

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

The Board of Directors of the Habersham Electric Membership Corporation met at the office of the corporation in Clarkesville, Georgia, March 26, 2019. The meeting was called to order by Chairman Jeff Ferguson at 3:10 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 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. David Shpigler was in attendance during the meeting to give his project report and then left afterward.

The following Cooperative Updates were provided:

- 1) Jim Cox gave a report on Engineering and Operations Update including discussion of the Construction Work Plan (CWP). The CWP which sets the goals and work plan for 2019 – 2022 is being finalized although it was thought it might be ready for this meeting should be brought before the Board for approval at the April meeting. Penske has begun the Fleet Management program with full implementation expected by May 1, 2019. Vegetation management was discussed with 4 of 14 hard spots from 2018 completed and trimming continuing pursuant to the plan. Heavy rains have hampered progress and the plan is behind some as a result. Fourteen vehicles/pieces of equipment are to be auctioned off April 11, 2019 at JJ Kane Auction. SAIDI is doing better, 14 minutes or so, outage count about the same, number of total members down slightly and new construction is about the same as last year at this time.
- 2) Kelly Wilkins, VP Finance and Administration, provided the following updates:  
Equity is still good, controllable costs are lower than budgeted primarily because of the rain. \$1.4 million dollars over budget on margins.
  - A. Financial Ratios (YTD)
    - a. TIER 6.18
    - b. OTIER 5.43
    - c. Equity 39.9%
    - d. Net margins were (\$43,529) for month of February resulting in 19.0 margins as % of operating revenue for YTD. YTD margins at \$2.46 million.
    - e. Accounts billed to date are 34,888.
- 3) Glenn Purcell gave an update on several matters including Technology and Services Key Accomplishments, Member Services fully staffed and all vacant positions filled, Director, Public and Member Relations hired and expected to begin March 25 and NISC contract signed and project planning underway. Glenn also gave a report on Trailwave/broadband activities. These include additional fiber builds underway and second meeting with I HOA.

The board next heard from David Shpigler president of Shpigler Group which worked with staff to develop a future business plan for fiber services. Shpigler Group is a consulting firm specializing in utility management. David Shpigler is a utility management consultant with engineering background. He and his staff conducted over the last several months an analysis of HEMC fiber business. He indicated there is strong potential for broadband business expansion and foresees as much as \$3.4 million could be achieved in income annually. Recommendations include developing a more formal corporate structure, increase residential rates over time because HEMC rates are significantly below market rates, grow into telephony and video services provided through established providers and explore wholesale marketing of fiber. Following Mr. Shpigler's departure and discussion, motion was made by Kenneth McEntire and seconded by Jeff Herrin to approve the plan submitted by Shpigler Group and motion carried.

Kelly Wilkins next presented to the board a resolution to continue an emergency line of credit with CFC which is an extension of the present line of credit which is made by CFC for twelve (12) months at a time. Motion was made by Rick Wood, seconded by Dustin Hulsey to approve the resolution and extend the CFC emergency line of credit. Motion carried.

The board next considered the Board of Directors Compensation and Expense Reimbursement Policy to add back a provision for mileage reimbursement for board members to and from their homes to attend board meetings. When the new policy was adopted last year this provision was omitted. After review of IRS regulations it was determined that commuting rules do not apply to board members since they are not employees, but considered independent contractors for tax purposes, and no prohibition exists for reimbursement for mileage in such circumstances. Motion was made by Frank McCracken, seconded by Kenneth McEntire to revise the policy to provide for mileage reimbursement to board members for travel to attend board meetings. Motion carried.

Brad Hicks next discussed a matter that had been raised by some members and by some board members regarding policy of providing removed poles to members and employees. A recent change to eliminate the practice made by the executive team based upon a request from operations was questioned. After discussion, it was the consensus of the board to ask CEO Hicks to work with management and operations to come up with a plan to provide poles to members provided such plan protects HEMC from any liability.

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

1) STAFFING

The following positions have been filled: replaced staking job with current employee which will create an opening for that position. Chris Rimel - new Director of Public and Member Relations is coming from Duke Energy. Two new line technician positions filled, three new member service representatives positions filled. A number of positions have been posted.

- 2) Legislative update was given regarding broadband bills and issues related to fees charged for pole attachments.
- 3) Discussed annual meeting and agenda for meeting should be available at next meeting. Nominations and Elections and Credentials meetings coming up in next months.
- 4) Dustin Hulsey again raised concerns about the Vegetation management program. Discussion ensued and consensus of the board was for management and operations to continue as planned. Dustin Hulsey and Frank McCrackin voiced opposition to the plan.

Motion was made by Frank McCrackin and seconded by Jeff Herrin 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 – February 26, 2019
- 4) Directors Per Diem Report
- 5) Calendars –April, May and June 2019

Motion carried.

Future meetings of NRECA, GEMC and CoBank were reviewed.

The Board went into Executive Session to discuss legal issues and personnel at 6:20 pm. Executive Session ended at 6:30 pm. No action taken.

Information items were presented per the agenda.

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

The meeting was adjourned at 6:35 pm.

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Chairman

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Secretary