

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS
OF CUMBERLAND VALLEY ELECTRIC, INC.
HELD FEBRUARY 23, 2017

A special meeting of the Board of Directors of Cumberland Valley Electric, Inc. ("Cumberland Valley"), was held at the Headquarters Office at Gray, Knox County, State of Kentucky, on February 23, 2017, beginning at 6:00 p.m. Said meeting was called for the express purposes of discussing and reviewing the Order entered by the Kentucky Public Service Commission ("Commission") on February 6, 2017, in Case No. 2016-00169, *In the Matter of: Application of Cumberland Valley Electric, Inc. for a General Adjustment of Rates*, with particular emphasis on addressing the issue of prospective contributions by salaried/management employees to both health and dental insurance coverage.

Mr. Robert Tolliver and Ms. Barbara Elliott, both members of the staff of Cumberland Valley, presented various options and scenarios concerning employee contributions to health and dental insurance coverage. Following their presentation, Mr. Tolliver and Ms. Elliott were excused from the special meeting.

The Board of Directors of Cumberland Valley then undertook a lengthy discussion of the various options and scenarios presented, noting the cooperative's need to reduce expenses, to comply with the Commission's Order of February 6, 2017, and to avoid a sudden and unduly burdensome impact on the personal financial condition of Cumberland Valley's salaried/management employees. At the conclusion of this discussion, motion was made by Mr. Elbert Hampton, seconded by Mr. Kevin Moses, to consider and adopt the following resolution:

RESOLUTION I

WHEREAS, , in its Order entered February 6, 2017, in Case No. 2016-00169, *In the Matter of: Application of Cumberland Valley Electric, Inc. for a General Adjustment of Rates*, the Kentucky Public Service Commission ("Commission") directed Cumberland Valley to make a filing to the Commission setting forth the prospective employer and employee contribution amounts and percentages which Cumberland Valley will implement for health and dental insurance offered to salaried employees, along with the date the revised contribution schedules will be implemented; and,

WHEREAS, the Commission's Order also directed Cumberland Valley to file evidence of its implementation of the revised contribution schedules; and,

WHEREAS, the Board of Directors of Cumberland Valley has solicited and obtained from the cooperative's financial staff several different scenarios under which these contribution amounts could be implemented; and,

WHEREAS, the Board of Directors of Cumberland Valley believes that any such change shall be gradually implemented in order to prevent a sudden and unduly burdensome impact on the personal financial condition of Cumberland Valley's

salaried/management employees, while at the same time realizing increased savings for the cooperative over time;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Cumberland Valley hereby approves and implements a plan pursuant to which, beginning April 1, 2017, Cumberland Valley’s salaried/management employees shall be required to contribute to their individual and family health insurance coverage in accordance with the following implementation schedule:

Timeframe	Employee Contribution	Employer Contribution	Projected Annual Savings to Cumberland Valley
4/1/17 – 3/31/18	5.0 %	95.0 %	\$7,232.70
4/1/18 – 3/31/19	7.5 %	92.5 %	\$10,849.05
4/1/19 – 3/31/20	10.0 %	90.0 %	\$14,465.41
4/1/20 – indefinitely	12.5%	87.5 %	\$17,901.75

Upon vote of the Board of Directors, Mr. Hampton’s motion carried unanimously.

Thereafter, motion was made by Mr. Roger Vanover, seconded by Mr. Kermit Creech, to consider and adopt the following resolution:

RESOLUTION II

WHEREAS, in its Order entered February 6, 2017, in Case No. 2016-00169, *In the Matter of: Application of Cumberland Valley Electric, Inc. for a General Adjustment of Rates*, the Kentucky Public Service Commission (“Commission”) directed Cumberland Valley to make a filing to the Commission setting forth the prospective employer and employee contribution amounts and percentages which Cumberland Valley will implement for health and dental insurance offered to salaried employees, along with the date the revised contribution schedules will be implemented; and,

WHEREAS, the Commission’s Order also directed Cumberland Valley to file evidence of its implementation of the revised contribution schedules; and,


WHEREAS, the Board of Directors of Cumberland Valley has solicited and obtained from the cooperative’s financial staff several different scenarios under which these contribution amounts could be implemented;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Cumberland Valley hereby approves and implements a plan pursuant to which, beginning April 1, 2017, Cumberland Valley’s salaried/management employees shall be required to contribute to their individual and family dental insurance coverage in accordance with the following:

Timeframe	Employee Contribution	Employer Contribution	Projected Annual Savings to Cumberland Valley
4/1/17 – indefinitely	40.0 %	60.0 %	\$931.01

Upon vote of the Board of Directors, Mr. Vanover’s motion carried unanimously.

There being no further business before the Board of Directors, a motion was made by Mr. Kermit Creech, seconded by Mr. Chester Davis, to adjourn the special meeting. The motion carried unanimously.


VERNON SHELLEY, CHAIRMAN