

Minutes of the regular meeting of the Clark County REMC
Board of Directors held at the headquarters,
7810 State Road 60, Sellersburg, Indiana on
April 9, 2019 at 5:30 pm (EST)

Those present in person were: President Steve Dieterlen, Vice-President Paul Graf, and Directors Derrick Vogt, John Biesel, Joe Basham and Robert Kleehamer. Secretary-Treasurer Candace S. Meyer attended electronically by FaceTime.

Others present: General Manager David A. Vince, System Attorney David A. Lewis, Assistant Treasurer & Finance/Administration Manager Jeremy Miller, Operations & Engineering Manager Dave Barton, Member Services & Marketing Manager Brian Omeroso, and Human Resources & Benefits Administrator Thera Desmond. Larry Edwards also attended the meeting for a short time to notarize documents.

Call to Order

Upon all Directors and staff members who were scheduled to attend being present, President Dieterlen called the meeting to order early at 5:25 p.m.

Approval of Reimbursement Agreement

System Attorney David Lewis and Larry Edwards explained the need for Board approval of contract documents with Clark County to assure REMC's reimbursement for the relocation of lines due to the county's widening of Bethany Road. The work to be done under this set of contract documents is for the second phase of the Bethany Road project and the contract provisions (except for the amount of reimbursement) are identical to those that were signed for the first phase. Upon motion made by Director Kleehamer and seconded by Director Biesel the contract documents were approved and the officers were authorized to sign. The motion carried unanimously. Mr. Edwards notarized the approved documents and left the meeting.

Approval of Donation

Upon motion made by Director Basham and seconded by Director Vogt, the Board unanimously authorized a \$500 donation to the Greater Clark County Schools Educational Foundation. Hoosier Energy will contribute \$250.00 toward the \$500.00 donation.

Additions or Deletions to the Agenda

President Dieterlen called for any changes, additions or deletions to the April 9, 2019 meeting agenda as sent out prior to the meeting. By consensus the agenda was revised to add the items for approvals of the reimbursement agreement and the donation at the start of the meeting as shown above. An executive session was added as the last item on the agenda.

Review of Draft Minutes

President Dieterlen called for any corrections, additions or deletions to the draft minutes of the Board of Directors' meeting held on March 5, 2019. Secretary/Treasurer Meyer pointed out that "Slateford" on Line 80 should be amended to "Slate Ford". There being no other changes, President Dieterlen declared the minutes approved as amended.

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52 **Member Session**
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54 There were no members present for the member session.
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56 **Audit Presentation by Earl Ridlen III, LWG CPAs & Auditors**
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58 General Manager Vince called upon Earl Ridlen III from LWG CPAs & Advisors to give the audit report.
59 Mr. Ridlen started by handing out copies of the audited financial statements to all directors and staff. See
60 Attachment A. He said the audit for the years ending December 31, 2018 and 2017 was a clean audit.
61 There were no adjusting entries, there were no deficiencies and the financial statements are free of
62 material misstatements. The assets owned by REMC increased \$2,904,000 from December 31, 2017,
63 which is 2.1%. This was primarily driven by patronage allocations in investments and investment in the
64 plant of the system. The equities owned increased by \$3,300,000 and liabilities owed decreased by
65 \$396,000, to total a net increase in total equities and liabilities of \$2,904,000. 15.2% of REMC's revenue
66 goes to in-house operational costs, which is on the low end of the spectrum when compared to other
67 electric co-ops. Mr. Ridlen provided additional information showing the financials over the past 10 years.
68 He highlighted the fact that our 2018 line-loss percentage was 3.38%. Many factors go into line loss,
69 many of which are beyond the co-op's reasonable control (weather as an example). It's important to keep
70 line loss as low as possible because 1% of line loss is equivalent to approximately \$400,000 loss in
71 margins. 3.38% is on the low end when compared to other co-ops but each system is different, with
72 different physical characteristics which can affect the percentage of line loss. The net change in cash
73 from 2017 to 2018 is \$102,000 increase which is an indication of stability. Mr. Ridlen explained that
74 litigation disclosures are not made part of the audit report unless the risk of loss is probable, and the
75 probable loss can be estimated. No pending litigation meets the reportability threshold. General Manager
76 Vince thanked Jeremy and his staff for their hard work which resulted in a great audit report.
77

78 **Break**
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80 President Dieterlen called for a dinner break at 6:20 p.m.
81 President Dieterlen called the meeting back to order at 6:47 p.m.
82

83 **Board Reorganization**
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85 Mr. Lewis conducted the process of electing officers. Vice President Graf nominated Steve Dieterlen to
86 be President and Mr. Biesel seconded the nomination. Mr. Kleehamer moved, and Mr. Basham seconded,
87 to close the nominations. There being no discussion, the motion carried unanimously, and Mr. Dieterlen
88 was elected as President. Mr. Biesel nominated Paul Graf to be Vice President. Mr. Vogt seconded the
89 nomination. A motion to close nominations was made, seconded and passed unanimously without
90 discussion. Mr. Graf was unanimously elected as Vice President. Mr. Basham nominated Candy Meyer
91 to be the Secretary/Treasurer. Mr. Kleehamer seconded the nomination. The nominations were closed on
92 motion made, seconded and unanimously approved. Ms. Meyer was elected by unanimous vote.
93

94 **General Manager's Report to the Board**
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96 **A. Questions on Department Managers' Reports Included in Board Packet.** Secretary-
97 Treasurer Meyer asked about the "near misses" in the safety report. There were two near misses at the
98 same location reported by Townsend. In both incidents the crew was performing routine tree clearing on
99 a tap line feeding a member on Highway 31. These two incidents occurred one day apart, and both
100 involved careless mistakes which caused outages. Eric Melton and Dave Barton met with them and told

