

**HABERSHAM ELECTRIC MEMBERSHIP CORPORATION
BOARD OF DIRECTORS
REGULAR BOARD MEETING
July 31, 2018**

The Board of Directors of the Habersham Electric Membership Corporation met at the office of the corporation in Clarkesville, Georgia, July 31, 2018. The meeting was called to order by Chairman Jeff Ferguson at 3:00 pm.

The invocation was given by Dan Thurmond.

Those present were:

Billy Cantrell	Jeff Ferguson	Jeff Herrin
Dustin Hulseley	Frank McCrackin	Dan Thurmond
David Wall	Rick Wood	

Kenneth McEntire was absent.

Also, present were Bradley Hicks, President/CEO; Kelly Wilkins, VP Finance and Administration; Jim Cox, VP Engineering and Operations; Janney Sanders, Attorney; and Carolyn Helton, Executive Assistant.

Brad introduced Jim Cox, the new VP Engineering and Operations.

The following item was added to the agenda:

- 1) Under Action Items – Appointment of the NRECA Voting Delegate

Kelly Wilkins provided the following leadership team updates:

- 1) Operations
 - a. SAIDI – 16.53 for June resulting in 180 outages affecting 8,171 members with year-to-date at 85.43 resulting in 763 outages.
 - b. New construction requests for June were 29 for a year-to-date of 147.
- 2) No lost time accidents were reported for June.
- 3) Financial Ratios (YTD)
 - a. TIER 4.84
 - b. OTIER 4.56
 - c. Equity 40.6%
- 3) Net margins were \$1,156,840 for month of June resulting in 19.3% margin as a % of operating revenue.
- 4) Accounts billed to date are 34,781.
- 5) Trailwave Update – Pless Substation construction is complete and closing documentation has been submitted. Leaf Substation construction is complete other than add-on areas. Take rate is 2,174 which is higher than expected. A total of 1,567 home installs have been completed.
- 6) Employee Benefit Update – It is time to do a review of the current employee benefits. In order to maintain current employees and retain future recruits it is the goal to find a benefit package that works for all employees. Kelly will be presenting more on this at a later date.

Jim Cox and Kelly Wilkins left at this time.

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 – June 26, 2018.
- 4) Directors/Attorney's Per Diem Report
- 5) Calendars – August, September, October 2018

Motion carried.

The following Cooperative Update was provided by Brad Hicks:

- 1) CEO Summary Report
 - a. Staffing Update
 - Jim Cox, PE began working July 2, 2018 as the new Vice President of Engineering and Operation.
 - Dispatcher position – this position will be posted soon.

- Manager, Member Services – position has been posted internally and a selection will be made soon.
 - b. Commitment to Zero Contacts Initiative – a video was played introducing this program supported by Federated Insurance and NRECA. To date, 300 CEOs have agreed to participate, include HEMC. This was presented at the recent employee meeting and some employees began to voice some negative feedback and would not sign the commitment memo to show their support for this safety initiative. Jim Cox and Jason Rothell met with those employees and listened to the concerns – after this discussion, most employees were receptive to the program. NRECA will send a resolution that can be used stating that the Board supports the program.
 - c. Met with Senator Steve Gooch and White County Commissioner Chairman, Travis Turner, to discuss broadband and future legislation.
 - d. CEO Evaluation and Performance Metrics – Enervision and HR are assisting in developing a procedure for the CEO's performance evaluation and goals to be measured. An update will be provided at the Board Meeting.
 - e. Real Estate
 - An evaluation of the Cleveland office is underway to determine the future of this location. A recommendation will be brought to the board at the August 2018 Board Meeting.
 - Old headquarters – an appraisal has been completed and currently are waiting on a response from NGN on their interest of the facility.
 - Property in Cleveland – appraisal has been completed and will be listed in the near future.
 - f. Attended the GEMC Director Meeting and OPC/GTC/GSOC Advisory Board Meeting.
 - g. Attended the NGN/HEMC Member Manager Meeting with staff from HEMC and NGN to discuss financial and operational areas for NGN and the audit. The audit is complete and will be presented at the August 2018 Board Meeting.
 - h. SEDC Conference – attended the SEDC conference to observe the future of SEDC, Meridian, the road map and future enhancements that will be available from the new software.
- 2) RUS Operations and Maintenance Survey – Corrective Action Plan. Brad presented the correction plan to correct the deficiencies in the self-evaluation per RUS Bulletin 1730-1. Some of the corrective measures were in the budget and others are not; therefore, \$200,000 is necessary to implement the corrective measures.
 - 3) Annual Meeting and Election Process – the Annual Meeting went very well and have received several compliments on the meeting including the business session. The election process is being evaluated and some suggested changes will be brought to the Board in the next few months.
 - 4) Selling of Used Generators – HEMC has been approached about selling the used generators that were taken out of service several years without a bid process. Action will be taken under action items.
 - 5) GEMC Director – George Fry was the GEMC Director and his unexpired term will need to be filled. Action will be taken under action items.

The Board entered into Executive Session to discuss remaining items on the Agenda under CEO Report.

A motion was made by Dan Thurmond and seconded by Billy Cantrell to come out of Executive Session and return to regular session. Motion carried.

The following items were presented for Board Action:

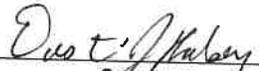
- 1) Resolution – Posting Time, Date and Location of Board Meeting on HEMC Website and other Communication Avenues. A motion was made by David Wall and seconded by Dan Thurmond to approve the resolution to post the date, time and location of each Board Meeting to HEMC Website and other Communication Avenues effective immediately. Motion carried.
- 2) Resolution – Posting Board Minutes to HEMC Website. A motion was made by Dustin Hulsey and seconded by Jeff Herrin to approve the resolution

- stating that the approved HEMC Board Minutes will be posted to the HEMC Website within seven days after minutes have been approved. Motion carried.
- 3) Resolution – Posting Monthly Financials to HEMC Website. A motion was made by David Wall and seconded by Billy Cantrell to approve the resolution stating that monthly financials shall be posted to the HEMC Website. Motion carried.
 - 4) Resolution – Posting IRS Form 990 to HEMC Website. A motion was made by David Wall and seconded by Dan Thurmond to table this item until the August 2018 Board Meeting. Motion carried.
 - 5) Resolution – Selling of Used Generators. A motion was made by Rick Wood and seconded by Frank McCrackin to approve the resolution to allow the selling of the used generators without a bid process. Motion carried.
 - 6) Resolution – Policy Board Compensation. A motion was made by Dan Thurmond and seconded by David Wall that no action be taken on this revised policy. Motion carried.
 - 7) GEMC Member Director – a motion was made by Dustin Hulsey and seconded by Rick Wood that David Wall be nominated for the position. Motion carried.
 - 8) NRECA Voting Delegate – A motion was made by Dustin Hulsey and seconded by Dan Thurmond that Brad Hicks be the designated NRECA Voting Delegate.

Information items were presented per the agenda.

Dustin Hulsey reported on the recent NRECA Course (Risk Oversight) he and Billy attended. The class focused on cyber security, line extension policy, member satisfaction survey, coop bylaws, capital credits, good whistleblower policy, corporate records, code of ethics and conflict of interest policies.

A motion was made by Frank McCrackin and seconded by Rick Wood to adjourn the meeting at 6:30.


Secretary


Chairman