

**MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF SOUTH CENTRAL INDIANA
RURAL ELECTRIC MEMBERSHIP CORPORATION
HELD JUNE 27, 2019**

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, June 27, 2019, at 5:30 p.m.

The following Directors were present: Mark Smith, Jerry Pheifer, Jim Cox, Lisa Prosser, Rex Franklin, Stephen Williamson, Jim Koch, Bruce Hamlin, and Heather Mollo. Others in attendance were Michael Schultz, General Counsel; James Tanneberger, President & CEO; Randy Elliott, VP of Finance and Member Services; Tim LeMere, VP of Distribution Services; Charity Coffman, Controller; Tammy Haenlein, Marketing and Public Relations Specialist; and Stacey Sauer, Executive Assistant.

The meeting was called to order with prayer offered by Director Rex Franklin. The Chairman then asked if there were any amendments or corrections to the minutes of the Regular Board of Directors' Meeting held May 23, 2019. There were no corrections or amendments and upon motion of Ms. Prosser and second by Mr. Franklin, the minutes of the Regular Board Meeting held May 23, 2019, were approved.

Safety Report: Mr. Tanneberger reviewed the Safety Report for the month including work related injuries, property damage incidents, near hits, and answered the Directors' questions. Following discussion, Ms. Prosser made a motion to accept the Safety Report. The motion was seconded by Mr. Franklin and passed.

Staff Reports: Ms. Coffman reviewed the SCI power cost tracker discussing how it is calculated, components of the calculation, monthly review, reconciliation, and location of tracker on SCI's bill.

Ms. Haenlein discussed marketing of fiber including social media and direct mail. She further discussed public relations and communications including SCI's website, Facebook page, and Instagram. She explained the different platforms of social media and how SCI uses social media to provide information and tell "our" story.

Financial Reports: The Board reviewed the Financial Reports and considered the write-off to bad debt. Following discussion, Mr. Cox made a motion to accept the financial reports and write-off to bad debt in the amount of \$28,073 for May 2019. The motion was seconded by Mr. Williamson and passed.

Fiber: Mr. Tanneberger brought the Board up to date on the fiber project reporting the project is on track for delivery of fiber system-wide in five years as planned. There was further discussion regarding contractors, processes, the RUS loan, and progress of the installation of the backbone and distribution fiber. He further reported that members are being kept up to date on the project via the SCI website and the Fiber Facebook page.

Committee Reports:

Fiber Committee: Mr. Cox reported on the Fiber Committee Meeting held June 19, 2019 and answered the Directors' questions.

Unfinished Business: Mr. Tanneberger reviewed the CEO Goals for 2019 and progress of the strategic planning goals.

The Board was brought up to date on SCI Security. Mr. Tanneberger reported that there are currently over 500 member/subscribers who had not cancelled their security account with SCI Security (which will close business as of June 30). An additional letter was mailed at the

beginning of June to all active member/subscribers indicating that if they did not disconnect with SCI Security their account would be switched to Wright Hennepin (WH Security), the company that provides the monitoring service, to avoid an interruption in security services.

The Board discussed the proposed changes to the Community Room rental fees as follows:

Rental and Set-up Fee

Members/Employees/Directors – from \$100 to \$125

All Others – from \$200 to \$300

Deposit/Janitorial Fee

Members/Employees/Directors and All Others from \$100 to \$200

It was also suggested to request the ID for nonprofit organizations and clarify the language indicating payment (rental fee and deposit) is to be paid in full prior to room rental. Thereafter, Mr. Cox made a motion to approve the changes as discussed. The motion was seconded by Mr. Smith and approved.

The Board considered the CFC Integrity Fund Contribution for 2019 upon receiving further information regarding the use of funds and an estimated total of SCI's 2019 patronage capital refund. Following discussion, Mr. Franklin made a motion to continue to contribute 5% of SCI's annual patronage capital refund. The motion was seconded by Ms. Prosser and approved.

The group discussed the impact of the construction of I69 (Section 6) for SCI as far as relocation of facilities and operation and SCI's plans for addressing possible issues.

New Business: Mr. Tanneberger discussed recent improvements in Member Services including the call center taking calls until 7:00 pm Monday – Friday, reconnection of electricity after emergency repairs, and Textpower.

The President/CEO reported on the status of the Internal Control Audit indicating that the audit will be completed by the end of the year.

The proposed 2020 Budget Schedule was then considered by the Board as follows:

Set Budget Guidelines – August 29 (Regular Board Meeting)
Presentation to the Budget Committee – November 7
Approval by Board – November 21 (Regular Board Meeting).

Due to a scheduling conflict, the presentation to the Budget Committee was changed to November 1 at 1:00 p.m.

The Board was brought up to date on the final preparations for the Annual Meeting. It was also noted that there will not be a contested election this year as only incumbents submitted petitions to run for the Board.

Mr. Tanneberg reported that SCI REMC is now a member of the Bloomington Economic Development Corporation.

The Voting Delegate for the NRECA Regional Meeting was then considered by the Board. Mr. Cox will be attending the meeting. Mr. Pheifer made a motion to appoint Mr. Cox as the Voting Delegate to the NRECA Regional Meeting. The motion was seconded by Mr. Franklin and approved.

Attorney's Report: Mr. Schultz first reviewed Board Policies as follows:

Board Policy 4-4 - Donations and Charitable Contributions: Mr. Franklin made a motion to approve the recommended changes as presented. The motion was seconded by Mr. Koch and approved. Please see attached.

Board Policy 4-9 - Underground Service: This policy will be further amended and reconsidered at the July Board Meeting.

Board Policy 4-23 - Installation of Electric Facilities: Ms. Prosser made a motion to approve the recommended changes as presented. The motion was seconded by Mr. Smith and approved. Please see attached.

He further reported on ongoing projects.

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 written

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

Hoosier Energy: There was no meeting held in June.

Indiana Electric Cooperatives: Mr. Cox reported on the Indiana Electric Cooperatives Board Meeting held on June 18, 2019.

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

Bruce Hamlin, Chairman

ATTEST:

Jerry W. Pheifer, Secretary