

Licking Valley Rural Electric Cooperative  
Case No. 2016-00174  
Professional Services

The Board of Directors has a responsibility to select an attorney to represent the board and cooperative to maintain the legal entity. The duties and responsibilities of the attorney are to perform routine services, special services, and other services for the cooperative. The attorney also attends the monthly and special board meetings. Services are billed at the normal hourly billing rates for the attorney and his staff.

The Board of Directors hires the outside auditor to perform the annual audit.

Adjustments are to remove items that are normally excluded or rate-making purposes. Among the expenses excluded are costs for attending legal seminars, Christmas gifts, and costs for one-time events.

The list of \$493 of costs that have been removed for rate-making purposes is attached.

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Witness: Jim Adkins

PAYEE	DATE	CHECK NUMBER	DESCRIPTION	AMOUNT	
GREGORY D ALLEN	11/3/14	8119698	MONTHLY FEE	350.00	
GREGORY D ALLEN	12/1/14	8119880	MONTHLY FEE	350.00	
GREGORY D ALLEN	1/2/15	8120104	MONTHLY FEE	350.00	
GREGORY D ALLEN	2/2/15	8120295	MONTHLY FEE	350.00	
GREGORY D ALLEN	3/2/15	8120547	MONTHLY FEE	350.00	
GREGORY D ALLEN	4/1/15	8120835	MONTHLY FEE	350.00	
GREGORY D ALLEN	5/1/15	8121087	MONTHLY FEE	350.00	
GREGORY D ALLEN	6/1/15	8121358	MONTHLY FEE	350.00	
GREGORY D ALLEN	7/1/15	8121694	MONTHLY FEE	350.00	
GREGORY D ALLEN	8/3/15	8121936	MONTHLY FEE	350.00	
GREGORY D ALLEN	9/1/15	8122174	MONTHLY FEE	350.00	
GREGORY D ALLEN	10/1/15	8122460	MONTHLY FEE	350.00	
NRECA GROUP BENEFITS TRUST	VAR	VAR	NRECA GROUP BENEFITS TRUST	12.96	
NRECA	10/31/15	8122771	RE MAGAZINE	43.00	
ELECTRIC COOPERATIVE BAR ASSOCIATIC	1/22/15	8120265	MEMBERSHIP	275.00	x
KAEC	12/30/14	8120068	KAEC LEGAL SEMINAR REGISTRATION	70.50	x
VISA	12/31/14	8120157	CHRISTMAS GIFT	147.12	x
NRECA	11/30/14	8119907	SUBSCRIPTION LEGAL REPORTING SVC	170.00	
KAEC	12/8/14	8119960	KY SALES TAX ISSUES	494.06	
KAEC	12/30/14	8120068	KY SALES TAX ISSUES	667.75	
KAEC	2/9/15	8120408	KY SALES TAX ISSUES	329.96	
KAEC	3/16/15	8120673	KY SALES TAX ISSUES	1,128.83	
KAEC	4/23/15	8120980	KY SALES TAX ISSUES	1,690.95	
KAEC	4/30/15	8121138	KY SALES TAX ISSUES	931.53	
KAEC	5/31/15	8121406	KY SALES TAX ISSUES	3,198.62	

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	PAYEE	DATE	CHECK NUMBER	DESCRIPTION	AMOUNT
33	KAEC	7/31/15	8122060	KY SALES TAX ISSUES	1,694.19
34	KAEC	8/20/15	8122076	KY SALES TAX ISSUES	1,240.60
35	KAEC	9/15/15	8122303	KY SALES TAX ISSUES	1,636.49
36	KAEC	10/29/15	8122698	KY SALES TAX ISSUES	1,165.64
37	KAEC	10/29/15	8122698	KY SALES TAX ISSUES	1,717.77
38					
39	ALAN M ZUMSTEIN	1/14/15	8120205	ANNUAL AUDIT	9,500.00
40	ALAN M ZUMSTEIN	5/19/15	8121221	IRS FORM 990, PROPERTY TAX RETURN	1,500.00
41	W DUDLEY SHRYOCK, CPA	10/23/15	8122612	POSTRETIREMENT BENEFIT CALCULATION	<u>3,000.00</u>
42					
43					<u><u>34,814.97</u></u>
44				Remove for rate-making purposes	<u><u>492.62</u></u> x

**LICKING VALLEY RURAL ELECTRIC COOPERATIVE CORPORATION**

**KENTUCKY 56 MORGAN**

**BOARD OF DIRECTORS POLICIES AND PROCEDURES MANUAL**

**Policy Number 109**

**Effective Date: 03/20/2014**

**SUBJECT: SERVICES OF CONSULTANTS**

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**PURPOSE:** To establish the basic relationship between the Board of Directors (Board) of Licking Valley Rural Electric Cooperative Corporation (LVRECC) and the General Manager/CEO so accepted management principles and practices can be observed in the selection appointment and utilization of a consultant(s).

**POLICY:** To define the delegations from the Board of LVRECC to the General Manager/CEO so that he/she may operate the business of the Cooperative as expeditiously as possible in procurement of a consultant(s).

