

**MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF SOUTH CENTRAL INDIANA
RURAL ELECTRIC MEMBERSHIP CORPORATION
HELD JUNE 25, 2020**

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 25, 2020, at 5:30 p.m.

The following Directors were present: Mark Smith (via Zoom), Jerry Pheifer, Jim Cox, Lisa Prosser, Rex Franklin, Stephen Williamson, Jim Koch (via Zoom), Heather Mollo, and Bruce Hamlin. Others in attendance were Michael Schultz, General Counsel; James Tanneberger, President & CEO; Marilou Idland, VP of Human Resources; Tim LeMere (via Zoom), VP of Distribution Services; Charity Coffman (via Zoom), Controller; and Stacey Sauer, Executive Assistant.

Director Rex Franklin opened the meeting with prayer. Chairman Bruce Hamlin presented a certificate to Director Mark Smith for his completion of courses necessary to obtain the NRECA Board Leadership Certification. Mr. Hamlin then asked if there were any amendments or corrections to the minutes of the Regular Board of Directors' Meeting held May 28, 2020. There were no amendments or corrections. Ms. Prosser made a motion to approve the minutes as presented. The motion was seconded by Mr. Williamson and passed.

Internal Control Assessment Report: Brent Werner with CLA reviewed the Internal Control Assessment via Zoom. He discussed the objective of the assessment and reviewed the five project phases which includes identifying key control gaps and development of a remediation plan to strengthen the internal control environment.

Safety Report: Mr. Tanneberger reviewed the Safety Report for the month and answered the Directors' questions.

Financial Reports: The Board reviewed available financial reports. Following discussion, Mr. Williamson made a motion to accept the available financial reports and write-offs to bad debt for May 2020. The motion was seconded by Mr. Franklin and passed.

SCI Fiber: Mr. Tanneberger discussed the SCI fiber project reporting on in-home installations, the Rural Digital Opportunity Fund (RDOF) auction process, the Next Level Connection Broadband Grant Program, SCI's fiber transport network, and answered the Directors' questions.

Committee Reports:

Finance and Fiber Joint Committee Meeting: The Finance and Fiber Committees met on June 17 to review and discuss the current state of the 2020 budget ratios due to the pandemic and projects for consideration in 2020 considering the current budget ratios. The Committees recommended moving forward with electric system maintenance projects in the amount of \$400,000.00. Following discussion, Ms. Prosser made a motion to approve the recommendation as presented. The motion was seconded by Ms. Mollo and approved.

The Committees also recommended resuming fiber projects previously budgeted that were placed on hold in March due to the pandemic. Mr. Williamson made a motion to approve moving forward with the fiber projects as recommended. The motion was seconded by Mr. Pheifer and approved.

Personnel Committee: Mr. Franklin reported that the Personnel Committee met on June 18 to discuss the CEO review and proposed changes to the Wage and Salary Plan for non-union employees. Following discussion, Ms. Prosser made a motion to approve the recommended

changes to the Wage and Salary plan for non-union employees as presented. The motion was seconded by Mr. Pheifer and approved.

The Committee also recommended conducting separate market analysis for fiber and electric positions. Mr. Pheifer made a motion to approve the recommendation of the Committee. The motion was seconded by Mr. Cox and approved.

Unfinished Business: Mr. Tanneberger discussed his goals for 2020 which revolve around safety, satisfaction and strength indicating that updates are noted in red.

Mr. Tanneberger discussed the current working arrangement of employees due to the pandemic and reported that the front lobby was reopened to members on June 15.

The Board was informed that staff continues to research the best virtual platform and plans for the 2020 Annual Meeting.

New Business: The Board considered the 2019 Capital Credit Allocations. Following discussion, Mr. Williamson made a motion to approve the allocations as presented. The motion was seconded by Ms. Mollo and approved. A copy of the Capital Credit Allocations for 2019 is attached.

The Board next considered a resolution to accept and approve the South Central Indiana Rural Electric Membership Corporation Power Requirements Study 2018-2038 as prepared by Hoosier Energy staff with assistance from staff at South Central Indiana REMC. Following discussion of the study, Ms. Prosser made a motion to approve the following resolution to accept and approve the study as presented. The motion was seconded by Mr. Cox and approved:

THAT WHEREAS, the South Central Indiana Rural Electric Membership Corporation Power Requirements Study 2018-2038 dated July 2020, has been prepared by the Hoosier Energy Rural Electric Cooperative, Inc. staff with assistance from the staff at South Central Indiana Rural Electric Membership Corporation; and

WHEREAS, the said Power Requirements Study is an instrument of support for future planning and use with financial and engineering documents and is required to be submitted to the Rural Utilities Service.

BE IT THEREFORE RESOLVED, that the South Central Indiana Rural Electric Membership Corporation Board of Directors hereby accepts and approves the South Central Indiana Rural Electric Membership Corporation Power Requirements Study 2018-2038 dated July 2020.

Mr. Tanneberger discussed proposed changes to Board Policy No. 1-1 - Mission Statement to update SCI's mission statement and incorporate the fiber business. Following discussion, Mr. Cox made a motion to approve the policy as amended. The motion was seconded by Mr. Koch and approved. A copy of the policy is attached.

The Board reviewed information regarding the pros and cons of moving Vegetation Management from the LLC to the REMC. The topic will again be addressed at a future board meeting.

Attorney: Mr. Schultz updated the Board on several ongoing projects.

President/CEO Report: The President/CEO asked if there were any questions regarding the President/CEO's monthly written report. There were no questions. Thereafter, Ms. Prosser made a motion to accept the CEO report. The motion was seconded by Mr. Pheifer and passed.

Hoosier Energy Report: Mr. Pheifer reported on the Hoosier Energy Board of Directors Meeting held in June.

Indiana Electric Cooperatives: Mr. Cox reported on the Indiana Electric Cooperatives Board Meeting held in June.

The Board then adjourned to an Executive Session to discuss the President/CEO appraisal.

Upon reconvening the Regular Meeting, Ms. Prosser made a motion to approve the recommendation of the Personnel Committee with regards to the President/CEO appraisal. The motion was seconded by Mr. Cox and approved.

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

Bruce Hamlin, Chairman

ATTEST:

Jerry W. Pheifer, Secretary