

Minutes of the  
Decatur County REMC  
Regular Meeting of the Board of Directors  
Thursday September 27, 2018  
1430 W Main St.  
Greensburg, IN at 6:30 p.m.

Chairman Tom Crowe called the meeting to order at 6:30 p.m., and Jason Barnhorst kept minutes of the meeting.

All members of the board were present. Also present was DCREMC CEO Brett Abplanalp, and DCREMC accounting manager, Karen Forshee.

Upon motion by Lawrence Young, seconded by Steve AmRhein, and carried, the agenda of the meeting was approved by unanimous vote.

The board will be given a hard copy of the 2019 budget proposal at the regular Board of Directors meeting, which will be held Tuesday, Nov. 20 at 6:30 p.m. The 2019 budget meeting will be held Tuesday, Nov. 27 at 2 p.m.

Karen Forshee reported that the Ak8 loan audit conducted by RUS, noted two disallowances because they were determined to be existing plant expenditures. No other findings were made.

DCREMC has been accepted into FFB's pilot loan refinancing program. Currently, DCREMC has four loans with interest rates over 5% that would be eligible for the program. Forshee presented four options available that include different combinations of loan term and rate structure. Details of each option were reviewed on CTO. DCREMC will continue to pursue this per consensus.

Forshee presented the financial report posted on Call to Order. According to the report, the latest estimate (LE) shows gross margins for the year to be higher than expected due mostly to the wholesale classes. So far this year, kWh sales to the wholesale classes are up 5.4%. Payroll and maintenance expenses continue to be higher than budget almost exclusively from outage restoration resulting in more overtime hours. Unplanned distribution plant expenditures also continue to outpace budget, and will come in well over budget according to the LE.

Questions were raised concerning ROW expenses and the N1 circuit, CEO Abplanalp will research this and update the board.

Abplanalp and Forshee presented an updated financial forecast including; long range capital expenditure plan, cash flow projections, 4 and 6 year work plan proposals, and revenue requirements through the year 2023. This information along with the completed cost of service study, will be critical in the new rate design and establishing the overall system rate of return (ROR).

The new rate implementation timeline was discussed. Abplanalp and his team feel it will take 16 weeks to implement new rates and would like to coordinate the adjustment with Hoosier Energy's rate realignment in April, 2019. The previous goal of December 1, 2018 implementation is not feasible. New rates and classes must be established by the November board meeting to meet the new timeline.

Upon motion made by Lawrence Young, seconded by Dale Wernke, and carried, the consent agenda of the meeting was approved by unanimous vote.

Abplanalp reviewed his CEO report as prepared on CTO. Brett also announced the lineman position had been filled and will begin his apprentice training next Monday. Top Ten project list update 1.) Rate design and the cost of service study, 2.) health insurance quotes for DCREMC employees will be in by October 3 meeting with the union, 3.) IT lifecycle management, on track for December 2018, 4.) strategic planning completed, all employees are participating. Most action items are on track and are expected to be completed by years end.

NRECA regional meeting was held September 5-7. Lawrence Young, Tom Crowe, and Brett Abplanalp attended. Young reported that they attended the CFC training and other sessions pertaining to the importance of broadband access, electric vehicle usage, and board accountability issues.

IEC held a special board of directors meeting September 18, 2018 and Jason Barnhorst attended. Barnhorst reported the search committee was introduced and the process outlined for hiring a new CEO was explained. The board hopes to have a new CEO in place during the first quarter of 2019. The board also voted to name an interim CEO.

Old Business:

A new committee was established to investigate electric vehicle and broadband feasibility for DCREMC. Brian Scheidler, Dale Wernke, and Lawrence Young will serve on this committee.

Upon motion by Lawrence Young, seconded by Michael Brelage, and carried, capital credit policy 4-3 was adopted as amended. Motion carried by unanimous vote.

New Business:

Upon motion by Jason Barnhorst, seconded by Jeff Lawrence, and carried, Steve AmRhein was appointed board delegate for the IEC annual meeting December 3-4 passed by unanimous vote.

During the recent strategic planning event, one of the focus areas that was adopted was board accountability. Chairman Tom Crowe asked that each director think about areas of improvement for the board and present them at the next meeting.

It was decided by consensus to close the directors personal fund account. Barnhorst reported the account balance is \$264.71. The funds will be given to the Indiana Action Committee for Rural Electrification (ACRE) a non-partisan federal political action committee for Indiana's electric cooperatives.

Upon motion by Jason Barnhorst, seconded by Lawrence Young, and carried an executive session was called, passed by unanimous vote.

Upon motion by Steve AmRhein, seconded by Brian Scheidler, and carried, the meeting was adjourned at 9:30 p.m.

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Jason Barnhorst, Secretary

Attest: \_\_\_\_\_  
Tom Crowe, Chairman