101 them these types of mistakes are unacceptable not only because of the outages they caused but because of
102 the extreme danger to which the workers exposed themselves. A third near miss involved an ElectiCom
103 crew. The incident knocked out approximately 200 customers. It resulted when a groundsman informed a
104 lineman in the air that switches were closed when in fact they weren't. The person who caused the
105 problem is no longer working at CCREMC for ElectiCom.
106

107 **B. Capital Credit Transfer Approval.** Mr. Miller handed out an affidavit and indemnification
108 agreement signed by Kajal Hotels LLC. See Attachment B. After discussion, Vice President Graf made a
109 motion, seconded by Mr. Biesel, to approve the transfer of \$53,364.12 of allocated capital credits from all
110 successor entities to current business owner Kajal Hotels LLC. The motion was unanimously adopted.
111

112 **C. Decorative Lighting Tariff Revision.** Jeremy handed out the Decorative Lighting tariff and
113 explained that LED lighting needs to be added as a type of lighting covered under the tariff. See
114 Attachment C. He recommended the monthly charge be \$18.30 as a fair amount to the REMC and
115 member. Upon motion made by Mr. Graf and seconded by Mr. Kleehamer, the recommended change to
116 tariff under Schedule DL Decorative Lighting Service adding an \$18.30 monthly charge for LED lantern
117 or acorn fixture style lighting was unanimously approved.
118

119 **D. Member Concerns/Comments.** Vice President Graf made Mr. Barton aware of a member who
120 has loss of service/reliability problems. Dave will check into it. President Dieterlen heard from a
121 member who reports multiple dead ash trees that need to be removed. Mr. Barton stated that an REMC
122 employee attempted to follow-up but didn't couldn't tell which trees were infected. Dave will follow up.
123 Ms. Meyer heard from several members who appreciate online voting. Candy wanted to make sure a big
124 Thank You was conveyed to the staff who worked hard on making it happen so successfully.
125

126 **E. Annual Meeting Review.** Ms. Meyer's comments became a natural segue into Mr. Omerso's
127 annual meeting review. He gave a slide presentation showing that 4,267 members voted for director this
128 year, the largest voting total in REMC's 80-year history. Brian's hope was for 20% voter participation
129 and it turned out to be just shy of the goal at 19.7% even though the director races were uncontested this
130 year. Of the total votes, 3,442 voted early and 825 voted in person at the annual meeting. Voter
131 participation per district ranged from 16% to 20%. The total attendance at the meeting (including guests)
132 was 1,755. Brian gave a 19-year voting comparison. Voting has more than doubled over that span of
133 time. There were many gift chairs left over and they will be used for other marketing opportunities.
134 Survey results show that 93% of participating members were very satisfied or satisfied with the voting
135 process and only 23 people were dissatisfied or very dissatisfied. The presentation of director candidate
136 biographies at the meeting was very well received. Brian reported that the My Solar kiosk received
137 normal to high interest. Mr. Graf questioned how many Credentials & Election committee members are
138 needed now that we have early voting and the committee is no longer counting the votes. Mr. Vince
139 would like to keep the number of committee members as is without change, at least for the immediate
140 future.
141

142 All staff members except Ms. Desmond were excused from the meeting at 7:40 p.m.
143

144 **Standing Reports**

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146 **Hoosier Energy Update.** President Dieterlen referred the Board to the report that was a part of the
147 Board packet. There were no questions. Steve reported that Hoosier is keeping up with legislation
148 pending before the Illinois legislature that will require utility plants to reduce their carbon emissions to
149 zero by 2030. Hoosier has a plant in Illinois.
150

151 **IEC Meeting Update.** Secretary-Treasurer Meyer reported that IEC did not meet in the interim since the
152 March CCREMC meeting.

153
154 **Legal Report.** Mr. Lewis reported that an apartment complex called Lakeside Gardens is planned on 10th
155 Street in Jeffersonville. The development plan straddles CCREMC territory and Duke Energy territory,
156 and the territory line bisects more than one planned apartment building. An agreement has been reached
157 to change the line in a way that the line doesn't cut through the middle of buildings. Mr. Basham made a
158 motion to approve the territory exchange as presented and to authorize Mr. Lewis to prepare the needed
159 paperwork to be filed before the IURC. Ms. Meyer seconded the motion, which passed unanimously, 7-0.
160

161 **Calendar Update.** Ms. Desmond went through the calendar update with the Board. Among other things
162 highlighted, Thera announced that the fish fry fundraiser for the American Cancer Society will be on May
163 17 from 11:00 to 1:00 at the REMC headquarters.

164
165 **Other Business**

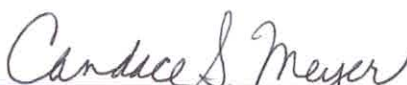
166
167 **Governance.** Discussion about governance issues was tabled due to technical problems.

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169 **Executive Session**

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171 President Dieterlen called the Board into Executive Session at 7:55 to make the Board aware of
172 confidential information concerning Hoosier Energy. The session ended at 8:01.

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174 **Adjournment**

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176 There being no further business appearing, the meeting was adjourned at 8:02 p.m.

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180 _____
181 Candace Meyer, Secretary/Treasurer

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183
184 **Attachment A:** LWG CPAs/Advisors Financial Statements with Additional Information for years Ended
185 December 31, 2018 and 2017

186 **Attachment B:** Affidavit and Indemnification Agreement Concerning Rights to Allocated Capital Credits

187 **Attachment C:** Schedule DL Decorative Lighting Service