

**HABERSHAM ELECTRIC MEMBERSHIP CORPORATION
BOARD OF DIRECTORS
REGULAR BOARD MEETING
June 25, 2019**

The Board of Directors of the Habersham Electric Membership Corporation met at the office of the corporation in Clarkesville, Georgia, June 25, 2019. The meeting was called to order by Chairman Jeff Ferguson at 3:30 pm following the meeting of the Board of Directors of Trailwave Fiber.

The invocation was given by Dan Thurmond.

Those present were:

Billy Cantrell	Jeff Ferguson	Jeff Herrin
Dustin Hulsey	Kenneth McEntire	Dan Thurmond
David Wall	Rick Wood	

Frank McCrackin was absent because of illness but did call in by teleconference.

Also, present were Bradley Hicks, President/CEO; Janney Sanders, Attorney; Kelly Wilkins, VP Finance and Administration; Jim Cox, VP, Engineering and Operations, Glenn Purcell, VP Technology and Services; and Carolyn Helton, Executive Assistant. Glenn Purcell introduced the new Fiber Director Chad Cooper, who left after the introduction.

The following Cooperative Updates were provided:

- 1) Jim Cox, gave a report on Engineering and Operations Update including a report that the first five months of the year have been fairly routine. SAIDI in May was a little better than last year at the same time but expect an increase in June because of one storm, outage count about the same, number of total members down slightly and new construction is down slightly from last year at this time. Continuing to move forward with vegetation management with current work ongoing in the Gene Nix Road out of Stringer Substation. Approximately one-half of the budget has been used on the vegetation management program. Not receiving as many complaints as earlier in the program.
- 2) Kelly Wilkins, VP Finance and Administration, provided the following updates: Equity is still good right at 40%, controllable costs are lower than budgeted and purchase power costs are lower than budgeted. Even though revenue is less than 2018 it is tracking close to budget although temperatures have not been as high as normal. Net margins are \$2,040,244 for the year.
 - A. Financial Ratios (YTD)
 - a. TIER 2.57
 - b. OTIER 1.90
 - c. Equity 39.9%
 - d. Net margins were \$145,563 for month of May resulting in 7.2 margins as % of operating revenue for YTD. YTD margins at \$2.040 million.
 - e. Accounts billed to date are 35,044.

Report submitted to Board includes Financial Policies & Procedures review which is on track and Rate and Cost of Service Study which is also on track. Both are part of the strategic plan review.

- 3) Glenn Purcell gave an update on several matters including Technology and Services Key Accomplishments - all projects on track except Website Redesign. NISC project team CC&B implementations on going, completion expected November 2019. HEMC beginning analysis on NISC Financial application and pre-implementation with completion expected March 2020, Microsoft SharePoint install ongoing with project management site to "go-live" hopefully in July 2019. Call center improving with 90.2% of calls answered in desired time. Help desk at 96%. Glenn also discussed the Strategic Plan Update which is moving forward as planned except one item dealing with Office 365 upgrade.

Brad Hicks next discussed analysis of the change from Powerguard operated by HEMC to working with EMC Security. Conducted analysis to determine if move to EMC Security provided tangible benefit to membership and Cooperative. Reviewed performance of Powerguard from 2003-2018 which showed overall net loss of \$680,000.00. The last two years of performance resulted in positive revenue of \$23,000.00. Same analysis was performed on EMC Security which showed positive last two years of revenue at \$213,000.00. Forecasted 15 year revenue projection is \$3.1 million with projected 2% growth rate.

Staff left at this time.

Future meetings of EMC Directors' Association Conference and NRECA Region 2 and 3 meetings discussed. All board members except Frank McCrackin and Jeff Ferguson attending the EMC Directors' Conference. Board members are undecided as to which members may attend the NRECA meeting.

The following CEO Report was provided by Brad Hicks, President/CEO, including summary provided:

- 1) The engagement survey has been completed and results shared with executive staff who are working on improvement plan to deal with matters identified by the survey. Once staff has developed the plan, the survey results and proposed plan of action will be presented to the Board.
- 2) Staffing update - two apprentices have moved to Lineman 2.
- 3) Real Estate - RFP has been issued for listing agent for Cleveland and Annex. Did receive new appraisal on Cleveland property and value went down. Discussion ensued regarding the Annex property including possibility of demolishing the building, retaining the property for future needs, and other options including solar farm. Decided to slow down on possible sale of the property at this time.
- 4) Brad went to fiber policy discussion at conference in Texas. Continue to receive inquiries from Georgia coops about fiber business/rural broadband. Did a Facebook conference with Habersham County Chamber of Commerce about broadband. Also discussed broadband with Representative Terry Rogers__ and did a memorandum to send out and got good feedback. Also reached out to Senator Steve Gooch to let him know what HEMC is doing with rural broadband to be sure the legislature knows how its recent action is assisting with providing broadband to rural areas. Held town hall meeting in Skylake - had 75 in attendance, good meeting. Also talked to White County Rotary Club about vegetation management, invited to speak at Partnership for Growth Meeting in August, GEMC Technology Conference and other similar meetings. Also was asked to speak at Reed scholarship event. Several employees from HEMC attended the Washington Youth Tour group meeting in Atlanta. Sixteen employees participated in the Relay for Life event and \$3700.00 was raised for cancer research. Another meeting was held with Skylake about potential fiber buildout. Board agreed for Brad Hicks to act as voting delegate for NCSC Annual Meeting.

Motion was made by Kenneth McEntire and seconded by Billy Cantrell to approve the following consent items:

- 1) Inventory of Work Orders and Special Equipment.
- 2) Consumer Accounting-Applications for Memberships and Withdrawals of Memberships; Delinquent Report
- 3) Draft of Minutes – May 28, 2019
- 4) Directors Per Diem Report
- 5) Calendars July, August and September 2019

Motion carried.

The Board went into Executive Session at 4:28 pm. to discuss legal issues, power supply issues and personnel. Executive Session ended at 6:00 p.m. No action taken.

Information items were presented per the agenda.

Director's Reports – There were no reports from Directors.

The meeting was adjourned by motion of David Wall, seconded by Rick Wood, motion carried and meeting adjourned at 6:01 p.m.


Secretary


Chairman