

**MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF SOUTH CENTRAL INDIANA
RURAL ELECTRIC MEMBERSHIP CORPORATION
HELD MAY 31, 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, May 31, 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, and Bruce Hamlin. Director Heather Mollo was present via conference call. Others in attendance were Michael Schultz, General Counsel; James Tanneberger, President & CEO; Marilou Idland, VP of Human Resources, and Stacey Sauer, Executive Assistant.

Director Rex Franklin opened the meeting with prayer. Mr. Hamlin then called upon Ms. Idland to introduce three new employees including Jacob Wiese, Network Engineer; Kodi Swafford, Safety Professional; and Jerry Haver, Business Development Representative.

Mr. Hamlin then asked if there were any amendments or corrections to the minutes of the Regular Board of Directors' Meeting held April 26, 2018. There were no corrections. Thereafter, upon motion of Mr. Williamson and seconded by Mr. Peden, the minutes of the Regular Board Meeting held April 26, 2018, were approved.

Safety Report: Mr. Tanneberger reviewed the Safety Report for the month. There were several questions regarding a recent vehicle accident. Mr. Tanneberger will have answers to the questions for June's Board Meeting. Thereafter, Mr. Franklin made a motion to accept the Safety Report. The motion was seconded by Mr. Williamson and approved.

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

The write-off to bad debt for April of 2018 in the amount of \$26,269 was then considered by the Board. Mr. Peden made a motion to accept the write-off to bad debt for April 2018. The motion was seconded by Mr. Franklin and approved.

Committee Reports:

Personnel Committee: The Board went into an Executive Session. Upon reconvening the regular meeting Mr. Franklin, Committee Chairman, asked that Ms. Idland discuss the recent meeting of the Personnel Committee. Ms. Idland discussed the RS & 401(k) plan review, fiber and succession planning. She further discussed the recommendations of the Committee with regards to the compensation review for non-union employees, staffing, recognition and appreciation plan, and the CEO review and compensation agreement. Following discussion, Mr. Franklin made a motion to approve the recommendations of the Personnel Committee as presented. The motion was seconded by Ms. Prosser and approved.

Ms. Idland next reviewed the Respect, Safety and Ethics training with the Board and indicated that the training presentation will also be uploaded to the Resource Center of Boardbooks as a reference.

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.

The President/CEO Reported that a summary of the recent Strategic Planning Retreat is included in the Board Report. He further reported that the key items to be addressed have been assigned to various managers for ideas, recommendations, etc. by July 2018.

A section of the Cooperative Governance Task Force Report discussing Good Governance was included in the Board Report. Mr. Tanneberger asked if there were any questions or comments regarding the report. It was suggested that the complete Governance Task Force Report be uploaded to the Resource Center of Boardbooks.

Mr. Tanneberger brought the Board up to date on securing a facility for the fiber material warehouse reporting that a License Agreement has been executed with the City of Martinsville for use of the Rogers Building. This will allow SCI Fiber to begin receiving materials at this location versus receiving just-in-time orders at the fiber jobsites.

The Board had discussed Electric Vehicles at the April Meeting. It is suggested that an Electric Vehicles and Emerging Technologies Committee be established to keep SCI in the forefront. Chairman Hamlin appointed Directors Heather Mollo, Lisa Prosser, Jim Cox, and Joe Peden to the Committee.

New Business: The Board then considered the Voting Delegate and Alternate Delegate to the NCSC Annual Meeting to be held in conjunction with the CFC Forum. Mr. Williamson made a motion to appoint Mr. Cox as the Voting Delegate to the NCSC Annual Meeting. The motion was seconded by Mr. Pheifer and approved. Mr. Pheifer made a motion to appoint Mr. Williamson as the Alternate Voting Delegate. The motion was seconded by Mr. Smith and approved.

The Certificate of Resolutions and Incumbency for the CoBank Cash Management System was then considered by the Board. The resolutions update authorized agents. Following discussion, Mr. Cox made a motion to approve the Certificate of Resolutions and Incumbency as presented. The motion was seconded by Mr. Williamson and passed. A copy is attached.

Mr. Tanneberger reported that SCI had received correspondence from CFC regarding SCI's contribution to the Cooperative System Integrity Fund. SCI currently contributes five

percent of the annual patronage capital credit retirement which amounts to around \$3,000. This will continue annually until SCI notifies CFC otherwise. The Board approved continuing the contribution.

