

**MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF SOUTH CENTRAL INDIANA
RURAL ELECTRIC MEMBERSHIP CORPORATION
HELD OCTOBER 25, 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, October 25, 2018, at 5:30 p.m.

The following Directors were present: Mark Smith, Jerry W. Pheifer, Jim Cox, Lisa Prosser, Rex Franklin, Stephen Williamson, Bruce Hamlin, Jim Koch, and Heather Mollo. Others in attendance were Michael Schultz, General Counsel; James Tanneberger, President & CEO; Randy Elliott, VP of Finance and Member Services; Maura Giles, Manager of Cooperative Communications; 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 October 4, 2018. There were no corrections and upon a motion by Ms. Prosser and seconded by Mr. Koch, the minutes of the Regular Board of Directors' Meeting held October 4, 2018, were approved.

Staff Report: Ms. Giles gave the Staff Report for the month discussing the 2019 Communications Plan. She further discussed marketing of SCI Fiber and the difference between marketing awareness versus sales marketing.

Safety Report: Mr. Tanneberger reviewed the Safety Report for the month discussing recent incidents within the Vegetation Management group and continued efforts to reduce such incidents.

Financial Report: Mr. Tanneberger asked if there were any questions regarding the financial reports and write-off to bad debt. Following discussion, Mr. Williamson made a motion to accept the financial reports and write-off to bad debt in the amount of \$11,792. The motion was seconded by Ms. Prosser and passed.

SCI Fiber: Mr. Tanneberger discussed the fiber project including finalizing of contracts and agreements with regard to pole contacts, leasing of the Rogers Building, and easements.

Committee Meetings:

Finance Committee: A meeting of the Finance Committee was held on October 18, 2018. The Committee discussed the 2019 budget and work plan for SCI and the fiber project, the RUS loan status, the cost of service study, and capital credits. The Committee recommended that SCI not refund capital credits to members this year. Following discussion, Ms. Prosser made a motion to approve the Finance Committee's recommendation to not refund capital credits in 2018. The motion was seconded by Mr. Franklin and passed.

Fiber Committee: A meeting of the Committee was held on October 18, 2018. The Committee discussed the status of the fiber project including phase one, future phases, and strategic planning.

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 are updated as the items progress.

The group discussed the recent Co-Op Conversations Meeting. Overall the meeting was successful with approximately 25 members attending.

The Board then considered a proposal from Diligent Books for the Messenger platform that would support secure messaging within the board portal. Following discussion, Mr. Cox made a motion to authorize Director Mark Smith to further negotiate the proposal on SCI's behalf. The motion was seconded by Mr. Williamson and approved.

A section of the Cooperative Governance Task Force Report discussing Director Elections 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: Mr. Hamlin shared the appointment of Committees and Committee Chairs for 2018-2019.

The Board was then reminded of upcoming meetings including the IEC Annual Meeting, the NRECA 2019 Directors' Conference, and the NRECA 2019 Annual Meeting.

Attorney's Report: Mr. Schultz reviewed proposed amendments to board policies as follows:

Board Policy No. 2-1 – Directors' Responsibilities, Duties, Standards of Conduct and Qualifications: Following review of the policy, Mr. Franklin made a motion to approve the policy as amended. The motion was seconded by Mr. Cox and approved with one opposing vote.

Board Policy No. 3-12 – Nepotism: Following review of language in the policy, Mr. Williamson made a motion to approve the policy with the current language "husband /wife". The motion died for the lack of a second. Ms. Mollo made a motion to change the language "husband/wife" to "spouse". The motion was seconded by Mr. Cox and approved.

Board Policy No. 4-28 – Identity Theft Red Flags Prevention Policy:
Following discussion of the policy, Ms. Prosser made a motion to define and refer to “member(s)/subscriber(s)” as “consumer(s)” throughout the policy. The motion was seconded by Mr. Franklin and approved.

Mr. Schultz further reported on various ongoing projects.

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. It was noted that the outage report listing outages by Board District will be included in the November Board Report. He further discussed the recent 6,000 member outage and a follow-up meeting to discuss main takeaways on what went well and what can be improved including communication with members during outages. He then discussed meetings attended and answered the Directors’ questions.

Thereafter, Mr. Williamson made a motion to accept the President and CEO’s Report. The motion was seconded by Mr. Cox and passed.

Indiana Electric Cooperatives: Mr. Cox reported on the Indiana Electric Cooperatives’ Monthly Board Meeting held in October.

Hoosier Energy: Mr. Pheifer reported on the recent meeting of the Hoosier Energy Board of Directors.

Miscellaneous: Mr. Hamlin reported on the Owen County Chamber of Commerce Annual Meeting.

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