBS can count the ballots as we go. When asked, Manager Omerso said that he sees nothing that appears to be a problem at all in the transition.

Policy Review: Policies CIV-200, and GP-16 were presented for review. Both policies were changed to reflect changes to the by-laws regarding the new election voting process. No changes were made and it was moved by Director Sanders, seconded by Director Biesel to approve policies CIV-200, and GP-16 as presented. The motion carried.

Assistant Treasurer/Finance & Administration Manager Jeremy Miller, Operations & Engineering Manager Dave Barton, and Member Services & Marketing Manager Brian Omerso left the meeting at this time.

Action on Reports

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

244 **Standing Reports**

245
246 **Hoosier Energy Report:** Director Stumler reported that the Hoosier Energy HR department is
247 supporting UDWI, Dubois and Johnson Co-ops in their search for new CEOs. Due to the Merom Unit 1
248 major planned outage the capacity factor was lower than normal. The power cost tracker for the rest of
249 2017 will be 60 cents less than the current charge. It was noted that solar storage will affect our business.
250 Director Stumler noted that at the Media Training put on by Hoosier it was stated that the board president
251 should not be the primary spokesman, but this responsibility should fall to the CEO.

252
253 **Indiana Electric Cooperatives Report:** Director Vogt reported on the IEC Board Meeting. He noted
254 that the Board approved the facilities committee recommendation to enter into a facilities leasing
255 agreement and approved the sale of the old facility. They are looking at 5 -7 year lease.

256
257 **2017 NRECA Regional Meeting:** Director Sanders reported that this year's meeting was very good.
258 Speaker Kevin Eickenberry discussed how the business has changed over the years and how it will
259 continue to change in the next five years. He noted two ways to approach this – routine or strategic. We
260 should understand what will be needed in the future when replace our retirees and make the replacements
261 accordingly. Federated CEO Phil Irwin spoke about trying to keep cases out of court and arbitrate some
262 cases ourselves. There was a panel discussion mostly about fraud. It was stated that people caught for
263 fraud should always go to jail. And it was also noted that fraud can happen under the best policies.
264 Whistle Blower policies should be detailed and employees should be reporting these incidents to the
265 Attorney. Director Sanders said that cell phones and blue tooth devices need to be protected. Director
266 Biesel added that cyber security is important and cyber ransom is getting to be a big thing.

267
268 **Legal Report:** System Attorney Lewis said that he has nothing else to report.

269
270 **Calendar Update:** The calendar was reviewed and no changes were made.

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272 **Other Business**

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274 **General Manager's Evaluation:** Director Dieterlen will be responsible for sending evaluation forms to
275 the Directors so that everything can be ready for review at the October 3rd Board Meeting. General
276 Manager Vince distributed information to be used for his evaluation.

277
278 **Media Training:** It was announced that our Director Media Training with Lee\Willis Communications is
279 scheduled for 8 am on Saturday September 16th. The training should be over at about 1 pm.

280
281 **Annual Review of System Attorney Contract:** With no changes being made to the System Attorney's
282 contract by either party it was moved by Director Sanders and seconded by Director Vogt to renew the
283 contract as written. Motion carried.

284
285 **IEC Board Representative:** President Dieterlen called for nominations for CCREMC's representative on
286 the Board of Directors of the Indiana Electric Cooperatives (IEC). Director Sanders nominated Director
287 Derrick Vogt. A second motion was made by Vice President Graf to nominate Director Candace Meyer to
288 the position. Voting took place by secret ballot. With four (4) votes for Director Meyer and three (3)
289 votes for Director Vogt, Director Meyer was appointed as Clark County REMC's representative to the
290 Board of Directors of the Indiana Electric Cooperatives (IEC).

292 **IEC Annual Meeting Delegate and Alternate:** It was the unanimous consensus of the Board to appoint
293 Director Steve Dieterlen as CCREMC’s Voting Delegate for the 2017 IEC Annual Meeting and to
294 appoint Vice President Paul Graf as the Voting Alternate.

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Adjournment

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There being no further business appearing the meeting was adjourned at 8:50 p.m.

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Attachment A: General Manager’s Report

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Attachment B: KRTA

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Candace Meyer,
Secretary/Treasurer