The Board then considered a Resolution approving SCI's application for a \$100,000,000 Rural Utilities Service (RUS) Loan. Following discussion, Mr. Williamson made a motion to approve the resolution as presented. The motion was seconded by Mr. Peden and the following resolution was unanimously approved:

WHEREAS, it has been determined on the basis of the current Construction Work Plan that financing is needed for electric facilities as shown on Rural Utilities Service (RUS) Form 740c, Cost Estimates and Loan Budget for Electric Borrowers, as follows:

RUS Guaranteed Federal Financing Bank (FFB) Loan Requested for Facilities \$100,000,000

NOW THEREFORE BE IT RESOLVED, that South Central Indiana REMC, Martinsville, Indiana, makes application to the RUS pursuant to 7 CFR Part 1710 for a guaranteed FFB loan in the approximate amount of \$100,000,000 to be used in accordance with the provisions of 7 CFR Part 1710 to finance the above mentioned facilities.

BE IT ALSO RESOLVED, that the RUS guaranteed FFB loan shall bear a maturity date to cover an approximate period of 35 years.

BE IT ALSO RESOLVED, that the Board of Directors of South Central Indiana REMC authorizes its officers to execute and attest all necessary papers, documents, and applications related to the foregoing.

BE IT FURTHER RESOLVED, that the President & CEO is authorized on behalf of the Borrower (a) to execute and deliver from time to time advance requests, maturity extension election notices, prepayment election notices and refinancing election notices, in the form of such instruments attached to the note payable to FFB, and (b) to specify information and select option as provided in such instruments.

BE IT FURTHER RESOLVED, that the Board of Directors of South Central Indiana REMC hereby authorizes the RUS to release appropriate information and data relating to the application to the FFB and any existing supplemental lenders.

The Board reviewed several documents required for the RUS Loan application process as follows:

RUS Form AD-3030 – Execution of the form indicates that SCI has not been convicted of a felony and does not have unpaid Federal tax liabilities. Following discussion, Mr. Peden made a motion to authorize the execution of RUS Form AD-3030. The motion was seconded by Ms. Prosser and approved.

RUS Form 740C – This form is a summary of the construction work plan that is being submitted to RUS for the loan application which includes electric and fiber work. Ms. Prosser made a motion to approve the RUS Form 740C. The motion was seconded by Mr. Peden and approved.

RUS Form 300 – This form is a System Rating Summary of SCI’s facilities and processes. The Board reviewed RUS Form 300.

The Board then considered the 2017 Capital Credit Allocations. Following discussion, Mr. Williamson made a motion to approve the allocations as follows:

2017 Margins:

2017 Class A – Operating Margins	\$4,093,658.70
2017 Class B – Non-Operating Margins	801,069.93
2017 Class C – Hoosier Margins \$	1,944,060.18
Total Net Margins	\$6,838,788.81

The motion was seconded by Mr. Peden and approved.

As suggested during the recent strategic planning session, the Board would like to revise SCI’s mission statement. Following discussion, it was decided to have the Member Service and Marketing Committee (with Ms. Prosser replacing Mr. Franklin and Mr. Smith replacing Mr. Peden) work with employees (to be appointed by Mr. Tanneberger) to revise the mission statement.

Mr. Tanneberger next brought the Board up to date on the fiber project and discussed fiber growth opportunities.

Attorney: Mr. Schultz reported that he had reviewed Board Policies 4-29 (Third Party Access) and 4-30 (Rate Policy Statement) recommending no changes to the policies.

He further discussed various ongoing projects including the fiber project.

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. There

were questions regarding the line inspection summary, outages numbers involving trees in the right of way, and underground installation. Mr. Tanneberger will address the questions at the June meeting. The President/CEO further discussed upcoming meetings.

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

Hoosier Energy Report: Mr. Pheifer asked if there were any questions regarding the May Hoosier Energy Board Meeting Report included in the Board Report. There were no questions.

C5 Group: Mr. Tanneberger reported that the C5 Group may investigate electric vehicle charging stations and fiber network interconnections.

Miscellaneous: The Board discussed the recap of the recent Operation RoundUp Meeting held in May.

There being no further business to come before the Board, the meeting adjourned to an Executive Session of the Board.

Bruce Hamlin, Chairman

ATTEST:

Jerry W. Pheifer, Secretary