

**HABERSHAM ELECTRIC MEMBERSHIP CORPORATION
BOARD OF DIRECTORS
REGULAR BOARD MEETING
April 30, 2019**

The Board of Directors of the Habersham Electric Membership Corporation met at the office of the corporation in Clarkesville, Georgia, April 30, 2019. The meeting was called to order by Chairman Jeff Ferguson at 3:03 pm.

The invocation was given by David Wall.

Those present were:

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

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.

Motion was made by Billy Cantrell, seconded by Jeff Herrin to move into Executive Session and motion carried. The Board went into Executive Session to discuss legal issues, attorney client privileged matters and personnel at 3:10 pm. Board Members and counsel only participated in the Executive Session which ended at 4:00 pm. No action taken.

Mr. Hicks introduced Chris Rimel, Director of Public and Member Relations. Chris described his background and plans for his position.

The following Cooperative Updates were provided:

- 1) Jim Cox, gave a report on Engineering and Operations Update including discussion of the Construction Work Plan (CWP). The CWP is nearing completion and working towards presenting the Plan at the May meeting. A Distribution Automation project, including fiber, has been added to the Plan. Penske will officially begin the Fleet Management program with full implementation on May 1, 2019. The Kane Auction resulted in approximately \$100,000.00. Because of storm in April SAIDI will not look as good, outage count about the same, number of total members down slightly and new construction is about the same as last year at this time. Still seeing great benefits in areas where vegetation management has been done. A director of Fiber Operations has been chosen but not prepared to provide name just yet.
- 2) Kelly Wilkins, VP Finance and Administration, provided the following updates:

As a result of Windstream bankruptcy, Four hundred Windstream accounts have been written off until it can be determined whether or not they may be paid through Windstream's bankruptcy plan. Warehouse clerk position has been filled. Equity is still good, controllable costs are lower than budgeted primarily because of the rain. Margins are \$1.3 million dollars over budget.

 - A. Financial Ratios (YTD)
 - a. TIER 4.04
 - b. OTIER 3.34
 - c. Equity 40.01%
 - d. Net margins were (\$216,412) for month of March resulting in 12.1 margins as % of operating revenue for YTD. YTD margins at \$2.24 million.
 - e. Accounts billed to date are 34,976.
- 3) Glenn Purcell gave an update on several matters including Technology and Services, Key Accomplishments, Member Services is fully staffed and all vacant positions filled - the call rate back up to 83% and improving. Corporate website design has been delayed but a test site is up for review.

Kelly Wilkins next discussed the Wholesale Power Cost Adjustment which is reviewed quarterly and is an adjustment in rates billed to members on the power bill. After consideration of the current margins and anticipated swing in revenues that can occur in spring and summer, it was decided not to make any change at this time in the adjustment.

Ms. Wilkins next went over the board activity report form with board members and discussed how information should be entered into the form.

Brad Hicks next presented information regarding the employment related Key Performance Indicators which is trending very positively overall. Safety matters were particularly positive and were all in the Platinum Category.

Brad Hicks next discussed legislative update including discussion of the ACRE and PAC contributions. Senate Bill 2(SB2) passed the Georgia legislature which gives clear authority to EMC's to provide broadband and internet services through subsidiaries.

Brad Hicks next presented a draft of the 2019 annual meeting program. Mr. Hicks also presented a proposed Policy – Decorum regarding the conduct of members at business meetings and other functions of HEMC. The policy was presented for review and possible action at the May meeting.

The Board next was presented with information regarding the USDA/ReConnect program which is a program of USDA to assist in funding broadband infrastructure expansion in rural areas. There are provisions for both grants and loans within the program. The Board was presented two resolutions - one to authorize submission of a USDA/ReConnect Application in the loan/grant funding category and one to designate Kelly Wilkins, Brad Hicks and Glenn Purcell as authorized agents for HEMC to submit and deal with the application. Motion was made by Kenneth McEntire, seconded by Rick Woods to adopt both resolutions. Motion carried.

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

- 1) The Cleveland office was discussed. Brad Hicks advised the Board that Peach State Federal Credit Union had approached HEMC with the possibility of HEMC leasing space from Peach State in a building that they were planning to build in Cleveland. Dustin Hulsey, being a member of the board of the HallCo Credit Union, recused himself from the discussion and left the board room. After discussion the Board instructed Mr. Hicks to investigate the possibility of HEMC constructing a building on the property HEMC owns in Cleveland that had been under consideration for sale.
- 2) EMC Connection, Inc. is a subsidiary of HEMC and it is proposed that it be used to handle the broadband and internet business moving forward pursuant to the new legislation. It is proposed to change the name to align with the Trailwave trade name that has been used by HEMC.

Motion was made by Kenneth McEntire and seconded by Frank McCrackin 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 – March 26, 2019
- 4) Directors Per Diem Report
- 5) Calendars –May, June and July 2019


Motion carried.

Information items were presented per the agenda.

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

The meeting was adjourned by motion of Frank McCrackin, seconded by David Wall, motion carried and meeting adjourned at 5:35 pm.


Secretary


Chairman