

**SHELBY ENERGY COOPERATIVE, INC.**  
**Shelbyville, Kentucky**  
**Board of Directors' Meeting — November 29, 2018**

**Regular Meeting**

The following persons were present at 8:00 a.m. at Shelby Energy's headquarters:

Directors:

Ashley Chilton	Chairman
Pat Hargadon	Vice Chairman
Roger Taylor	Secretary/Treasurer
Wayne Stratton	Director
Diana Arnold	Director
Jeffrey Joyce	Director

Also Present:

Debbie Martin	President & CEO
Carolyn Cutshaw	Executive Assistant
Jared Routh	SVP, Finance & Cooperative Services
Randy Stevens	SVP, Power Delivery Services
Sergio Cole	Manager, Accounting & Payroll
Mary Federle	Manager, Billing & Customer Service
Jason Ginn	Manager, Operations
Zach Mischler	Manager, Engineering
Alan Zaring	Attorney
Jack Bragg, Jr.	Incoming President & CEO
W. Dudley Shryock	CPA
Tony Campbell; Mike McNalley; Don Mosier	EKPC

**Board Information**

Copies of the following were provided to Board Members on November 21, 2018:

1. Agenda
2. Thank you letters for 4-Her of the month program
3. Thank you letter, Campbellsburg Day Harvest Festival
4. Shelby Energy Cooperative News Wire-November 2018
5. Proposed Minutes-October, 2018
6. Internal Audit Report
7. Report for HR, Cooperative Services and IT
8. Rebates and Energy Audits, October 2018
9. Quarterly KPIs, Finance & Cooperative Services-September 2018
10. Medical insurance update
11. Capital Credits general retirement
12. Corporate Resolutions regarding bank signatures
13. Financial Report for October
14. RUS Form 7
15. Propane Financials-October

16. Check register-October
17. Quarterly KPIs-Accounting & Payroll, as of September 2018
18. Billing & Customer Service Report
19. Write-off accounts for August 2018
20. Collections Summary Report
21. Estate Capital Credit refunds for October 2018
22. New member survey results-September 2018
23. Quarterly KPI-Billing & Customer Service, September 2018
24. Safety & ROW Report October 2018
25. Quarterly KPI-Power & Delivery Services, September 2018
26. Engineering Report October 2018
27. Proposed 2019 Budgets
28. Board Policy 321-Refunds of Advance Payment for Excess Line Extensions
29. Board Policy 322-Tax Collection and Remittance
30. Board Policy 323-Property Damage Reporting
31. Board Policy 324-Information Technology
32. Board Policy 906-Unpaid Leave of Absence proposal
33. Board Policy 108-Confidential Agreement and Conflict of Interest
34. Proposed resolutions:
  - Appoint Jack Bragg, Jr. President & CEO, effective 12/1/18
  - Appoint Bragg to represent SEC on the KAEC Board, effective 12/1/18
  - Appoint Bragg to represent SEC on the UUS Board, effective 12/1/18
  - Approval of RUS Form 674-Certificate of Authority to Submit or Grant Access to Data regarding RUS Form 7-Financial and Statistical Report
  - Approval of RUS Form 675-Certificate of Authority to sign RUS Form 595-Financial Requirement & Expenditure Statement

**Call to Order**

The regular Board meeting was called to order by Chairman Chilton.

**Executive Session**

The Board entered into Executive Session with Zaring present.

**Safety Moment**

The Safety Moment was presented by Sergio Cole, who discussed inspection and maintenance of dryer vents.

**Minutes**

The Minutes of the October 18, 2018, Board of Directors meeting were unanimously approved.

**Internal Audit**

The results of the internal audit were presented by W. Dudley Shryock, CPA.

**EKPC  
Presentation**

Tony Campbell and EKPC executive staff made a presentation on behalf of the EKPC.

**Finance &  
Cooperative  
Services**

Jared Routh presented Shelby's Rebate Report for October 2018. He noted that 4 energy audits were conducted in October and 34 year-to-date.

Routh also gave a medical insurance update.

Routh discussed capital credits general retirement for 2018, the total of which has been \$456,949.00.

**Corporate  
Resolutions**

Routh presented the Corporate Resolutions approving authorized signatures and online access for Bedford Loan & Deposit; United Citizens Bank & Trust; Farmers Bank of Milton; and Citizens Union Bank.

Upon motion of Joyce, these resolutions were approved.

