

**HABERSHAM ELECTRIC MEMBERSHIP CORPORATION  
BOARD OF DIRECTORS  
REGULAR BOARD MEETING  
May 28, 2019**

The Board of Directors of the Habersham Electric Membership Corporation met at the office of the corporation in Clarkesville, Georgia, May 28, 2019. The meeting was called to order by Chairman Jeff Ferguson at 3:32 pm.

The invocation was given by Dustin Hulsey.

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.

The following Cooperative Updates were provided:

1) Jim Cox, gave a report on Engineering and Operations Update including a report that HEMC competed in the 2019 Lineman's Rodeo for the first time in 10 years - ten employees participated including some as judges and coaches. Although the team did not receive any awards, it was a good learning experience. Because of storm in April, SAIDI was not as good as desired and there is one more storm that will affect the May SAIDI report. Outage count was about the same, number of total members down slightly and new construction is about the same as last year at this time. Continuing to move forward with vegetation management and still seeing great benefits in areas where vegetation management has been done.

2) Kelly Wilkins, VP Finance and Administration, provided the following updates: Equity is still good and controllable costs are lower than budgeted. \$1.4 million dollars over budget on margins primarily because of lower power costs: but with warmer weather beginning, costs will increase and margins will probably be lower moving forward.

A. Financial Ratios (YTD)

- a. TIER 2,86
- b. OTIER 2.20
- c. Equity 39.63%
- d. Net margins were (\$346,238) for month of April resulting in 8.2 margins as % of operating revenue for YTD. YTD margins at \$1.895 million.
- e. Accounts billed to date are 34,980.

3) Glenn Purcell gave an update on several matters including Technology and Services Key Accomplishments. All projects on track except Website Redesign. Director of Fiber Operations Chad Cooper has been hired. Chad has more than 20 years of experience with AT&T and is local to Habersham County. Corporate website design has been delayed some - test site is up for review. Call center improving with 90.2% of calls answered in desired time. Glenn also discussed the Strategic Plan Update which is moving forward as planned except one item dealing with Office 365 upgrade which is fairly complex.

Kelly Wilkins next discussed the Capital Credit Retirement schedule and reported that this year they would propose sending checks for capital credits around October 28 instead of around Thanksgiving because of a change in NISC software. A consensus of the board agreed with such plan.

Brad Hicks next presented information regarding the Construction Work Plan which Jim and team have been working on for several months. This is a four year work plan for 2019 to 2023 and have received RUS approval. Total consumers 35,551, 40 miles of new lines, 1184 new transformers, 19.35 million dollars total. A 33 year useful life of most equipment included in the plan. Electrical needs and what is needed for overall business of HEMC was considered. It started at 27 million dollars but paired it down. Reviewed upgrades of regulators in substations to reduce voltage resulting in a savings for electric supply. This includes rebuilding four (4)

substations to improve security and weather events. Also, looked at replacing in ground cable, some more than 30 years old and some needs replacing now. Also, automating some of supply lines. Will replace many switches with automated switches. Plan also takes into account potential for expanding broadband as these projects are done and priority will be given to areas that would provide for possible broadband expansion. Resolution to adopt the work plan was presented – motion made by Rick Wood, seconded by Dan Thurmond to adopt the resolution. Motion carried.

Brad Hicks next discussed the Cleveland office and staff's recommendation that an office be leased and that HEMC sell the existing property in Cleveland which continues the prior decision. Motion was made by Rick Wood, seconded by Billy Cantrell to accept the staff recommendation to proceed with leasing an office in Cleveland and selling the existing property. Motion carried. Staff left at this time.

Brad Hicks next discussed the proposed Policy that was presented at last month's meeting on Decorum regarding the conduct of members at business meetings and other functions of HEMC. The board discussed several matters and concerns related to the policy including the possibility of adding security provisions to the policy and decided that it would be best to continue to discuss and review the policy and revisit it after the annual meeting.

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

- 1) An engagement survey was submitted to all employees and response period ended last week. It was completely anonymous and expect to get many metrics once the full response is complete and evaluated. Will get data soon and will be shared with employees, management team and board. Management will need to come up with improvement plans where deficiencies are shown.
- 2) Strategy session planned on June 5 from 9 am to 3 pm.
- 3) NRECA research project. Working with Israeli company to put sensors on feeders where have outages and on solar panels. Will cost nothing and will get a report including data analytic analysis.
- 4) July board meeting will include video conferencing with Brad who will be out of town.
- 5) Thus far, there has been no interest in the annex building.

Board agreed for Brad Hicks to act as voting delegate for NCSC annual meeting.

Motion was made by Rick Wood 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 – April 30, 2019
- 4) Directors Per Diem Report
- 5) Calendars June, July and August 2019

Motion carried.

The Board went into Executive Session to discuss legal issues, power supply issues and personnel. Executive Session ended. Motion was made by Kenneth McEntire and seconded by Frank McCrackin to approve plan recommended by Brad Hicks for issuing an RFP for new power supply sources and contracts. 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 David Wall, seconded by Dan Thurmond, motion carried and meeting adjourned at 6:15 pm.

  
Secretary

  
Chairman