BLUE RIDGE MOUNTAIN ELECTRIC MEMBERSHIP CORPORATION
BOARD MEETING MINUTES
March 18, 2019

The Board of Directors of Blue Ridge Mountain Electric Membership Corporation (BRMEMC) met in Regular Session on March 18, 2019, in the Board Room at the BRMEMC Headquarters building. Board Chairman Ray Cook called the meeting to order at 6:04 P.M.

After the invocation led by Director Cook, the Pledge of Allegiance was led Director Trull.

The following Directors were present at Roll Call as noted by Board Secretary Perren and were in attendance during the Board Meeting:

Ray Cook, President/Chair
Danny Henson, Director
Jack Lance, Director
Jeff Ledford, Director
Gene Mason, Director
Cory Payne, Director
Roy Perren, Director
Bert Rogers, Director
Gayland Trull, Director

General Manager Neims presented a Safety and Logistical Briefing for members in attendance.

The following Staff were recognized by the Chair and were present during Regular Session:

Jeremy Neims, General Manager
Charles Autry, Board Attorney
Daniel Frizzell, Director of Engineering
Amanda Holdaway, Director of Finance and Accounting
Fred Gray, Director of Operations
Byron McCombs, Communications Specialist
Erik Brinke, Director of Administrative Services
Sonny Mahan, Director of Member Services

Upon request of Chairman Cook, the Meeting Agenda for March 18, 2019 was considered. A motion to approve the Agenda was approved by unanimous vote upon Motion by Director Payne, seconded by Director Lance.

Upon request of Chairman Cook, the Minutes of the Board Meeting of February 11, 2019 were considered and approved by unanimous vote upon motion by Director Henson, seconded by Director Rogers.

Chairman Cook asked for any declarations of conflicts of interest by the Directors and none were found.
Director Payne presented the Finance Committee report of the Committee meeting on March 18, 2019, at 5:00 PM, to the Board, which was noted by the Chair as received and to be filed with the Minutes of the meeting for subsequent audit (See Copy attached as Exhibit “A”).

The Policy and Public Relations Committee discussed Policy 530 – Reimbursement for Classes, Financial Assistance for Education and Training. Director Rogers stated that further work was needed on this policy before bringing it before the board.

Staff Reports were presented in the board packet as available for review by members of the Board. General Manager Nelms discussed various financial metrics, demand and sales statistics, and other department-focused issues. Staff is available to answer questions board members may have about items in the board package.

Member Comments: None

Old Business: None

New Business:
Easement Abandonment - Director of Engineering Daniel Frizzell presented the Staff recommendation for Board approval of the release and abandonment of a Members easement where the relocation of an existing pole would be to BRMEMC’s advantage. Director Perren made a motion to accept the recommendation of staff. The motion was seconded by Director Rogers. After discussion the motion was approved unanimously.

Purchase of Line Bucket Truck – This item was included in the approved FY19 budget. Manager Jeremy Nelms presented the Staff recommendation to purchase the line and bucket truck bodies using the quotes provided by Altec, given that no additional quote is attainable for the foreseeable future. Director Rogers made a motion to accept the recommendation of staff. The motion was seconded by Director Henson. After discussion the motion was approved unanimously.

Director Reports:
Director Cook stated that he and Director Henson had attended the NRECA National Conference along with General Manager Nelms and Director of Operations Fred Gray. The conference was very informative. Both Director Cook and Director Henson felt that there was good value in attending the conference and recommended that other directors attend in the future.

Manager Report:
General Manager Nelms clarified some points regarding the fixed charge adjustment. He explained, first, no recommendation has been made and no formal plan is in place to increase the fixed charge. Second, any significant adjustment to the fixed charge would occur incrementally over several years. Finally, unless additional revenue was needed to operate our system, the plan would be to have reductions in the energy charge to help offset any increases in the fixed charge. These revenue neutral rate adjustments will result in no change to the power bills for the average energy user on our system.
Nelms then provided a brief overview of how a higher customer charge and lower energy charge could positively impact a Members bill in the future. He compared residential sales for October 2018 and January 2019 in order to contrast a peak month and a shoulder month. Two scenarios of a revenue neutral rate adjustment were run against the two months. First, a $2.00 increase was applied to the fixed charge with an offsetting reduction in energy for both months. Second, a $10.00 increase was applied to the fixed charge with an offsetting reduction in energy. A $2.00 change to the fixed charge results in a $13,795 increase for October and a reduction of $18,108 for December. A $10.00 change to the fixed charge results in a $68,024 increase for October and a reduction of $91,929 for December.

