

SHELBY ENERGY COOPERATIVE, INC.
Shelbyville, Kentucky
Board of Directors' Meeting – May 24, 2018

Regular Meeting

The following persons were present at 9:00 a.m. at Shelby Energy's headquarters May 24, 2018:

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
Mary Federle	Manager, Billing & Customer Service
Jason Ginn	Manager, Operations
Jared Routh	SVP, Finance & Cooperative Services
Sergie Cole	Manager, Accounting & Payroll
Rachel Wilson	Manager, Engineering
James M. Crawford	Attorney
Alan Zaring	Attorney

January Board Information

Copies of the following were provided to Board Members on May 18, 2018:

1. Thank you letter from the family of Aaron Armstrong;
2. Shelby Energy May 2018 Newsletter;
3. Agenda;
4. April 26, 2018, Minutes;
5. Rebate Report, April 2018;
6. Energy Audits Report, April 2018;
7. Status Report - Self-Funded Medical Insurance Plan Update;
8. Comparison Report, Medical Insurance;
9. Key Performance Indicators (KPI'S) Report, January-March 2018;
10. Appointment of Assistant Secretaries for Annual Meeting;
11. Annual Membership Meeting Agenda for June 21, 2018;
12. Letter dated April 20, 2018, from Steve Kettler with National Rural Utilities Cooperative Finance Corporation regarding Cooperative System Integrity Fund;
13. March 2018 Margin Over Budget \$183K chart;
14. March YTD Margin Over Budget \$165K chart;
15. 2018 Margin Over 2017 Margin \$714K chart;
16. 12 Month Residential Temp Review chart;
17. 5 Year Residential Temp Review chart;

18. Financial Results Summary for March;
19. Financial and Statistical Report for April 2018;
20. Actual vs. Budget, March 2018 report;
21. 2018 vs 2017, March report;
22. Overtime Payroll Report;
23. Exceptions report for Expenses, March 2018, report;
24. Cash Flows Statement for Month Ending March 31, 2018, report;
25. 12-Month Statement of Operations Report;
26. Environmental Surcharge/Fuel Cost Report;
27. Check Register for April 2018;
28. 2018 Director Expense Reports;
29. 2018 Attorney Expense Report;
30. 2018 CEO Expense Report;
31. 2018 Directors, Attorney and CEO Expenses, 1st Quarter;
32. Quarterly, KPIs Report, Accounting and Finance;
33. Billing and Customer Service Report for April 2018;
34. Write-Off of Uncollectible Accounts February 2018 report;
35. Details on Write-Offs > \$500.00, February 2018 report;
36. Summary of Write-Offs;
37. Estate capital credit refunds for April 2018 report;
38. New Member Survey Report for March 2018;
39. Quarterly 2018, KPIs Report, Billing and Customer Service;
40. Operations Report, April 2018;
41. 2018 Property Damage (Jan-March) Report;
42. Safety & ROW Report, April 2018;
43. OSHA 300A Data Report, April 2018;
44. Crew Inspections Reports, April 2018;
45. Quarterly KPIs, Operations & Engineering Report;
46. Commitment Page from Safety Manual;
47. Engineering Board Report, April 2018;
48. Board Policy 303 - Equity Management & Capital Credits;
49. Board Policy 901 - Employment Practices;
50. Board Policy 903 - Holidays;
51. Board Policy 904 - Vacation;
52. Board Policy 905 - Sick Leave;
53. EKPC Agenda for May 8, 2018;
54. EKPC Board Summary May 2018; and,
55. EKPC Financial Review, May 8, 2018.

