

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF THE
TOMBIGBEE ELECTRIC POWER ASSOCIATION HELD DECEMBER 8, 2011

The Board of Directors of the Tombigbee Electric Power Association met at the Tupelo headquarters, Tupelo, MS, on Thursday, December 8, 2011 at 5:00 p. m. and there were present the following directors:

<u>Class of 2012</u>	<u>Class of 2013</u>	<u>Class of 2014</u>
Steve Holland	Pat Carr	Tommy Estes
Don Knight	Jimmy Gray	Guy Harris
Steve Sheffield	Larry Harris	Chip Prestage
Don Spradling	Jack Johnson	Brenda Shumpert (A)
Cecil Weeks	Buddy Palmer	F. G. Wiygul, Jr.

(A)—Not present

Brenda Shumpert was absent from the meeting to attend NRECA sponsored Director Training in Nashville, TN.

Also present were: Rudolph Franks and Greg Jarrell, Auditors; Scott Hendrix, Attorney; Bruce Williams, Tupelo Office Manager; Barry Thrasher, Fulton Branch Manager; David Riley, Tupelo Operations Manager; David Kelso, Member Services Director; Tim Phipps, Energy Services Technician; Tom Pitts and Toby Mask, System Engineers; William W. Long, General Manager

Mr. Carr called the meeting to order and called upon Steve Sheffield to open the meeting with prayer.

Mr. Carr opened the floor for consideration of the November 2011 Board Meeting Minutes. **Steve Holland made a motion that the November 2011 Board Meeting Minutes be approved as prepared and mailed to Directors for review and with changes and additions identified by the General Manager during this meeting.** Buddy Palmer seconded the motion and upon vote taken duly carried.

Attorney's Report: Mr. Hendrix reported on matters concerning his discussion with the TEPA staff experiencing difficulty in achieving bill collection for the Home Place health care facility in Saltillo. After giving a thorough report and answering Director's questions in the matter, Mr. Hendrix stated that he would pursue assistance through the Mississippi Department of Health in an effort to collect the delinquent electric bills owed to TEPA.

Committee Reports: Mr. Carr then called on those committee chairmen having information to present to the Board.

Building and Grounds: Don Knight, Chairman, reported on several topics studied by the committee since the last meeting of the Board. Details presented from the committee were:

Closure of the Gloster Street Building Site and Initiation of the Auburn Road Site:

The development of the new headquarters building plans and specifications were prepared for the existing South Gloster site utilizing the services of Pryor Morrow Architects and Cook

Coggin Engineers through a contract for services agreement with each party. In order to shut down the Gloster Street site and initiate the Auburn Road site, a need was identified to provide additional architectural and engineering services for adaptation of the existing building design to the new site surroundings and topography. These services will be provided via a negotiated addendum to the existing agreement documents with each respective service provider. Mr. Hendrix presented the details of this addendum document to the Board as previously reviewed and recommended to the Board by the Building Committee.

After discussion of the document and answers to Director's questions, **Cecil Weeks made a motion that the addendum recommended by the Building Committee be approved in order to continue the new headquarters building project.** Don Spradling seconded the motion.

Discussion then ensued among Directors concerning several components of work that would be provided by the addendum just presented for final development of plans and specifications for building construction. The main point of discussion was the orientation of the component buildings (i.e. the Customer Service Center, Engineering and Operations and the Construction Warehouse) with highway 78 in such a fashion to produce a desired view of the new facility as members travel highway 78 and Auburn Road. It was pointed out by Mr. Hendrix, Pryor Morrow, Architects and Cook Coggin Engineers that the addendum in its present negotiated form did not include language to identify the cost for redesign of the site and building placement for orientation of the Customer Service to be at its closest possible location to highway 78. Further discussion ensued on this point and others related to the Auburn Road site development. **At this point, Mr. Weeks withdrew his motion for adoption of the contract addendum as presented by Mr. Hendrix on behalf of the Building Committee.**

After further discussion, Mr. Hendrix was asked if the addendum as now prepared and phrased could be revised with reasonable and minimal effort to include the appropriate language that would address costs to the Association for new provider services (Pryor Morrow) for the Board to consider for proceeding with the project. Mr. Hendrix replied in the affirmative and that the addendum language could be modified for negotiation among the parties (TEPA, and Pryor Morrow).

