

**MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF SOUTH CENTRAL INDIANA
RURAL ELECTRIC MEMBERSHIP CORPORATION
HELD AUGUST 16, 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, August 16, 2018, at 5:30 p.m.

The following Directors were present: Mark Smith, Jerry W. Pheifer, Jim Cox, Lisa Prosser, Stephen Williamson, Bruce Hamlin, Joe Peden, and Heather Mollo. Director Rex Franklin was absent. Others in attendance were Michael Schultz, General Counsel; James Tanneberger, President & CEO; Marilou Idland, VP of Human Resources; Charity Coffman, Controller; and Stacey Sauer, Executive Assistant.

The Chairman opened the meeting with prayer. He then asked if there were any amendments or corrections to the minutes of the Regular Board of Directors' Meeting held July 26, 2018. There were no corrections and upon a motion by Mr. Williamson and seconded by Ms. Prosser, the minutes of the Regular Board of Directors' Meeting held July 26, 2018, were approved.

Safety Report: Mr. Tanneberger reviewed the Safety Report for the month and asked if there were any questions regarding the same. He reviewed a property damage incident and investigation (which found no safety violations).

Staff Report: Ms. Idland gave the staff report for the month discussing the recent Personnel Committee Meeting held to discuss employee healthcare rates for 2019, hiring

of four interns for 2019 and the recommendation of the committee. Following discussion, the following motions were made:

Mr. Cox made a motion to accept the medical rate increase through NRECA. The motion was seconded by Mr. Smith and passed.

Ms. Prosser made a motion to approve recruiting and hiring up to four interns for 2019. The motion was seconded by Mr. Pheifer and approved.

Ms. Idland further reported that the SCI organizational chart has been updated and includes the Fiber division. The updated organizational chart is available in Diligent Books.

Financial Report: Due to the early meeting date, the monthly financial reports will be included in next month's Board Report. Ms. Coffman discussed the 2019 budget process and reviewed the guidelines established by the Board for developing the budget. Director Mark Smith will be scheduling a Finance Committee meeting in the near future.

Committee Meetings:

Fiber Committee: Mr. Cox reported on the Fiber Committee Meeting held July 31 to review proposed phase 2 of the fiber project, of which the committee is recommending approval. Following discussion, the board approved the recommendation of the Fiber Committee. The announcement of phase 2 of the fiber project will take place the first week of September.

Electric Vehicle and Emerging Technologies Committee: A meeting of the Committee is scheduled for August 21, 2018, at 6:00 p.m.

Unfinished Business: Mr. Tanneberger reported that a summary of the CEO goals for 2018 (with updates in red) is included in the Board Report.

The Strategic Planning key items are included in the Board Report and will be updated as the items progress.

The Board discussed final plans for the Annual Meeting scheduled for Saturday, August 18, 2018.

The 2019 Budget Schedule was reviewed. It was decided that the September 18 meeting could be cancelled as the guidelines have been established for preparing the budget.

A section of the Cooperative Governance Task Force Report discussing Director Qualifications was included in the Board Report. Mr. Tanneberger asked if there were any questions or comments regarding the report. The complete Governance Task Force Report is included in the Resource Center of Diligent Books.

New Business: The Board then considered the replacement of retiring Director Joe Peden on the IEC Board. Nominations were made by secret ballot and Director Jim Cox was ultimately selected to replace Joe Peden on the IEC Board.

The proposed Board Meeting Schedule for 2019 was then reviewed by the Board. It was suggested that the May meeting date be changed to the fourth Thursday of the month versus the last Thursday.

The Board discussed the possibility of adding secured e-mail through Diligent Books. Additional information will be obtained for further review.

Attorney's Report: The review of the board policies 4-25 – Delinquent Account and Collection Procedures and 4-28 – Identity Theft Red Flags Prevention Policy was tabled until the September Meeting pending further staff review. Mr. Schultz further reported on various ongoing projects related to the fiber project.

President & CEO's Report: Mr. Tanneberger gave the President and CEO's report for the month first asking if there were any questions regarding the written report. He then discussed the recent status report including the installation of the new electronic sign and an update on the fiber project.

Thereafter, Mr. Cox made a motion to accept the President and CEO's Report. The motion was seconded by Ms. Prosser and approved.

Hoosier Energy: Mr. Pheifer gave a report of the recent Hoosier Energy Board Meeting held in August.

Indiana Electric Cooperatives: Mr. Peden reported on the recent meeting of the IEC Board of Directors including the resignation of the CEO to take a position with Hoosier Energy. Mr. Peden was also recognized for his service to IEC upon his pending retirement.

Miscellaneous: Mr. Hamlin (on behalf of the entire Board) thanked Mr. Peden for his service to SCI and wished him well.

The Board discussed the recap of the Operation RoundUp Meeting held in August.

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