

**HABERSHAM ELECTRIC MEMBERSHIP CORPORATION
BOARD OF DIRECTORS
REGULAR BOARD MEETING
November 27, 2018**

The Board of Directors of the Habersham Electric Membership Corporation met at the office of the corporation in Clarkesville, Georgia, November 27, 2018. The meeting was called to order by Chairman Jeff Ferguson at 3:20 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	

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.

Frank McCrackin was absent.

There were no additions or deletions to the Agenda.

The following Cooperative Updates were provided:

- 1) Kelly Wilkins, VP Finance and Administration, provided the following updates:
 - A. Operations
 - a. SAIDI – 14.03 for October resulting in 139 outages affecting 1,338 members with year-to-date at 138.63 resulting in 5,696 outages.
 - b. New construction requests for October were 18 for a year-to-date of 230.
 - c. No lost time accidents were reported for October.
 - B. Financial Ratios (YTD)
 - a. TIER 5.45
 - b. OTIER 4.61
 - c. Equity 43.1%
 - d. Net margins were \$856,790 for month of October resulting in 15.9% margins as % of operating revenue.
 - e. Accounts billed to date are 34,907.
 - C. Trailwave Update
 - a. Contractors have completed their on-site work.
 - b. All feeders are complete and all add-ons have been constructed.
 - c. All drops have been completed for a total of 2,159.
 - d. Homes install are over 2,101.
 - e. Mapping – all design and maps have been completed for this phase.
 - f. Network – Calix equipment is installed, powered and configured in both substations.
 - g. Material – material reconciliations are occurring, with HEMC and Conexon reviewing Ervin and Prince documentation.
 - h. Current take-rates – 43.6%
 - D. 2019 Proposed HEMC Budget – Kelly Wilkins reviewed the proposed budget and it will be approved at the December 27, 2018 Board Meeting.
- 2) Brad Hicks discussed the proposed General Counsel Agreement and the revised Policy Board Attorney-Relationship and Fees to reflect the proposed changes. Attorney Sanders stated that the current process was a principle implemented several years ago and that the proposed Agreement is more consistent to current method used by other EMCs. A motion was made by Kenneth McEntire and seconded by Billy Cantrell to approve the Resolution supporting the Board Policy – Board Attorney Relationship and Fees and the Agreement for General Counsel to be paid on an hourly basis for all work performed in lieu of a retainer. The General Counsel Agreement will be reviewed annually by the Board of Directors going forward at Habersham EMC's Annual Meeting. Motion carried.

- 3) Brad Hicks discussed the proposed 2019 HEMC Director Election Process which would include mailing a ballot to all members through a third party. This process would eliminate absentee balloting and remove HEMC staff from the balloting process. Rick Wood stated that some organizations send an absentee ballot request card to all members; and if the member would like a ballot, they return the card for a mailed ballot. Kenneth McEntire inquired about the possibility of Survey and Ballot Systems setting up voting in the lobby of the office prior to the meeting. Other concerns were addressed including voting on other issues and the affidavit that is required for a business. The additional cost to use a third party and mail a ballot to all members is approximately \$15,000. After discussion, a motion was made by Billy Cantrell and Kenneth McEntire to table until December 27, 2018 Board Meeting. Motion carried.

- 4) Glenn Purcell discussed the 2019 Enterprise Software Implementation Project which is included in the Strategic Plan. An eight month evaluation of SEDC and NISC was performed to determine functional, financial, E&O and HR Enterprise Software best able to meet current and future needs for HEMC. This software increases integration among functions, automates processes, supports adequate reporting and ensures data integrity. Currently, HEMC requires seven vendors to perform the same actions that one vendor could do for HEMC. SEDC does not provide flexibility within the program, lack of information and HEMC consistently experiences problems with them. NISC offers a fully integrated platform, weekly software releases, more member options and E&O will gain more efficiencies through elimination of duplicate data entry. Jeff Herrin, Dan Thurmond and David Wall inquired about the costs associated with this upgrade and was the software in place not sufficient. The cost to implement this conversion with NISC implementation is \$425,000 and then the cost would be a 5% annual cost reduction. Additionally, HEMC will be forced to go through a software migration in the coming months because SEDC is changing software platforms since the purchase of ATS. The SEDC platform is new and there are a lot of unknowns at this point in time. Jeff Herrin noted that QuickBooks allows some of this support; however, Kelly Wilkins stated QuickBooks does not support electric business. Brad Hicks stated that it will be more efficient including updates on the outage map which are vital during storm restoration.

Motion was made by Rick Wood 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 – October 30, 2018
- 4) Directors/Attorney's Per Diem Report
- 5) Calendars – December 2018; January, February 2019

Motion carried.

The Board went into Executive Session at this time to discuss legal issues, the CEO Report, and personnel.

Information items were presented per the agenda.

Dan Thurmond presented a written report on the recent OPC/GTC/GSOC Advisory Board Meeting – this report will be emailed to all Board Members.

The meeting was adjourned at 8:10 pm.


Secretary


Chairman