

SHELBY ENERGY COOPERATIVE, INC.
Shelbyville, Kentucky
Board of Directors' Meeting — August 16, 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
Randy Stevens	SVP, Power Delivery Services
Sergio Cole	Manager, Accounting & Payroll
Mary Federle	Manager, Billing & Customer Service
Jason Ginn	Manager, Operations
Alan Zaring	Attorney
Roy Palk	New Horizons Consulting
Dan Cawood	CFC
Brian Stavish	CFC

Board Information

Copies of the following were provided to Board Members on August 9, 2018:

1. Agenda
2. Thank you letter — College Heights Foundation
3. Thank you letter — Henry County Public Library
4. Copy of letter from Kentucky Living to Photo Contest Winner/SEC member, Melissa Burkhardt
5. Shelby Energy Cooperative News Wire — August 2018
6. Memorandum from Alan Zaring re: CEO interviews
7. Proposed Minutes — July 19, 2018
8. Energy Efficiency Rebate Report July 2018
9. Report for HR, Cooperative Services, and IT
10. Cooperative Services KPI's — 2nd quarter 2018
11. Annual Meeting Expenses
12. Check register for July 2018
13. Accounting & Finance KPI's as of June 2018
14. Quarterly expenses for Board, CEO and Attorney as of June 2018
15. Propane financials for July 2018
16. Billing & Customer Service Report — July 2018
17. Write-off accounts for May 2018

18. Estate Capital Credit refunds for July 2018
19. New member survey results for June 2018
20. Billing & Customer Service KPI's as of June 2018
21. Safety and ROW Report for July 2018
22. Engineering Report for July 2018
23. Operations & Engineering KPI's as of June 2018
24. Monthly Operations Report July 2018
25. Quarterly Property Damage Report as of June 2018
26. BP 909-Disciplinary Procedures
27. BP 911-Conduct of Employees
28. BP 913-Educational Assistance
29. EKPC reports for August 2018

Executive Session

The Directors and Attorney entered into an executive session with Palk from New Horizons Consulting. After Palk's discussion was concluded with the Board, he exited the executive session.

Martin, along with Cawood and Stavish from CFC, joined the executive session. Upon completion of their presentation, Cawood and Stavish exited the meeting.

After emerging from the executive session, no action was taken by the Board.

Call to Order

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

Safety Moment

The Safety Moment was presented by Jason Ginn, who discussed back to school safety.

Minutes

The Minutes of the July 19, 2018, Board of Directors meeting were unanimously approved.

Finance & Cooperative Services

Cole presented Shelby's Energy Efficiency Rebate Report for July 2018. He noted that four energy audits were conducted in July and 18 year-to-date.

Cole also advised that the Annual Meeting expenses were \$27,284.00, which were under budget by approximately \$7,600.

Accounting & Payroll

Cole reported that financials were in the process of being closed for the month of July and unavailable. A set of financials will be provided to the board within the next few days.

The July 2018 check register was available for review.

Quarterly expenses for the Board, CEO and legal services were presented through June 2018.

Shelby propane financials were provided and reflected YTD earnings of \$198,592.37

**Billing and
Customer
Service**

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

Write offs of Uncollectable Accounts totaling \$2,377.48 were reported from May 2018 disconnect dates.

A YTD summary of write-offs for the Board's review was also given. On motion by Stratton, unanimously approved, \$2,377.48 in write-offs of uncollectable accounts disconnected May 2018.

Four estates received capital credit refunds totaling \$4,076.74.

The compilation of the New Member Surveys for the month showed 13 very satisfied, 1 satisfied and 1 neither satisfied or dissatisfied with Shelby Energy's services of the 15 surveys returned. This represented a 16% monthly return rate from the 94 members surveyed.

Federle reviewed the Billing and Customer Service KPI's for the quarter ending June 2018.

**Safety &
ROW Report**

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

**Engineering
Report**

Stevens gave the Engineering and Outage report for July. There were 100 outages during the month of July 2018, with 3,217 members impacted. One of the outages, on July 2, 2018, affected 933 members and lasted 58 minutes. This outage was due to a bad battery that resulted in the breaker not closing back after it was operated at the Logan Substation.

Stevens reviewed departmental KPI's for the quarter ending June 2018.

**Operations
Report**

Ginn presented the operations report for July 2018. The work orders for July 2018 totaled 69. The new member and construction work orders year-to-date total 295. Ginn updated the Board on work that continues at: Windhurst Apartments, 6 Mile Distillery, Highway 55 Conversion Project, and Gest Road reconductor project.

**Executive
Session**

The Board entered into an executive session with Zaring and Martin present. After emerging from the executive session, no action was taken.

**EKPC
Director
Report**

Stratton reported on the EKPC Board meeting held August 14, 2018, in accordance with the agenda given to the Directors.

**KAEC
Report**

The KAEC Report was given by Hargadon.

**Board
Policies**

Martin presented, for consideration and approval, the following Board policies, which had been reviewed by legal counsel:

Board Policy 909-Disciplinary action.

Board Policy 911-Conduct of Employees.

Board Policy 913-Educational Assistance.

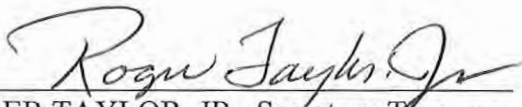
Upon motion by Arnold, these policy changes were approved.

**President &
CEO Report**

Martin provided the President & CEO's report for July.

Adjourn

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



ROGER TAYLOR, JR., Secretary-Treasurer

Approved:



ASHLEY CHILTON, Chairman