**Accounting &  
Payroll**

Cole presented the Finance & Cooperative Services reports for October 2018. Shelby Energy's year-to-date TIER was 2.05 and its OTIER was 1.70 as of October. For the current month, the TIER was 0.82 and OTIER was 0.57.

The October 2018 check register was available for review.

The October 2018 total operations and maintenance expenses were \$625,602.00.

**Billing and  
Customer  
Service**

Federle reviewed the Billing and Customer Service Report for September 2018.

Write offs of Uncollectable Accounts totaling \$2,280.88 were reported from August 2018 disconnect dates. A summary of write-offs for the Board's review was also given. On motion by Arnold, \$2,280.88 in write-offs of uncollectable accounts disconnected August 2018 were unanimously approved by the Board.

Federle also reviewed the collection summary report through October 2018.

7 estates received capital credit refunds totaling \$5,057.88. The year to date total \$49,031.57.

The compilation of New Member Surveys for the month showed 3 satisfied, 17 very satisfied and 1 neither satisfied nor dissatisfied with Shelby Energy's services of the 21 surveys returned. This represented a 23% monthly return rate from the 90 members surveyed. It was noted that the neither satisfied nor dissatisfied survey was related to a customer who wished to have service

connected the same day as their request, but because there was no collar allowing that, it was completed the next day.

**Safety &  
ROW Report**

Stevens presented the safety report for October 2018. There were no accidents or injuries for the month. There were 13 inspections of Shelby and contractor crews, with no findings. He reviewed the safety training and meetings for the month.

**Engineering  
Report**

Mischler gave the Engineering and Outage report for October. There were 78 outages during the month of October 2018, with 3,489 members impacted. One of the outages, on October 29, 2018, affected 785 members and lasted 26 minutes. This outage was due to a KU contract crew making electrical contact with a SEC line.

**Operations  
Report**

Ginn presented the operations report for October 2018. The work orders for October totaled 95. The new member and construction work orders year-to-date total 469. Ginn updated the Board on work that continues at the Level 3 Fiber Project; Highway 146; Windhurst Apartments; 6 Mile Distillery; Highway 55; and Gest Road.

**Budget  
Proposals**

Each Department head presented their proposal for the 2019 budget. Upon motion by Hargadon, all budgets were approved.

**Executive  
Session**

The Board entered into Executive Session with Zaring present.

**Board  
Policies**

Martin presented for consideration and approval the following Board policies, which had been reviewed by legal counsel:  
Board Policy 321-Refunds of Advance Payment for Excess Line Extensions  
Board Policy 322-Tax Collection and Remittance  
Board Policy 323-Property Damage Reporting  
Board Policy 324-Information Technology  
Upon motion by Arnold, these policy changes were approved.

**New Board  
Policy**

Martin presented for review and approval proposed Board Policy 906-Unpaid Leave of Absence. Upon motion by Taylor, this policy was adopted.

**Confidentiality  
Agreement**

Zaring presented for review and execution BP 108-Confidentiality Agreement and Conflict of Interest Statement. All necessary parties executed same.

**Resolutions  
regarding new  
President**

Chilton presented for review and approval the following resolutions:

- Appoint Jack Bragg, Jr. President & CEO, effective 12/1/18
- Appoint Bragg to represent SEC on the KAEC Board, effective 12/1/18
- Appoint Bragg to represent SEC on the UUS Board, effective 12/1/18
- Approval of RUS Form 674-Certificate of Authority to Submit or Grant Access to Data regarding RUS Form 7-Financial and Statistical Report

- Approval of RUS Form 675-Certificate of Authority to sign RUS Form 595-Financial Requirement & Expenditure Statement

Upon motion by Hargadon, all resolutions were approved.

**KAEC  
Report**

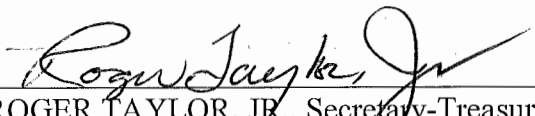
Hargadon presented the KAEC Report for the Annual Meeting.

**President &  
CEO Report**

Martin presented the President & CEO's Report for October 2018.

**Adjourn**

There being no further business, the meeting was adjourned. The Employee Awards Dinner will be held on December 6 at Jeptha Creed Distillery. The next regular Board meeting will be held Thursday, December 20, 2018, at 9:00 a.m.

  
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ROGER TAYLOR, JR., Secretary-Treasurer

Approved:

  
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ASHLEY CHILTON, Chairman