

**HABERSHAM ELECTRIC MEMBERSHIP CORPORATION
BOARD OF DIRECTORS
REGULAR BOARD MEETING
February 26, 2019**

The Board of Directors of the Habersham Electric Membership Corporation met at the office of the corporation in Clarkesville, Georgia, February 26, 2019. The meeting was called to order by Chairman Jeff Ferguson at 3:00 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; Glenn Purcell, VP Technology and Services; and Carolyn Helton, Executive Assistant.

The following Cooperative Updates were provided:

- 1) Kelly Wilkins, VP Finance and Administration, provided the following updates:
 - A. Operations
 - a. SAIDI – 4.99 for January resulting in 75 outages affecting 1740 members with year-to-date at the same figures.
 - b. New construction requests for January were 28 for a year-to-date of 28.
 - c. No lost time accidents were reported for January.
 - B. Financial Ratios (YTD)
 - a. TIER 11.07
 - b. OTIER 10.27
 - c. Equity 37.7%
 - d. Net margins were (\$2,413,803) for month of January resulting in 31.3 margins as % of operating revenue for YTD. YTD margins at 2.413 million.
 - e. Accounts billed to date are 34,885.
 - C. Ms. Wilkins next discussed Deferred Revenue and refund to members. After 2018 year end revenue and expenses were finalized, Deferred Revenue was reduced from estimated 3.6 million to 3.4 million. Such deferred revenue will be used to offset future Plant Vogtle Costs in 2023. Also, the WPCA was set back to zero as shown in the 2019 budget.
- 2) Brad Hicks, in the absence of Jim Cox, gave a report on Engineering and Operations Update including discussion of the Construction Work Plan (CWP). A draft of the CWP which sets the goals and work plan for 2019 – 2022 was reviewed with RUS and completed plan will be brought before the Board for approval at the March meeting. Agreement with Penske for Fleet Management is expected to be signed soon. Vegetation management was discussed and Brad pointed out that outages have been significantly reduced in the areas where vegetation management has taken place. Brad also gave an update on actions being taken to respond to the RUS O&M survey including the handling of hazardous substances and new software to be used for several of these matters. Multiple reclosers have failed and there is a need to replace them with new technology.
- 3) Glenn Purcell gave an update on several matters including Technology and Services Summary, Cleveland office relocation with staff continuing to look at alternatives and corporate website redesign including the use of Ruralite Services, a company with extensive experience with coops. New website launch is planned for end of first quarter 2019.

- 4) Brad Hicks next discussed need to replace a member from the HEMC Foundation Trust Board (Operation Round Up) board of trustees who is no longer able to serve. After discussion, the Board referred to the trustees' board to fill the position from same area of the coop pursuant to the by-laws.

Motion was made by Frank McCrackin and seconded by David Wall 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 – January 29, 2019
- 4) Directors Per Diem Report
- 5) Calendars –March, April and May 2019

Motion carried.

Motion was made by Kenneth McEntire and seconded by David Wall to approve the proposed members of the Nominating Committee and the Credentials and Elections Committee as presented. Motion carried.

Board tabled re-adoption of the Policy on Board Member Compensation and Expense Reimbursement until next meeting following questions from Frank McCrackin regarding mileage expense. Members were reminded to submit their monthly hours report for use in completing the 990 Form. Future meetings of NRECA and CoBank were reviewed.

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

- 1) STAFFING
The following positions have been filled: New Line technician, two new MSR positions filled and in training, accountant. Number of positions have been posted and three employees have been promoted or awarded new positions within HEMC.
- 2) Certificates received from ACRE and Georgia EMC PAC
- 3) Legislative update given regarding broadband bills and issues related to fees charged for pole attachments. Efforts ongoing from other providers such as AT&T, Verizon, etc. to require EMC's to charge at FCC rate which is substantially lower than current rate charged by EMC's including HEMC. Concerning broadband Brad hopes to bring several business model options regarding HEMC broadband business to the Board next month.
- 4) Working with North Georgia Tech to put together a Leadership Academy for employees of the coop.
- 5) Discussed annual meeting and the consensus of management and the Board is to continue with Just Right Catering.
- 6) Board compensation report handed out which shows overall board compensation 31% lower than costs in 2017.

The Board went into Executive Session to discuss legal issues and property matters. Executive Session ended at 4:15 pm. No action taken.

Information items were presented per the agenda.

Director's Reports – Dan Thurmond reported on GEMC meeting.

The meeting was adjourned at 4:35 pm.


Secretary


Chairman