

**MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF SOUTH CENTRAL INDIANA
RURAL ELECTRIC MEMBERSHIP CORPORATION
HELD JULY 26, 2018**

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, July 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; Kodi Swafford, Safety Professional; Maura Giles, Manager of Cooperative Communications; Charity Coffman, Controller; and Stacey Sauer, Executive Assistant.

Director Joe Peden 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 June 21, 2018. There were no corrections. Thereafter, upon motion of Mr. Williamson and seconded by Mr. Peden, the minutes of the Regular Board Meeting held June 21, 2018, were approved.

Safety Report: Kodi Swafford, Safety Professional, reviewed the safety report for the month discussing recent accidents and near miss incidents and answered the Directors' questions regarding the same. He further discussed the Safety Team Action List that was included in the Board Report. Thereafter, Ms. Prosser made a motion to accept the Safety Report. The motion was seconded by Mr. Franklin and passed.

Maura Giles, Manager of Cooperative Relations, reviewed plans for the upcoming Annual Meeting including counting and scanning of director election ballots, informational displays, and overall agenda for the meeting.

Financial Reports: Charity Coffman, Controller, reviewed the financial reports for the first half of 2018 discussing the revenue and power costs, SCI tracker, labor and benefits, investments, collections and bad debt, the income statement, balance sheet, and information regarding the fiber project. Following discussion, Mr. Williamson made a motion to accept the financial report and write-off to bad debt for June 2018 in the amount of \$11,001. The motion was seconded by Ms. Mollo and approved.

SCI Fiber: Mr. Tanneberger discussed the fiber project reporting that the project is moving along as expected, critical contracts and agreements are being finalized and headend equipment has been ordered. He further discussed the SCI's participation in the Connect America Fund Phase II auction.

Committee Reports:

Fiber Committee: Director Jim Cox discussed the Fiber Committee Meeting held June 25, 2018 and answered the Directors' questions.

Internal Audit Committee: Director Jerry Pheifer discussed the Internal Audit Committee Meeting held July 18, 2018, to review the director and CEO expenses for the first half of 2018. He reported that all was found to be in order.

Personnel Committee: The Personnel Committee was reminded of the meeting to be held on Tuesday, August 14, beginning at 6:00 p.m.

Electric Vehicles and Emerging Technologies Committee: The Committee has a meeting scheduled for August 21 at 6:00 p.m.

Unfinished Business: Mr. Tanneberger reported that a summary of the CEO goals for 2018 is included in the Board Report. The CEO goals and documentation have been uploaded in the Resource Center of Boardbooks.

A section of the Cooperative Governance Task Force Report discussing Board of Directors Role was included in the Board Report. Mr. Tanneberger asked if there were any questions or comments regarding the report. The full Governance Task Force Report has been uploaded to the Resource Center of Boardbooks.

The President/CEO reported that information regarding electric vehicle charging stations had been included in the Board Report.

Mr. Tanneberger discussed the Strategic Planning Implementation Tracking Model which is updated monthly as the six key goals in the areas of operation/reliability, technology, member services, financial, and human resources are completed.

Director Heather Mollo discussed the recent meeting of the Director/Staff Committee assembled to review SCI's mission statement. Following discussion of the meeting, Ms. Mollo reported that the group came up with the following proposed mission statement:

“SCI REMC is a trusted electric cooperative serving our diverse communities with innovative energy solutions and life-enhancing services.”

Mr. Cox made a motion to approve the proposed mission statement as presented. The motion was seconded by Mr. Peden and approved.

New Business: Mr. Tanneberger discussed the possibility of offering a levelized budget billing plan for members that would recalculate quarterly to assist with preventing large bills during high usage months. We are working with our customer service system provider to develop the program and further information will be provided soon.

The group discussed a proposal to add additional workstations and parking spaces. Following discussion of the workstation proposal, Mr. Cox made a motion to move forward with

the proposal for additional workstations. The motion was seconded by Ms. Prosser and passed. The addition of parking spaces will be a 2019 budget item.

The Board then considered the CoBank Central Regional Director Election. Mr. Franklin made a motion to cast SCI's vote for William J. Conley (CEO of Boone County REMC). The motion was seconded by Mr. Pheifer and approved.

The Directors considered the appointment of the CFC District 4 2019 Nominating Committee. Ms. Prosser made a motion to approve the CFC District 4 2019 Nominating Committee as proposed. The motion was seconded by Mr. Franklin and approved.

The Board also considered the CFC District 4 At-Large Director Position. Following discussing, Mr. Smith made a motion to cast SCI's vote for Michael A. McNalley of East Kentucky Power Cooperative. The motion was seconded by Mr. Peden and approved.

A County Utility Reimbursement Agreement with Monroe County was considered by the Board. The agreement is for the relocation of SCI's electric facilities on Sample Road, Monroe County. Following review of the agreement, Mr. Cox made a motion to approve the agreement as presented. The motion was seconded by Mr. Williamson and approved.

Attorney: Mr. Schultz reviewed proposed changes to SCI Board Policy 2-8, Business Ethics for Directors and Employees (with Disclosure Form). Following discussion, Mr. Williamson made a motion to approve the policy as amended. The motion was seconded by Ms. Prosser and approved.

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 the RUS loan application process, the Ag charter school drone program sponsorship (possibly through IEC), and other ongoing projects.

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

Director Reports:

Hoosier Energy: Mr. Pheifer reported on the recent meeting of the Hoosier Energy Board of Directors of which a recap was included in the Board Report.

Indiana Electric Cooperatives: Mr. Peden reported on the recent meeting of the IEC Board of Directors.

Miscellaneous Reports:

Ms. Prosser included a recap in the Board Report of the recent director training she attended to complete her Board Leadership Certification.

There being no further business to come before the Board, Mr. Cox made a motion to adjourn the meeting. The motion was seconded by Mr. Williamson and passed.

Bruce Hamlin, Chairman

ATTEST:

Jerry W. Pheifer, Secretary