Hearing this evaluation by all parties, **Cecil Weeks made a motion that the addendum be modified so that other building design features and building placement costs could be quantified by the service providers for presentation to and evaluated further by the Board.** F. G. Wiygul seconded the motion and upon vote taken duly carried.

Report on Closing Details of the Sinclair Property:

Mr. Knight, Chairman, called on the General Manager who summarized the details of Sinclair Property closing and identified certain features of the sale and purchase agreed to by both parties. Those attending the closing were: The Sinclair family; Don Knight, Building Committee Chairman; Greg Jarrell, Scott Hendrix and Bill Long. Mr. Hendrix conducted the meeting and all prepared contract for sales components were signed by all parties for recording along with payment to Sinclair's.

Miscellaneous Item Disposal Process—All Properties Along Auburn Road:

Bill Long summarized the forms and process developed for disposal of items on all three properties that would have to be removed to make way for the new headquarters facility construction. As a method to gauge interest, the forms itemizing the items to be removed were provided to TEPA employees and Directors only. This raised a question by Mr. Palmer that

this method, if used to liquidate all of the items, and especially the two houses located on the property, might be questioned by TEPA members not having the opportunity to participate in the process.

After the discussion on the liquidation process, **Buddy Palmer made a motion that all items to be removed from the property be advertised to the members by public means and the highest bidder selected.** Cecil Weeks seconded the motion and discussion of the motion ensued. **Steve Holland presented a substitute motion that the two houses now existing on the property, once vacated by the occupants, be demolished and that the debris be disposed of properly. There was no second to Mr. Holland's motion.** The original motion was then considered and upon vote taken failed to pass.

Mr. Holland then made a motion that the two houses now existing on the property, once vacated by the occupants, be demolished and that the debris be disposed of properly or that the General Manager with staff assistance be authorized to dispose of the property in an appropriate manner with consideration being given to obtaining an acceptable payment to TEPA for the item(s) being disposed of as management deems appropriate. F. G. Wiygul seconded the motion and upon vote taken duly carried.

Public Relations and Bylaws: Cecil Weeks, Chairman, provided the Board with the annual report of the "Good Friends" program including statistics of performance of the program. Since inception of the program, there are approximately 4000 member participants, contributing approximately \$10,000 annually which is distributed to Itawamba and Lee County Salvation Army offices. Monies collected from members served via the Fulton Branch office are distributed to the Itawamba Salvation Army office, Fulton, MS, and monies contributed via members served through the Tupelo Office are distributed to the Lee County Salvation Army office, Tupelo, MS. The amounts are approximately 1/3 and 2/3's of the total amount collected respectively.

Mr. Weeks further reported that the committee had directed the staff to conduct the following task in support and promotion of the "Good Friends" program:

- Develop a mailer to report the performance of member participation and to encourage additional participation
- Mr. Weeks will make initial contact with media sources to advertise the program and participation (The Times/Journal, Salvation Army and TV-9)
- The staff is to follow-up with the media contacts to advertise the program

Auditor's Report: Rudolph Franks and Greg Jarrell provided the Board with a copy of the TEPA Monthly Highlights Report for October 2011 and explained various details of the report (see the attached report for further details). Mr. Jarrell made several comments concerning components of the report. Specific emphasis was placed on the growth of "net income" while at the same time electric sales have reduced comparing with the same period last year. The growth in net income appears to be influenced by a reduction in wholesale power cost from TVA. Further review is warranted and will be conducted.

Manager's Report: Bill Long discussed and provided details on the following topics:

- Reminded the Board of the employees' Christmas party scheduled for December 10, with activities beginning at 5:00 P.M.
- Informed the Board of information to be provided by Mass Mutual concerning pension plan evaluation (TEPA and other group plan participants) of future plan liabilities using current evaluation guidelines provided by the IRS and other regulator federal agencies
- TEPA has addressed an inquiry by the CDF on behalf of a 25-32 megawatt potential client that is considering the TEPA service area. 150 new jobs are anticipated. Further review and planning will be necessary if the region makes the cut by the client

Matters of Mutual Concern: There were no matters of mutual concern.

They're being no further business; **Guy Harris made a motion that the January 2012 Board meeting be held at the Tupelo Headquarters Office.** Larry Harris seconded the motion and upon vote taken duly carried.

Pat Carr, President

F. G. Wiygul, Jr., Secretary-Treasurer