

SHELBY ENERGY COOPERATIVE, INC.
Shelbyville, Kentucky
Board of Directors' Meeting — July 19, 2018

Regular Meeting

The following persons were present at 9:00 a.m. at Shelby Energy's headquarters July 19, 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
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
Brian Stavish	National Rural Utilities Coop Finance Corporation

Board Information

Copies of the following were provided to Board Members on July 13, 2018:

1. Agenda
2. Shelby Energy Cooperative News Wire – July 2018
3. Thank you letters from Abraham Collum and Will Kunselman, Washington Youth Tour participants; Karli Tilley, Trimble Co High scholarship winner; and Emma Topp, Henry County High scholarship winner
4. National Rural Utilities Cooperative Finance Corporation's 2017 Key Ratio Trend Analysis for SEC
5. June 27, 2018, Minutes
6. Strategic Goal Summary
7. Rebate Report - June 2018
8. 2018 Budget Amendments
9. June Financial Review
10. Billing and Customer Service Report
11. Write-offs for service disconnected - April 2018
12. Capital Credit Estate Refunds Report - June 2018
13. New Member Survey Report
14. Member/PSC Inquiry Logs April-June 2018

15. Adjustment Report April-June 2018
16. Safety & ROW Report - June 2018
17. Engineering Board Report - June 2018
18. Monthly Operations Report - June 2018
19. System Inspection Tracking Report 2018
20. Bekaert Supplier Code of Conduct
21. NRECA Annual and Regional Meeting Voting Delegate Certification and Credentialing Process
22. Board Policies 307, 308, 310, 311, 312 and 313
23. Agenda-East Kentucky Power Cooperative Meeting July 10, 2018
24. EKP Financial Review July 10, 2018

Call to Order	The regular Board meeting was called to order by Chairman Chilton.
Safety Moment	The Safety Moment was presented by Jared Routh who discussed ladder safety.
Presentation	Brian Stavish of CFC presented the Key Ratio Trend Analysis.
Minutes	The Minutes of the June 27, 2018, Board of Directors meeting were unanimously approved.
Strategic Plan Goals	Martin presented the list of goals with updated progress and completion dates as of June 30, 2018.
Finance & Cooperative Services	<p>Routh presented Shelby’s Rebate Report for June 2018. He noted that seven energy audits were conducted in June and 17 year-to-date.</p> <p>Also, two candidates, Abraham Collum and Will Kunselman, were selected and sent on the Washington Youth Tour.</p> <p>Routh also presented information regarding Human Resources and IT.</p> <p>Shelby Energy’s Loan Portfolio and FEMA cases as of June 30, 2018, were also discussed.</p> <p>A break-down of donations and sponsorships for each county was presented as of June 2018.</p>
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.
Budget Amendments	Routh presented 2018 budget amendments for consideration and approval. Upon motion of Hargadon, the amendments were unanimously approved.

Accounting & Payroll

Cole presented the Finance & Cooperative Services reports for June 2018.

Shelby had positive margins for the period ending June 2018. Cost per KWH in June was \$0.06599 and total KWH sold was 40,676,607. Shelby Energy's year-to-date TIER was 2.08 and its OTIER was 1.72 as of June. Shelby Energy had 39.8% of its assets in equity, its Power Cost to Revenue Ratio was 76.36% and its current ratio was 0.96. The Payroll Analysis indicated that Shelby Energy's overtime payroll for June 2018 was \$34,754.44.

The June 2018 check register was available for review.

The June 2018 total operations and maintenance year-to-date expenses were \$20,890,760.00. The June 2018 year-to-date operating revenues were \$24,228,297.00.

Billing and Customer Service

Federle, reviewed the Billing and Customer Service Report for June 2018.

Write offs of Uncollectable Accounts totaling \$4,906.48, were reported from April 2018 disconnect dates.

A summary of write-offs for the Board's review was also given. On motion by Hargadon, unanimously approved, \$4,906.48 in write-offs of uncollectable accounts disconnected April 2018.

Five estates received capital credit refunds totaling \$3,310.86.

The compilation of the New Member Surveys for the month showed 19 very satisfied and 3 satisfied with Shelby Energy's services of the 22 surveys returned. This represented a 22% monthly return rate from the 101 members surveyed. Federle reported on the Member/PSC logs and revenue adjustments for the period of April-June 2018.

Safety & ROW Report

Stevens presented the safety report for June 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 June. There were 101 outages during the month of June 2018, with 2,345 members impacted. None of the outages resulted in 500 or more members being without power for each event.

Operations Report

Stevens, on behalf of Ginn, presented the operations report for June 2018. The work orders for June 2018 totaled 71. The new member and construction work orders year-to-date total 34. Stevens updated the Board on work that

continues at: Windhurst Apartments, 6 Mile Distillery, Hwy 55 Conversion Project and the Gest Road reconductor project.

Stevens also discussed the System Inspection Tracking Report, which reflects 50% of the annual inspection is completed.

Executive Session

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

EKPC Director Report

Stratton reported on the EKPC Board meeting held July 10, 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 307-Cash Drawers/Registers
- Board Policy 308-Cooperative Credit Cards
- Board Policy 310-Inventory Control
- Board Policy 311-Financial Planning
- Board Policy 312-Purchase and Use of Cooperative Vehicles
- Board Policy 313-Purchasing of Goods and Services


On motion by Chilton, the Board voted unanimously to approve all revised policies as presented.

President & CEO Report

Martin 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 16, 2018, at 9:00 a.m.



ROGER TAYLOR, JR., Secretary-Treasurer

Approved:



ASHLEY CHILTON, Chairman