**RESPONSIBILITIES:**

1. The General Manager/CEO shall recommend to the Board the selection of the principal consultant(s), other than the independent financial auditor and the special counsel to the Board.
2. The General Manager/CEO shall select and appoint other specialized consultant(s).
3. The General Manager/CEO, in consultation with the Board, negotiates, within budget limitations and the requirements of lending and regulatory agencies, contracts or agreements for services of principal consultant(s) to be recommended to the Board for approval.
4. The General Manager/CEO negotiates contracts or agreements for services of consultant(s) within Board Policy and Procedures and limitation of the budget and advises the Board before action is taken except in the case of an emergency.

**PURPOSE:**

1. Employment and Use of a Consultant(s)

The annual budget will contain funds for the utilization of consultants who will provide services such as those described below:

- A. Legal Counsel: In addition to the corporate counsel, legal counsel shall be composed of special counsel, who may be compensated on an hourly or fee-for-services basis, or a combination thereof and possibly contract an attorney(ies) (on a non-recurring basis), who shall be compensated on an hourly or fee-for-services basis and whose functions shall be as defined hereinafter and in the policy on services of legal counsel.

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- B. Engineering: Engineers employed in areas such as load studies, work order inspection, construction of distribution facilities or the review of such proposed plans and designs.
- C. Accounting: Certified public accountants employed in areas such as conducting the independent financial audit of the accounting records and related practices to meet the requirements of the Board and lending agencies and for effective internal financial management and providing specialized accounting and tax advice and assistance.
- D. Management: The management consultant(s) engaged on a planned-when-required basis and upon acceptance of cost proposals, to study, analyze and recommend improvements in management practices and the areas of policy formulation, planning, controls, administration of the wage and salary program and other personnel areas.
- E. Rate Consultant: A rate consultant(s) engaged, upon acceptance of cost proposals, to undertake cost of service studies to develop proposed rates and related conditions of services.
- F. Special Consultant: A special consultant(s) engaged for their specialized technical knowledge and capability on problems of a non-recurring nature.

2. Selection of Consultants

- A. Principal consultant(s) will be appointed by the Board when his/her services are essential to assist the Board in carrying out their major functions in areas such as, but not limited to: the independent financial audit; providing legal entity, including legal advice on proposed policies and procedures and Board actions and on Board-General Manager/CEO relations; conducting load studies, cost of service and rates studies; the independent management audit and development of Board policies and procedures and advice and assistance on the Board's carrying out of their major functions. However, the General Manager/CEO will be responsible for recommending qualified persons or firms.



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B. Authority is delegated to the General Manager/CEO for the selection of specialized consultants when their services are needed to serve as an advisor to the General Manager/CEO or his/her staff on operating or technical problems, but the Board is to be advised before such action is taken except in cases of emergency.

3. Relationships

A. Special Counsel to the Board:

- (1) The special counsel will be hired by and will be primarily responsible to the Board and he/she will have a direct reporting relationship to the Board in areas relative to the legal entity and in providing legal advice and assistance to them where needed in carrying out their functions as Board members. He/she shall likewise be available to the General Manager/CEO to provide legal advice and assistance to him/her when deemed advisable by the Board or the General Manager/CEO.
- (2) The special counsel shall be available to attend all Board and Committee meetings and perform such other legal services as may be deemed necessary or desirable by the Board or General Manager/CEO.
- (3) The special counsel shall understand that his/her duties will primarily involve him/her in those matters not otherwise normally assigned to the corporate counsel and his/her staff, but that the corporate counsel, with the consent of the General Manager/CEO, may utilize the services of the special counsel when he deems it to be in the best interests of the Cooperative.
- (4) The special counsel shall serve as parliamentarian at all meetings at which he/she is in attendance. In his/her absence the corporate counsel will serve as parliamentarian.

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- (5) All bills for services of the special counsel shall be submitted to the corporate counsel for his/her review and comments with final approval to be made by the General Manager/CEO.
- B. Engineer: The consulting engineer or engineering firm(s) will report to the General Manager/CEO and to the Board on reports and studies requiring Board approval. All bills for engineering services shall be submitted to the General Manager/CEO for approval and be based upon agreed fees or contracts for studies or services which have been approved by the Board and which meet all requirements of lending and regulatory agencies.
- C. Certified Public Accountants: The certified public accountant or firm of accountants will have a direct reporting relationship to the Board when employed by the Board to perform independent audits of records and accounts, but the General Manager/CEO shall be responsible for requesting professional comments beyond the normal audit requirements and this should be included in the proposal for the audit. The basis of charges for the independent financial audit should be agreed to in advance and approved by the Board. The General Manager/CEO can request additional accounting advice and assistance beyond the scope of the audit, if required, and all bills for services of the auditors should be submitted to the General Manager/CEO for review and approval.
- D. Management Consultant(s): The management consultant(s) will work with and through the General Manager/CEO during the time devoted to studies and analysis. But, recommendations of a policy nature will be made directly to the Board. Also, the report on the independent management audit will be made directly to the Board. The Board can request advice and assistance in specific areas with the report being made directly to them. Services of the management consultant(s) shall be based on agreed upon proposals approved by the Board and bills for their services should be reviewed and approved by the General Manager/CEO.

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- E. Rate Consultant(s): The rate consultant(s) will work with and through the General Manager/CEO on their studies, but shall be asked to present their recommendations to the LVRECC Board. Services of rate consultants shall be based on agreed upon proposals approved by the Board and all bills for their services should be reviewed and approved by the General Manager/CEO.

This Policy supersedes all prior policies with number 109.

Board Approved March 20, 2014

Secretary

