

## **February 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, February 22, 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; Earl Ridlen, London Witte Group; Kathleen Morley, VP of Corporate Services; Tom Ruth, VP of Distribution Services; Charity Coffman, Accounting Manager; and Stacey Sauer, Executive Assistant.

Director Jim Cox opened the meeting with prayer. The Chairman then asked if there were any amendments or corrections to the minutes of the Regular Board of Directors' Meeting held January 25, 2018. There were no corrections and upon motion of Mr. Williamson and seconded by Mr. Pheifer, the minutes of the Regular Board Meeting held January 25, 2018, were approved.

Safety Report: Mr. Tanneberger reviewed the Safety Report for the month and answered the Directors' questions. Thereafter, Ms. Prosser made a motion to accept the Safety Report. The motion was seconded by Mr. Peden and approved.

Audit Report: Earl Ridlen with London Witte Group gave the Annual Audit Report discussing the consolidated balance sheet, statement of revenues, statements of comprehensive income, statement of cash flows for December 31, 2017 and 2016. He further discussed the power cost tracker, gross margins, and net margins.

The Board then went into an Executive Session with Mr. Ridlen of London Witte Group.

Upon reconvening the Regular Meeting, Ms. Morley gave the staff report for the month discussing the new phone system and continued research with regard to a billing vendor for the phone/fiber business.

Committee Reports:

**Finance Committee Meeting:** Mr. Smith reported on the Finance Committee Meeting held February 6, 2018, reporting that the Committee discussed the following:

The Clifton Larson Allen (CLA) internal control study. CLA will attend the March board meeting to answer any questions and/or concerns the Board may have about the process.

The operating margins per revenue calculation was reviewed to determine if the Board wanted to see the calculation on a monthly basis or consider it as a factor in the annual budget. The Committee recommended that it be reviewed later.

A proposed financial policy document was reviewed. The Committee recommended that the proposed document be an additional internal guideline rather than replace the existing Financial Policy. The existing Financial Policy will also be updated and submitted for Board review.

Upcoming bank loan repricings were discussed.

Unfinished Business: Mr. Tanneberger reported on the progress of the strategic planning goals and the CEO's first six month's goals indicating that there were no changes since the last Board Meeting.

The Board was reminded of the Strategic Planning Retreat scheduled for May 3 – 4, 2018.

Mr. Tanneberger reported that the Member Meetings scheduled for March have been cancelled due to the lack of member participation.

New Business: Mr. Tanneberger discussed the list of consultants and contractors that was included with the Board Report and answered questions regarding the same.

Mr. Tanneberger discussed the possibility of connecting non-members, if feasible, as SCI's fiber network is being built. It was suggested that non-members would pay a fee for being connected. Mr. Franklin made a motion that connection of non-members to SCI's fiber network be done at the discretion of management. The motion was seconded by Ms. Prosser and passed.

The CEO discussed the fiber project and what roles would be needed for the project as well as tentative roles for the fiber business (after fully deployed). The group discussed anticipated new positions for the fiber project as well as the need to backfill positions early for training and ensure a smooth transition for upcoming employee retirements. The Board then went into an Executive Session for discussion.

Upon reconvening the Regular Board Meeting, Mr. Cox made a motion to approve the recommendation of management with regards to personnel. The motion was seconded by Mr. Peden and unanimously approved.

Mr. Tanneberger reported that management continues to look at viable options for a fiber material warehouse.

Mr. Tanneberger reviewed CFC's 2017 Borrower Compliance Certification as required by the CFC mortgage.

Due to the Annual Meeting being scheduled for August 18, 2018, the Board changed the August Regular Board Meeting date to Thursday, August 16, 2018.

Attorney: Mr. Schultz shared a legal memo regarding SCI's easements with regards to providing fiber and discussed other ongoing projects.

President/CEO Report: Mr. Tanneberger gave the President/CEO's Report asking if there were any questions regarding the departmental reports. He further reported that he

continues to work with the counties within SCI's service area regarding lifetime property tax abatement for fiber facilities.

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

Hoosier Energy Report: Mr. Pheifer reported on the Hoosier Energy Board Meeting held in February reported that CEO Steve Smith will be retiring at the end of 2018 and the position is being advertised.

Indiana Electric Cooperatives: Mr. Peden reported on the Indiana Electric Cooperatives' Board Meeting held in February.

There being no further business to come before the Board, the same was duly adjourned.