

**HABERSHAM ELECTRIC MEMBERSHIP CORPORATION
BOARD OF DIRECTORS
REGULAR BOARD MEETING
January 29, 2019**

The Board of Directors of the Habersham Electric Membership Corporation met at the office of the corporation in Clarkesville, Georgia, January 29, 2019. The meeting was called to order by Chairman Jeff Ferguson at 3:00 pm.

The invocation was given by Kenneth McEntire.

Those present were:

Billy Cantrell	Jeff Ferguson	Jeff Herrin
Dustin Hulseay	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.

There was one change to the Agenda, Chairman Ferguson advised the Board that Merlyn Seay would not be able to attend the meeting as requested.

The following Cooperative Updates were provided:

1) Kelly Wilkins, VP Finance and Administration, provided the following updates:

A. Operations

- a. SAIDI – 11.06 for December resulting in 114 outages affecting 3057 members with year-to-date at 158.47 resulting in 1575 outages.
- b. New construction requests for December were 15 for a year-to-date of 260.
- c. No lost time accidents were reported for December.

B. Financial Ratios (YTD)

- a. TIER 2.42
- b. OTIER 1.27
- c. Equity 37.7%
- d. Net margins were (\$4,405,738) for month of December resulting in 6.3 margins as % of operating revenue for YTD. YTD margins at 4.084 million.
- e. Accounts billed to date are 34,787.

C. Ms. Wilkins next discussed Deferred Revenue and refund to members. Deferred Revenue is used to offset future power costs such as increases from Plant Vogtle. Based on the resolution adopted at the December meeting, Revenue of \$3.6 million was deferred which is the reason for large negative net margins for December 2018. Such deferred revenue will be used to offset future Plant Vogtle Costs in 2023. The November and December WPCA Credit of 2.8 cents per kWh resulted in total refund to members of approximately \$2.45 million.

2) Glenn Purcell, in absence of Tony Adams, gave an update on Cyber Security including HEMC's goals. The likelihood for cyber-attacks against utilities is increasing in frequency and severity of attacks. Over the past several years, hackers have targeted a Vermont utility, power grids in Ukraine and Ireland, a nuclear power plant in the U.S. and U.S. energy companies, and the Puerto Rico Electric Power Authority power grid was compromised. Over the last two years, HEMC has made significant strides in securing our computer network and minimizing risk of loss from a cyber-attack. HEMC's goal is to incur zero lost time and zero productivity loss due to cyber related attacks, financial loss and cost to recover data and business capabilities, and negative publicity/damage to reputation/brand of the coop.

In 2018 and moving forward, HEMC has and will continue to do the following:

- Implemented Quarterly Corporate Cybersecurity Training
- Implemented Initial Round of New Security Practices
- Implemented Monthly Cybersecurity Phishing Testing with Remedial Training as Needed.
- Implemented Quarterly Account Audits\Reviews
- Avoid Ransomware Events
- Implemented Next Generation Software Solution for Anti-Virus, Anti-Spam, and Anti-Malware, based on AI learning.

Glenn Purcell presented a timeline in 2019 for additional initiatives for improving and maintaining strong cyber security measures.

- 3) Brad Hicks next discussed additional information regarding the Annual Meeting which will be held on July 18, anticipating that it will be held again at the school. The meeting calendar was reviewed including the dates and times for applications to be filed, petitions to be filed, nominating committee meetings, credentials and elections committee meetings, etc. and the affidavit for candidates was reviewed. There were minor changes made to the affidavit. No action was taken.
- 4) Brad Hicks next discussed whether or not the Board wanted to review and/or make any changes to the Board of Director Compensation and Expense Reimbursement Policy. After brief discussion, the consensus of the Board was that no changes were needed.

Next item of business was appointments of HEMC representatives for OPC/GTC/GSOC, Smarr EMC and Green Power EMC meetings. Motion was made by Rick Wood, and seconded by Dustin Hulsey to appoint Dan Thurmond, with Brad Hicks as alternate, for all three resolutions for all positions. Motion carried.

Motion was made by Frank McCrackin and seconded by Kenneth McEntire 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 – December 27, 2018
- 4) Directors Per Diem Report
- 5) Calendars –February, March and April 2019

Motion carried.

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

1) STAFFING

The following positions have been filled: Manager, Procurement and Director of Engineering. Posted three Member Services Representatives positions with one being filled by current employee. Interviews are underway for two positions for Line Technician, 1st Class and two new Line Foremen from current employees were named.

2) COMMUNITY ENGAGEMENT

Donations

In 2018, HEMC donated a total of \$15,063.71 in unclaimed capital credits to the following organizations:

- 1) Special Olympics in Habersham, Rabun, Stephens and White Counties
- 2) North Georgia Technical College Foundation to fund a scholarship to NGTC's Electrical Lineworker Apprentice Program
- 3) Lanier Technical College Foundation to fund a scholarship to Lanier Technical College's Electrical Utility Technology Program.
- 4) Habersham EMC Foundation, Inc.

Some additional community engagement activities were done by employees, including approximately 50 employees that contributed money and time to ensure that 10 children were able to have a wonderful Christmas. They were able to purchase, wrap and deliver these gifts to the families prior to Christmas day.

Serving and providing to our communities continues to be at the top of our list as a cooperative initiative.

- 3) The Habersham EDC group is looking for a five year commitment of \$75000.00. Rick Wood recommended \$3500.00 per year. Board consensus was to do that.
- 4) Working on updating corporate website - needs a facelift - Nicole Dover working with a developer - hope to have demo next month.
- 5) The Kiwanis Club invited CEO Brad Hicks to speak and provide an update about HEMC. Brad covered topics such as transparency, governance, vegetation management and broadband. David Wall was in attendance and coordinated this event. Jeff Herron and others commented that they had heard positive feedback from the event.
- 6) Met with Sky Lake about vegetation management which was a good meeting. Also, talked about broadband in development, to come up with cost, take rates, etc. A meeting with entire owners group will be scheduled at a later date.
- 7) Shpigler group presentation - will come in February with plans for moving forward as to broadband.

The Board went into Executive Session to discuss legal issues, the CEO Report, and personnel. Executive Session ended at 5:45 pm. No action taken.

Information items were presented per the agenda.

There were no Director's Reports

The meeting was adjourned at 5:50 pm.


Secretary


Chairman