

Unofficial Minutes until Board Approval September 13, 2018

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF THE TOMBIGBEE ELECTRIC POWER ASSOCIATION HELD AUGUST 9, 2018

The Board of Directors of the Tombigbee Electric Power Association met at the Tupelo Office, Tupelo, MS, on Thursday, August 9, 2018, at 3:30 p. m. The following directors were present:

Class of 2018

Jim Gray
Steve Holland
Don Knight
Pat Spradling
Cecil Weeks

Class of 2019

Pat Carr
John McFerrin
Jimmy Gray
Buddy Palmer
Malcolm Wesson

Class of 2020

Lynn Turner
Guy Harris
Chip Prestage
Brenda Shumpert
F. G. Wiygul, Jr.

(A)—Not present

(T)—Participated by Telephone Conference

Also present: Jonathan Hagood, Auditor representing FFWH, CPAs
Steve Tarpley, Member Services Director
Bruce Williams, Tupelo Office Manager
Ken Brown, Fulton Branch Manager, Elect
Stevie Humble, Tupelo Operations Manager, Elect
Scott Hendrix, Attorney
William Long, General Manager

This month's meeting time was mostly devoted to a special program requested by the Board to learn more about broadband communications and fiber optic cable service to the customer. The TEPA staff arranged for Stuart C. Irby Company to make a presentation to the Board. The agenda and emphasis of the meeting was to see and understand the components involved in the infrastructure and generally how the communication systems work. Neighboring member cooperatives were invited to the meeting and Prentiss County and Pontotoc EPA representatives attended. The entire TEPA Board was in attendance along with TEPA staff members. The session concluded in approximately 2 hours followed by the regular Board meeting.

After the special broadband meeting adjourned, the Board convened for its regular meeting. Mr. Carr called the meeting to order and called on F. G. Wiygul to lead the Board in offering an opening prayer.

Mr. Carr opened the floor for consideration of the July 2018 regularly scheduled Board Meeting Minutes. **Lynn Turner made a motion that the July 2018 meeting minutes be approved as prepared and provided to Directors for review.** Buddy Palmer seconded the motion and upon vote taken a majority vote was observed.

Mr. Carr then inquired if there was a need for an Executive Session. Mr. Hendrix confirmed that an Executive Session was not needed for his report unless the Board raised issues later in the meeting that may require an Executive Session. Mr. Carr asked Mr. Hendrix to continue with any matters that he had to report. Mr. Hendrix stated that he had nothing to report to the Board unless there were questions to him from Directors...which there were none at this time.

Committee Reports:

Mr. Carr then called upon committee chairmen to report to the Board on behalf of their respective committees and their activities:

Nominating: Jim Gray, Chairman, was recognized by the Chairman and reported on committee study matters. Mr. Gray stated that, as reported by the committee during the July Board meeting, all requirements of the bylaws concerning director election have been met and completed, including the provision that a petition for inclusion of a candidate for director had been received by the appointed time and that nominee will be included in the slate of nominees to be presented at the upcoming annual meeting on Saturday next.

Auditor's Report:

Jonathan Hagood provided Directors with a copy of the TEPA Monthly Highlights Report, prepared by Franks, Franks, Wilemon and Hagood for the month ending June 2018. Mr. Hagood explained various details of the report and provided the following specific details and information:

- net income for the twelve (12) months in FY 2018 was \$32,139. This amount is \$2,799,957 less than the net income for the same period last year. Mr. Hagood continued and explained that the primary factor affecting the abnormally low net income when compared to other years was the increase in the depreciation expenses of digital automatic meters retired from service at a much more rapid rate when compared to older style mechanical revenue meters. The accelerated depreciation expense will likely be a normal occurrence in that the electronic solid state meters, while providing very useful features, do not have the longevity of life that the old style mechanical meters provided. There were many questions expressed by the Board concerning this cost of doing business and Mr. Hagood and Mr. Williams provided adequate explanation.
- for the twelve (12) months of FY 2018, compared to the same period last year, kilowatt-hours sold increased by 1.78%.
- Mr. Hagood also highlighted other financial details of his monthly finance report. He reported that our gross margin from electric sales for the FY through the month of June was \$23,543,684 which is just slightly less than the same period last year. This resulted in reduced sales in the amount of \$258,669, or a decrease of 1.086% compared to the same period last year. Weather conditions experienced during the previous months have been essentially normal and have not produced much higher than normal demand for energy sales. Mr. Hagood reaffirmed that TEPA still maintains a good financial status.

Manager's Report:

Long reported to the Board on the following matters:

- Reminded the Board of dates for the Electric Cooperatives of Mississippi Annual Meeting scheduled for September 10 and 11. More information will be provided to those planning to attend. Director training will also be offered this year for those needing the NRECA Session #2630 Strategic Planning, to complete the Certified Credentialed Director (CCD) training.
- Reminded the Board of the TEPA annual meeting that will occur as required by the bylaws on August 11, 2018 at 10:00 a.m.
- Long initiated a request to directors to provide feedback concerning the educational content of the “Broadband 101” meeting just completed today. Directors responded that the meeting was helpful and informing and that they wanted to proceed with a meeting with Conexon to review and consider the results of the feasibility study that was recently completed for TEPA along with approximately 15 other cooperatives throughout the state. Long stated that a meeting would be scheduled soon in conjunction with other Board events occurring.

As a part of this general broadband discussion among directors, Steve Holland was recognized for a statement to the Board. After a statement by Mr. Holland reflecting his position for how important adequate internet service is to the community for support of business and industry, education and individual personal use, **Mr. Holland made a motion that the TEPA board go on record as supportive of efforts to amend or change existing Mississippi legislation to support the concept that Mississippi cooperatives be allowed to offer or help provide broadband services to their members and the community, and that Management staff and legal counsel lend their assistance as well to any efforts to consider the same by the Electric Cooperatives of Mississippi organization.** F. G. Wiygul seconded the motion and upon vote taken a majority vote was observed.

- Reminded the Board about plans for the Board trip to visit TVA power production and control facilities. Right now the trip is being planned to occur between September 15 and October 15 of this year. A show of hands was requested for those that wished to participate.

Matters of Mutual Concern:

There were no matters of mutual concern. There being no further business, **Chip Prestage made a motion that the meeting adjourn and that the September 2018 Board meeting be held at the Tupelo headquarters office.** Brenda Shumpert seconded the motion and upon vote taken a majority vote was observed.

Pat Carr, President

Don Knight, Secretary-Treasurer