

April 2018 Board Meeting Recap

The Regular Meeting of the Board of Directors of South Central Indiana Rural Electric Membership Corporation was held pursuant to notice as required by the Bylaws at the principal office of the Cooperative, 300 Morton Avenue, Martinsville, Indiana on Thursday, April 26, 2018, at 5:30 p.m.

The following Directors were present: Mark Smith, Jerry Pheifer, Jim Cox, Lisa Prosser, Rex Franklin, Stephen Williamson, Joe Peden, Bruce Hamlin, and Heather Mollo. Others in attendance were Michael Schultz, General Counsel; James Tanneberger, President & CEO; and Stacey Sauer, Executive Assistant.

The Chairman opened the meeting with prayer. Mr. Hamlin then asked if there were any amendments or corrections to the minutes of the Regular Board of Directors' Meeting held March 29, 2018. Mr. Smith suggested adding language stating that the construction plans were completed as a requirement of the Rural Utilities Service (RUS). Thereafter, upon motion of Mr. Cox and seconded by Mr. Williamson, the minutes of the Regular Board Meeting held March 29, 2018, were approved as amended.

Safety Report: Mr. Tanneberger reviewed the Safety Report for the month and answered the Directors' questions.

Financial Reports: Mr. Tanneberger asked if there were any questions regarding the financial reports. Following discussion, Mr. Peden made a motion to accept the financial reports. The motion was seconded by Ms. Prosser and approved.

The write-off to bad debt for March of 2018 in the amount of \$9,903 was then considered by the Board. Mr. Smith made a motion to accept the write-off to bad debt for March 2018. The motion was seconded by Mr. Williamson and approved.

Committee Reports:

Financial Committee: Mr. Cox reported on the Financial Committee Meeting held April 19, 2018, discussing loans up for repricing, interest rates, and the IRS Form 990. The Board then considered a resolution as required by RUS establishing SCI's debt limit. Following discussion, Mr. Franklin made a motion to approve the resolution establishing SCI's debt limit. The motion was seconded by Ms. Prosser and unanimously approved. The resolution is as follows:

RESOLVED, that the aggregate amount of all secured loans drawn and available to be drawn by the Cooperative shall not exceed \$200,000,000, the Cooperative's maximum debt limit.

Legislative Committee: Mr. Peden discussed the recent Legislative Conference and SCI' opportunity to garner support for the fiber project.

Personnel Committee: The Personnel Committee meeting scheduled for May 22, 2018 at 3:30 p.m. was changed to begin at 5:30 p.m.

Unfinished Business: Mr. Tanneberger gave an update on the progress of the CEO's first six month's goals.

The Board was reminded of the Strategic Planning Retreat scheduled for May 3-5, 2018.

Mr. Tanneberger brought the Board up to date on continued efforts to secure a facility for the fiber material warehouse and reported that material vendors have agreed to hold material for just-in-time delivery until such time a warehouse facility is available.

New Business: Mr. Tanneberger discussed a report at the IEC Board Meeting regarding Board Governance. He suggested that an area of the report be reviewed each month with the Board.

The Board then considered a donation to the Project Indiana Fundraiser to assist with the Guatemala initiative. Following discussion, Mr. Peden made a motion to contribute \$500 to the Project Indiana Fundraiser. The motion was seconded by Mr. Pfeifer and approved.

Mr. Tanneberger discussed a new Indiana public charter school, Indiana Agriculture & Technology School, located near Morgantown. The school has expressed interest in working with SCI in the area of drones and their use in the electrical industry. The CEO will be meeting with officials from the school and will provide additional information as the discussions continue.

The Board next discussed electric vehicles and their potential impact on SCI's distribution system with home charging stations, etc. As electric vehicles become more affordable SCI may begin to see an impact. It was suggested to form a Board Committee to address electric vehicles. The topic will be included on the May Board meeting agenda.

Mr. Schultz discussed a proposed bylaw amendment that would allow mail-in ballots to be counted towards the quorum necessary for meetings of members (including the Annual Meeting). Following discussion, Mr. Cox made a motion to approve the bylaw amendment as presented. The motion was seconded by Mr. Peden and unanimously approved. The Bylaw amendment is as follows:

Section IV – Quorum: At least two percent (2%) of the total number of members of the Cooperative present in person shall constitute a quorum for the transaction of business at all meetings of the members; provided that if less than two percent (2%) of the total number of members are present at the meeting, **any votes cast after notice of the meeting has been provided in accordance with Section III above and before the meeting of the members may be counted toward establishment of a quorum, regardless of whether such votes were cast in person or by written ballot mailed to the corporation's office. At any meeting of the members at which a quorum does not exist as set forth above,** a majority of the members ~~so~~ present may adjourn the meeting without further notice, provided that the Secretary/Treasurer shall notify any absent member of the time and place of the reconvened meeting.

Section V – Voting: Each eligible member shall be entitled only to one vote on matters submitted to a vote at any meeting of the members. Voting by members other than members who are natural persons shall be allowed upon presenting to the Cooperative, prior to or upon registration at each member meeting, satisfactory evidence that the person representing the entity is authorized to vote.

At all meetings of the members, all questions shall be decided by the majority of members voting except as otherwise provided by law or by the Cooperative's Articles of Incorporation or by these Bylaws.

Members may not cumulate their votes or vote by proxy. Members may vote by mail-in ballot in the director's election. Such mail-in ballots shall be distributed to the membership not less than twenty (20) and no more than thirty (30) days prior to the annual meeting of the members, and all mail-in ballots the Cooperative receives by the day prior to the annual meeting of the membership shall be tabulated along with all official ballots members cast at the meeting and shall count toward establishment of a quorum as set forth in Section IV above.

~~Notwithstanding the foregoing, in the event the election of the Board of Director is uncontested, no mail in ballots will be mailed and the Board of Directors or General Counsel shall announce to the members at the Annual Meeting the results of the uncontested election.~~

In all ~~contested~~ elections of Directors, the election committee as established by Section VII will receive and tabulate the ballots voted in the election of Directors, including all valid mail-in ballots received on or before the day prior to the Annual Meeting of the membership.

A copy of the 2017 draft IRS Form 990 for SCI and SCI Services, LLC was distributed to the Board for review.

Attorney: Mr. Schultz reported that he had reviewed Board Policies 5-1 (Accounting Systems and Methods and 5-3 (Sale of Used Poles, Scrap and Obsolete Material) recommending no changes to the policies.

He further discussed various ongoing projects including the fiber project, the CEO evaluation, and personnel matters.

President/CEO Report: Mr. Tanneberger gave the President/CEO's Report asking if there were any questions regarding the departmental reports or the CEO's monthly report. He further reported on an upcoming fiber conference and continued work with the counties within SCI's service area regarding lifetime property tax abatement for fiber facilities.

Thereafter, Mr. Peden made a motion to accept the President/CEO's report. The motion was seconded by Mr. Williams and passed.

Hoosier Energy Report: Mr. Pheifer reported that the Hoosier Energy Annual Meeting was held in April.

Indiana Electric Cooperatives: Mr. Peden reported on the recent meeting of the Indiana Electric Cooperatives Board of Directors held in April.

C6 Meeting: Mr. Hamlin reported on the C6 Meeting held in April reporting that the group is now comprised of five cooperatives.

Miscellaneous: Due to a scheduling conflict, the Board discussed moving the September Board Meeting date. Following discussion, the Board Meeting scheduled for September 27 was rescheduled to October 4, 2018.