Call to Order	The regular Board meeting was called to order by Chairman Chilton.
Minutes	The Minutes of the April 26, 2018, Board of Directors meeting were unanimously approved.
Finance & Cooperative	Routh presented Shelby's Rebate Report for April 2018. He noted that 4 energy audits were conducted in April.
Self-Funded Medical Plan	Routh discussed the status on the costs and benefits of the Cooperative's self-funded medical insurance plan year-to-date.
Annual Meeting	Mary Federle, Barbie Goodwin, Vicky Cayton, Evelyn Lancaster, Nan McCarty and Pam Goetzinger were appointed as Assistant Secretaries for the purpose of registration and voting of members at the Annual Meeting to be held on June 21, 2018. The proposed Annual Membership Meeting Agenda for June 21, 2018, was approved.
Integrity Fund	Routh reported that in previous years the option of 5%, not to exceed \$1,500, was the participation level selected by Shelby, and he would recommend the same participation for 2019. The recommendation by Routh was approved by the Board.
Accounting & Payroll	Cole presented the Finance & Cooperative Services report. Shelby had positive margins for the period ending March 2018. He reported new services year-to-date of 36. Cost per KWH in March was .05985 and total KWH sold was 20,848,820. Shelby Energy's year-to-date modified TIER was 3.43% and its OTIER was 2.62 for the month of March. Shelby Energy had 39.77% of its assets in equity, its Power Cost to Revenue Ratio was 71.74% and its current ratio was 1.0. The Payroll Analysis indicated that Shelby Energy's overtime payroll for March 2018 was \$45,000.00 The April 2018 check registers were available for review. The preliminary financials for April 2018 reflected the total operations and maintenance expenses were \$2,958,930.50. The April 2018 operating revenues were \$3,517,256.36. Cole reported on quarterly KPI's for Jan-Mar 2018 and provided a comparison to previous years for the same period of time.
Billing and Customer Service	Federle reviewed the Billing and Customer Service Report for April 2018. She noted that bank drafts and prepay billing accounts had increased from previous time last year. There are 711 members utilizing prepay services as of April.

Write offs of Uncollectable Accounts for February 2018 totaled \$5,429.66. A summary of write-offs for the Board’s review was also given. On motion by Roger Taylor, unanimously approved, \$5,429.66 in write-offs of uncollectable account for February 2018.

Six estates received capital credit refunds in April totaling \$3,464.37, with the year-to-date refunds totaling \$21,735.68.

The compilation of the New Member Surveys for the month showed 17 very satisfied and 2 satisfied with Shelby Energy’s services of the 19 surveys returned from 78 members surveyed. This represented a 24% monthly return rate.

Federle reported on Billing and Customer Service quarterly KPI's ending March 2018 and provided a comparison to previous years for the same period of time.

Safety & ROW Report

Ginn presented the safety report for April 2018. There were no accidents or injuries for the month. There were 6 inspections of Shelby and contractor crews for the month, with no findings. He reviewed the safety training and meetings for the month.

Ginn reported on Operations and Engineering KPI's for Jan-Mar 2018 and provided a comparison to previous years for the same period of time.

Ginn provided an update on the recent revisions to the Safety Manual and presented the Safety Commitment page of the Safety Manual for directors to sign.

Engineering Report

Wilson gave the Engineering and Outage report for April. There were 36 outages during the month of April, 2018, none of which were major.

Operations Report

Ginn presented the operations report for April 2018. The work orders for April 2018 totaled 45. The new member and construction work orders year-to-date total 218. Ginn updated the Board on work that continues at: Top Flight Subdivision, Windhurst Apartments, 6 Mile Distillery, Hwy 55 Conversion Project and the Gest Road reconductor Project.

Ginn provided the quarterly report on property damage for Jan-Mar 2018 and included a comparison for 2014-2017. The first quarter of 2018 showed no property damage claims.

South KY PSC Case No. 2018-00050

Attorney Crawford discussed at length with the Board the status of South Kentucky’s Application with the PSC

Board Policy

Approval

Martin presented for consideration and approval the following reviewed/revised board policies, which have been reviewed by legal counsel:

303 - Equity Management & Capital Credits

901 - Employment Practices

903 - Holidays

904- Vacation

905 - Sick Leave.

After discussion and on motion by Ashley Chilton, the Board voted unanimously to approve the policies as recommended by management.

UUS Annual Meeting

Delegate

Pat Hargadon was appointed as the 2018 voting delegate to cast a vote in the affairs of UUS representing Shelby with Debbie Martin as alternate.

EKPC Director Report


Stratton reported on the EKPC Board meeting held May 8, 2018, in accordance with the agenda given to the Directors.

KAEC Director Report

Hargadon reported there was no KAEC Board meeting for the month.


Adjourn

There being no further business, the meeting was adjourned. The next regular Board meeting will be held on June 27, 2018, at 9:00 a.m.



ROGER TAYLOR, JR., Secretary-Treasurer

Approved:



ASHLEY CHILTON, Chairman