

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

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

The invocation was given by Billy Cantrell.

Those present were:

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

Also, present by teleconference was Bradley Hicks, President/CEO and Janney Sanders, Attorney was in attendance.

The Board went into Executive Session at 3:30 pm. to discuss legal issues, power supply issues and personnel. Executive Session ended at 5:05 p.m. No action taken.

Carolyn Helton, Executive Assistant, came into the meeting at this point.

Cooperative Updates were covered by the written reports provided to Board members in their board packets which are summarized below:

- 1) Engineering and Operations Update including a report that the first six months of the year have been fairly routine. SAIDI in June as expected was a little worse than last year at the same time 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. Vegetation management still ongoing.
- 2) Equity is still good - right at 40%, revenue is tracking on budget, controllable costs are lower than budgeted and purchase power costs are lower than budgeted. Net margins are \$2,672,159 for the year.
 - A. Financial Ratios (YTD)
 - a. TIER 2.70
 - b. OTIER 2.05
 - c. Equity 40.2%
 - d. Net margins were \$631,915 for month of June resulting in 7.9% margins as % of operating revenue for YTD. YTD margins at \$2.672 million.
 - e. Accounts billed to date are 34,995.

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) Technology and Services Key Accomplishments - all projects on track and within budget. Website Redesign completed July 17. 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 at 88.8% of calls answered in desired time. Help desk is at 99%. Strategic Plan Update is moving forward as planned except one item dealing with Office 365 upgrade.
- 4) Trailwave Fiber Update - Completed Trailwave benefits package requirements with NRECA, completing job descriptions, finalizing timeline for posting Trailwave jobs, finalizing contract with voice and video vendors and beginning work on content licensing needs. Total customers at 4556.

- 5) 2019 KPI Review – through June Key Performance Indicators are all trending very well with most in the Platinum category.
- 6) Information was provided to the Board regarding insurance coverages provided to HEMC by Federated Rural Electric Insurance Exchange and the costs.

Kelly Wilkins joined the meeting to discuss a resolution to amend the NRECA 401(k) plan to provide that employees of Trailwave Fiber cannot obtain HEMC retirement benefits and a second resolution to set up a separate 401(k) plan to provide retirement benefits to employees of Trailwave Fiber. Motion was made by Frank McCrackin, seconded by David Wall to adopt both resolutions as presented. Motion carried.

Kelly Wilkins next discussed Capital Credit allocation to members and resolution to be considered and adopted. The 2018 Capital Credit allocation totals \$7,486,024, which includes deferred revenue of \$3,400,000. Motion was made by Rick Wood, seconded by Frank McCrackin to adopt the resolution as presented. Motion carried.

Results of the Employee Engagement Survey were presented in report form. 79 out of 87 possible respondents completed the survey, a 91% participation rate. Next steps include Directors Meeting and Strategy Plan, Board of Directors Presentation, two focus areas to be emphasized – Safety and Training and Engagement, and Pulse Surveys.

The following CEO Report was provided by Brad Hicks, President/CEO, including summary provided in written form. He wanted to correct one error in information provided at annual meeting regarding board expenses. Report was board expenses were 41% of 2018 expenses but actual expenses are only 32% of 2018 expenses.

Motion was made by Jeff Herrin and seconded by Dan Thurmond 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 – June 25, 2019
- 4) Directors Per Diem Report
- 5) Calendars August, September and October 2019

Motion carried.

Information items were presented per the agenda.

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

The meeting was adjourned at 6:45 p.m.


Secretary


Chairman