

Unofficial Minutes until Board Approval

August 9, 2018

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF THE TOMBIGBEE ELECTRIC POWER ASSOCIATION HELD JULY 12, 2018

The Board of Directors of the Tombigbee Electric Power Association met at the Tupelo Office, Tupelo, MS, on Thursday, July 12, 2018, at 5:00 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 (A)
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
David Kelso, Fulton Branch Office
David Riley, Tupelo Operations Manager
Ken Brown, Fulton Branch Manager Elect
Scott Hendrix, Attorney
William Long, General Manager

In Mr. Carr's absence, Vice-president Wiygul chaired the meeting. Mr. Wiygul called the meeting to order and called on Chip Prestage to lead the Board in offering an opening prayer.

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

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

Public Relations and Bylaws: Jimmy Gray, Chairman, was recognized for a report from his committee and called upon committee member John McFerrin and Office Manager Bruce Williams to present information considered by the committee.

Mr. Williams provided information to the Board concerning the amount of bad debt written off this fiscal year ending June 2018. Mr. Williams also provided information that shows how the trend in dollars written off has decreased in magnitude since the Board approved the new and our present member account deposit amounts.

In addition to Mr. Williams data, committee member John McFerrin lead a discussion among the Board for directing the staff to research and to provide further information to the Board for implementation of a member electric bill pre-pay program or service. Emphasis was provided that use of this program will have several benefits for the Association and its member owners including the probability that write-offs will be further reduced while at the same time providing for members to utilize their funds normally held by TEPA as account deposits for payment of future debts. After healthy discussion, **Mr. McFerrin and Mr. Gray, on behalf of the committee consideration, recommended that the staff be directed to prepare a plan for implementation of a member electric bill pre-pay service offering.** Needing no second since the directive was made by committee recommendation, and upon vote taken, a unanimous approval in favor of the recommendation was observed.

Nominating: Jim Gray, Chairman, was recognized by the Chairman and reported on committee study matters. Mr. Gray stated that the committee had met for the purpose of reviewing the present process and procedures for providing a ballot for members to vote for director positions according to TEPA bylaw requirements. Mr. Gray stated that the committee had two recommendations for implementation: 1.) to maximize the number of days available to allow members more time to vote and to return their ballots, and; 2.) to utilize social media to encourage members to vote.

Discussion ensued among directors to encourage the nominating committee, while conducting their responsibility as stated by the bylaws, to review changes or additions to the ballot delivery process that may increase member awareness which may result in an increased number of ballots voted and returned.

Buildings and Grounds: Chairman Wesson, was recognized and provided an update for repair of the Fulton branch office facilities after the recent thunderstorm and high winds that damaged some of the truck and equipment storage buildings. Mr. Wesson reported that to date ample time has been allotted to allow all contractors expressing an interest in conducting the repair have been received and evaluated and that the staff will be proceeding with the proposals for repair.

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 May 2018. Mr. Hagood explained various details of the report and provided the following specific details and information:

- net income for the eleven (11) months in FY 2018 was \$1,695,026. This amount is \$1,713,339 less than the net income for the same period last year
- for the eleven (11) months of FY 2018, compared to the same period last year, kilowatt-hours sold increased by 0.95%, which is a minor increase from last month's cumulative energy sales.

- 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 May was \$21,929,507 which is just slightly less than the same period last year. This resulted in reduced sales in the amount of \$243,209, or a decrease of 1.09% 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:

- Provided the Board with the planned schedule 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.
- TEPA's retail rate adjustment planned for October and approved by previous study and vote of the Board is on track. Confirmation will be reported to the Board when final approval is received from TVA.
- The AMR/AMI upgrade project is still going well and on track. More than 23,000 units have been replaced to date and the new system is performing well. We will have all of the meters changed out in the Fulton branch office in the next few weeks.
- The next issue of Today in Mississippi (the digital version) is being prepared. The subject developed and featured will be "Board Governance" and is planned for the August issue.
- Provided general information concerning new contracts that will be sought with the area cable companies that attach their cable and infrastructure to TEPA poles and pay an annual attachment fee per pole. Specific information concerning attachment fees will be provided at a later time.
- Reminded the Board of dates for the Electric Cooperatives of Mississippi Annual Meeting. More information will be mailed/provided to them for indicating their attendance and travel plans.

Matters of Mutual Concern:

There were no matters of mutual concern. There being no further business, **Don Knight made a motion that the meeting adjourn and that the August 2018 Board meeting be held at the Tupelo headquarters office.** Lynn Turner seconded the motion and upon vote taken a majority vote was observed.

Pat Carr, President

Don Knight, Secretary-Treasurer