

SHELBY ENERGY COOPERATIVE, INC.
Shelbyville, Kentucky
Board of Directors' Meeting — July 18, 2019

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:

Jack Bragg, Jr.	President & CEO
Carolyn Cutshaw	Executive Assistant
Jared Routh	SVP, Finance and Cooperative Services
Randy Stevens	SVP, Power Delivery Services
Sergio Cole	Manager, Accounting & Payroll
Zach Mischler	Manager, Engineering
Jason Ginn	Manager, Operations
Nanette McCarty	Manager, Billing & Customer Service
David Sullivan	Attorney

Board Information

Copies of the following were provided to Board Members on July 12, 2019:

1. Agenda
2. Thank you note, Trimble County Project Prom 2019
3. Thank you note, Emily Sharp, Henry Co Scholarship recipient
4. Thank you note, Bryce Wilson, Henry Co Scholarship recipient
5. Thank you note, Shelby Co Parks, Touch a Truck event
6. Shelby Energy Cooperative News Wire, June 2019
7. Proposed Minutes, May 23, 2019 meeting
8. Finance and Cooperative Services Report
9. May Financial Review
10. Billing and Customer Service Report, May 2019
11. Billing and Customer Service Report, June 2019
12. Safety and ROW Reports, May and June 2019
13. Engineering Board Report, May and June 2019
14. Monthly Operations Reports for May and June 2019
15. NRECA delegate information
16. E-mail and proposed Resolution re: PURPA - prepared by Zaring
17. Board Policies 109, 110, 111, 201, 202, 203 and 717

18. EKPC Meeting Agenda, July 9, 2019
19. Kentucky Electric Cooperatives Meeting Agenda-July 16, 2019
20. NRECA Board Meeting Report-Summer 2019

Call to Order	The regular Board meeting was called to order by Chairman Chilton.
Safety Moment	The Safety Moment was presented by Randy Stevens, who discussed his recent car accident and driving safety/being vigilant while driving.
Minutes	The Minutes of the May 23, 2019, Board of Directors meeting were unanimously approved.
Quarterly Review of Strategic Plan Objectives	Jack Bragg, Jr., presented a Quarterly Review of the Strategic Plan Objectives as of June 2019.
Officer Re-Elections	Bragg also presented for action the re-election of Officers for the 2019-2020 Fiscal year. All Officers were re-elected by unanimous vote.
Finance & Cooperative Services	Jared Routh gave the Finance & Cooperative Services Report. Noteworthy items were: <ol style="list-style-type: none"> 1. SEC lost Lineman, Tyler Workman, on July 2, 2019, to the “California Gold Rush.” 2. There are two new Billing/Accounting Services employees starting soon – Constance Lamb and Michaela Green. 3. The Ronald McDonald Wish List is ongoing. 4. The Customer Service Survey will go out at the end of July, and we expect results in late September of October. 5. The Rebate Reports for May 2019, and June 2019, noted 3 and 1 energy audit, respectively, with 31 having been conducted year-to-date through June. 6. Routh also gave the monthly Web site analytics, and Facebook insights and Top Post. 7. The compilation of the New Member Surveys for June showed 19 very satisfied and 6 satisfied and 1 very dissatisfied with Shelby Energy’s services of the 26 surveys returned. This represented a 19% monthly return rate from the 135 members surveyed. 8. Routh reviewed the Semi-Annual Donations and Sponsorships, as well as FEMA updates and the Loan Portfolio. Noteworthy items include: <ol style="list-style-type: none"> 1. Donations were \$3,292.00 year to date, with \$3,458.00 remaining to be donated. 2. He gave a report on the FEMA reimbursements. The February 2018, payments have been received, but the March 2012,

payments remain outstanding. He continues to work to receive those.

3. Routh also reviewed proposals for property, liability and cybersecurity insurance.
4. Finally, Routh gave an update on the vehicle insurance and medical insurance policies/updates.

**Accounting &
Payroll**

Sergio Cole presented the Accounting and Payroll reports for May and June 2019.

Shelby Energy's year-to-date TIER was 1.79 and its OTIER was 1.49 as of May 2019. Power cost as a percentage of revenue for the month was 74.46.

Shelby Energy's year-to-date TIER was 1.51 and its OTIER was 1.23 as of June 2019. Power cost as a percentage of revenue for the month was 75.49.

The May and June 2019 check registers, credit card expenses, fleet card expenses, and Propane Plus financials were available for review.

The Inventory Report was presented and approved by unanimous vote.

The 2017 outstanding check summary was presented and approved by unanimous vote.

**Billing and
Customer
Service**

Nanette McCarty reviewed the Billing and Customer Service Reports for May and June 2019.

