

SHELBY ENERGY COOPERATIVE, INC.
Shelbyville, Kentucky
Board of Directors' Meeting — September 27, 2018

Regular Meeting

The following persons were present at 9:00 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:

Debra 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
Alan Zaring	Attorney
Barry Lindeman	East Kentucky Power Cooperative
Pat Morrison	Brown & Brown Insurance
Mark Morrison	Brown & Brown Insurance

Board Information

Copies of the following were provided to Board Members on

1. Agenda
2. Trimble Co Public Library Summer Reading Program acknowledgement of donation
3. Shelby Energy Cooperative News Wire-September 2018
4. Proposed Minutes-August 16, 2018
5. Report for HR, Cooperative Services and IT
6. Energy Efficient Rebate Report August 2018
7. Cooperative Services Energy Audits/Site Verification August 2018
8. Economic Development Current Loans Report
9. Self-funded Medical Plan Report
10. 2019 KREC Surcharge Assessment
11. Engagement letter, Alan Zumstein, CPA regarding audit
12. Corporate Resolutions regarding authorized signatures
13. Billing & Customer Service Report August 2018
14. Write-off accounts for June 2018
15. Estate Capital Credit refunds for August 2018

16. New member survey results for July 2018
17. Safety & ROW Report August 2018
18. Engineering Report August 2018
19. Monthly Operations Report August 2018
20. Resolution regarding EKPC Load Forecast and Power Requirements
21. Retirement Security Plan Report
22. Board Policy 316-Accounts Receivable and Receipts
23. Board Policy 317-Disposal of Scrap Metal
24. Board Policy 318-Collections and Write-Offs of Bad Debts
25. Board Policy 319-Payroll Processing
26. Board Policy 320-Outstanding Checks
27. EKPC September 2018, Board Meeting Report
28. KAEC Meeting Notice and Report
29. Memorandum from National Rural Utilities CFC

Call to Order	The regular Board meeting was called to order by Chairman Chilton.
Executive Session	The Board entered into Executive Session with Barry Lindeman of East Kentucky Power Cooperative and Pat Morrison and Mark Morrison with Brown & Brown Insurance.
Safety Moment	The Safety Moment was presented by Mary Federle, who discussed National Fire Prevention Month and electrical safety.
Minutes	The Minutes of the August 16, 2018, Board of Directors meeting were unanimously approved.
Finance & Cooperative Services	Jared Routh presented Shelby's Rebate Report for August 2018. He noted that 9 energy audits were conducted in August and 27 year-to-date.
Retirement of Capital Credits	Routh also presented for consideration the 2018 general retirement of capital credits. Upon motion of Stratton, these were unanimously approved.
2018 Financial Audit	Routh presented for consideration the proposal for the 2018 financial audit. Upon motion of Hargadon, this was unanimously approved.
Signature Resolution	Routh presented for approval and ratification the authorized signature resolutions, effective July 19, 2018, for Bedford Loan & Deposit; United Citizens Bank & Trust; Farmers Bank of Milton; and Citizens Union Bank. These were unanimously approved upon motion of Joyce.
Accounting & Payroll	Cole presented the Finance & Cooperative Services reports for August 2018. Shelby Energy's year-to-date TIER was 2.49 and its OTIER was 2.12 as of August.

The August 2018 check register was available for review.

The August 2018 total operations and maintenance expenses were \$3,293,878.00. The 2018 year-to-date operations and maintenance expenses were \$27,495,612.00.

**Billing and
Customer
Service**

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

Write offs of Uncollectable Accounts totaling \$3,742.91 were reported from June 2018 disconnect dates. A summary of write-offs for the Board's review was also given. On motion by Taylor, unanimously approved, \$3,742.91 in write-offs of uncollectable accounts disconnected June 2018.

15 estates received capital credit refunds totaling \$4,801.91.

The compilation of New Member Surveys for the month showed 17 very satisfied and 3 satisfied with Shelby Energy's services of the 20 surveys returned. This represented an 18 % monthly return rate from the 110 members surveyed.

**Safety &
ROW Report**

Stevens presented the safety report for August 2018. There were no accidents or injuries for the month. There were 12 inspections of Shelby and contractor crews, with no findings. He reviewed the safety training and meetings for the month.

**Engineering
Report**

Stevens gave the Engineering and Outage report for August. There were 66 outages during the month of August 2018, with 1,785 members impacted. One of the outages, on August 15, 2018, affected 635 members and lasted 2.5 hours. This outage was due to a tree falling on a 3-phase line, tripping the OCR at the Bedford substation.

**Operations
Report**

Ginn presented the operations report for August 2018. The work orders for August totaled 90. The new member and construction work orders year-to-date total 518. Ginn updated the Board on work that continues at Windhurst Apartments, 6 Mile Distillery, Highway 55, and Gest Road.

**EKPC Load
Forecast and
Resolution**

Martin presented the EKPC 2018 load forecast and resolution for consideration. After motion by Arnold, same was unanimously approved.

**Executive
Session**

The Board entered into executive session with Zaring and Martin present.

**Board
Policies**

Martin presented for consideration and approval the following Board policies, which had been reviewed by legal counsel:
Board Policy 316-Accounts Receivable and Receipts
Board Policy 317-Disposal of Scrap Metal

Board Policy 318-Collections and Write-Off of Bad Debts
Board Policy 319-Payroll Processing
Board Policy 320-Outstanding Checks

Upon motion by Stratton, these policy changes were approved.

**EKPC
Director
Report**

Stratton reported on the EKPC Board meeting held September 11, 2018, in accordance with the Agenda given to the Directors.

**KAEC
Report**

The KAEC Report was given by Hargadon for the Board meeting held September 18, 2018.

**President &
CEO Report**

Martin presented the President & CEOs Report for August.

Adjourn

There being no further business, the meeting was adjourned. The next regular Board meeting will be held Thursday, October 18, 2018, at 9:00 a.m.



ROGER TAYLOR, JR., Secretary-Treasurer

Approved:



ASHLEY GILTON, Chairman