She reported that automatic bank drafts are on an upward trend, which is good news for payments.

Write offs of Uncollectable Accounts totaling \$4,843.43 were reported from March disconnect dates. A summary of those accounts was provided, and on motion by Taylor, unanimously approved.

Write offs of Uncollectable Accounts totaling \$7,830.92 were reported from April disconnect dates. A summary of those accounts was provided, and on motion by Joyce, unanimously approved.

Three estates received capital credit refunds totaling \$1,447.86 for May and seven for June, totaling \$4,139.21.

McCarty presented a Collections Summary Report, which noted:

For March, \$700.46 was submitted to collections, with \$82.71 being collected by GLA and \$124.19 by Shelby directly.

For April, \$631.91 was submitted to collections, with \$161.30 collected by GLA and \$211.70 directly by Shelby.

McCarty also presented Quarterly Member/PSC concerns, which included a Call/Report on April 4, 2019, regarding a service hook-up problem that was promptly resolved by Shelby Energy.

Finally, McCarty presented Quarterly billing adjustments and reported on there being some back-billing issues for dead meters, etc., that were resolved by Shelby Energy as quickly as possible.

**Safety &
ROW Report**

Randy Stevens presented the safety report for May/June 2019. There were no accidents or injuries for the month. There were nine inspections of Shelby and contractor crews for those months, with no findings. He reviewed the safety training and meetings for the month.

Stevens also discussed and updated on the Shelby County substation project; the Bedford Hill right-of-way dispute; and a two-year extension with Wright Tree Service that is currently in negotiations.

**Engineering
Report**

Zach Mischler gave the Engineering and Outage report for May 2019. There were 53 outages during the month, with 3,280 members impacted. Two of those affected more than 500 members. Those were:

1. May 22, 2019-1,349 members serviced by the Bedford substation and 1,452 members serviced by the Milton substation, both due to KU Transmission Outages. Both lasted 62 minutes.
2. For June 2019, there were 69 outages with 1,346 members impacted. None of those affected 500+ members.
3. There was a discussion of the projects in the Webb Road area, as well as various other new subdivision splits that Shelby Energy would like to be involved in.

**Operations
Report**

Jason Ginn presented the operations reports for May/June 2019. The work orders for May totaled 64, while June's totaled 45. Ginn updated the Board on work that continues at: Highway 146, 6 Mile Distillery, Highway 55, South Property Phases 1-3, Pea Ridge to Cat Ridge, and Gest Road.

He further stated that the System Inspection was in check, and there was further discussion of the rolling pole changes and the need to replace a certain amount per year in order to avoid the risk of falling behind.

Finally, there was an extensive presentation by Ginn and Cole regarding using third party services to do underground wire location, which they felt would be cheaper and more efficient than SEC's linemen doing so. A Contract should be presented for review at the next Board meeting.

Executive Session The Board entered into Executive Session with Sullivan present.

Appointment of Voting Delegates for Regional Meeting Ashley Chilton presented for consideration the appointment of a delegate and alternate for the CFC, Federated, NRECA, and NRTC to vote at the NRECA Regional Meeting (Regions 2 & 3) scheduled for October 8-10, 2019, in Louisville, Kentucky.

The Board voted as follows:

Stratton will attend and serve as the delegate for the CFC conference.

For the Federated, NRECA and NRTC Regional Meeting, Jeff Joyce will serve as delegate.

Diana Arnold and Pat Hargadon may also attend and act as delegates for any of the above.

Board Policies Bragg presented for consideration and approval the following board policies:

- Board Policy 109 - Attendance of Board Meeting by Members or Other Persons
- Board Policy 110 - Director's Fees
- Board Policy 111 - Meeting of Board of Directors
- Board Policy 201 - Organization Policy
- Board Policy 202 - Service of Consultants
- Board Policy 203 - Functions of Shelby Energy Attorney
- Board Policy 717 - Business Continuity and Disaster Recovery

Upon motion by Taylor, these policy changes were approved.


PURPA Motion was made by Hargadon to adopt the Resolution discussed at the June Annual Meeting and prepared by Zaring regarding adopting the EKPC's policy on PURPA.

EKPC Report Stratton reported on the EKPC Board meeting held July 9, 2019, in accordance with the Agenda provided to the Directors.

KAEC Report The KAEC Report for the meeting held July 16, 2019, was given by Hargadon.

President & CEO Report Bragg provided the President & CEO's report for June.

Adjourn There being no further business, the meeting was adjourned. The next regular Board meeting will be held Thursday, August 22, 2019, at 1:00 p.m.



ROGER TAYLOR, JR., Secretary-Treasurer

Approved:



ASHLEY CHILTON, Chairman