General Manager Nelms shared that Byron McCombs was recognized on March 4th at the Georgia Cooperative Council’s (GCC) annual meeting as a recipient of the 2019 Distinguished Cooperative Award for outstanding achievement in the cooperative industry. The Georgia Cooperative Council is a statewide, non-profit cooperative with members representing marketing supply, financial, electric, telephone, cotton, dairy, and service organizations. The council promotes the cooperative movement through proactive programs in education, communications, and public relations and recognizes individuals who have made outstanding contributions to cooperative businesses.

The NRECA Annual Meeting and Expo held in Orlando, FL last week was attended by General Manager Nelms, Directors Danny Henson and Ray Cook, and Director of Operations Fred Gray. Highlighting the event, Nelms reported that remarks were given from Jim Matheson, NRECA’s CEO, Sheldon Peterson, CFC’s CEO, Jon Meacham, Presidential Historian, Michael Eisner, former CEO of Disney, Jim Collins, Leadership Coach and author of Good to Great, and others. In addition to the General Sessions, there were breakouts on governance and transparency, safety leadership, cybersecurity, and engaging the next generation of leaders in your cooperative. More than 8,500 attendees from cooperatives all over the nation attended the meeting. The expo included displays from many electric suppliers (typical trucks, poles, and wires), as well as drones, electric vehicles and chargers, small-scale and grid-scale solar applications, and a wide variety of smart home devices.

On Thursday February 14th, the TVA Board announced the appointment of Jeffrey Lyash to succeed Bill Johnson as President and CEO of TVA. Nelms shared with the Board. Lyash currently serves as President and CEO of Ontario Power Generation Inc., and as Chair of EPRI. He has extensive leadership and management experience from roles at OPG, Duke Energy and Progress Energy, and has personally held a senior reactor operator license from the Nuclear Regulatory Commission. Early in his career, he worked for the NRC in a number of senior technical and management positions throughout the northeast United States and in Washington, D.C. He will be joining TVA in early April. From the LPC’s perspective, Lyash has a background very similar to Bill Johnson’s, and with that being the case, most LPC managers are not very hopeful the current course of TVA will be changing direction anytime soon.

One of the major challenges Lyash will face when he takes the helm at TVA is the distinct possibility that one of TVA’s largest local power companies, Memphis Light, Gas, and Water (MLGW) is actively investigating the possibility of finding a new power supplier for its 421,000 consumers, Nelms reported. MLGW accounts for 11% of TVA’s system demand and 9% of its total revenue. MLGW, like 53% of the LPC’s served by TVA, has a 5-year notice that must be
provided in order to get out of its existing wholesale power contract. MLGW is likely to move forward with a formal integrated resource plan that probably will be completed during the calendar year of 2019. The results will likely be MLGW giving notice. An exit of MLGW may be the beginning of an LPC exodus from TVA. Real savings exist for those willing to explore their options outside the protection of TVA.

General Manager Nelms shared that in addition to the rate competitiveness issues Lyash faces at TVA, he also faces a challenge in the President’s most recent budget which for the third year in a row proposes to divest PMA and TVA transmission assets and charge market-based rates. a suggestion that is expected to be dismissed by Congress. NRECA CEO Jim Matheson had the following to say about the President’s recent budget requests, “rightly recognizes the need to modernize rural economies by investing in rural broadband and providing loans for the development of rural electric infrastructure. But the budget also proposes to eliminate funding for key programs like the Rural Economic Development Loan and Grant program. Selling PMA assets will jeopardize affordable and reliable power for more than 100 million people and raise electricity prices for rural Americans.”

One final note regarding TVA, Nelms reported TVA’s plans to proceed with one more 1.5% rate increase this October. The ten-year plan for annual rate increases was supposed to take place until 2022, but at last year’s TVPPA Annual Meeting, Bill Johnson indicated that 2019 would be the last increase for this ten-year plan. This rate increase will not be acted upon by the TVA Board until its August meeting. Unfortunately, we must decide by June 1, 2019 what our action will be regarding the expected TVA rate increase scheduled for October 2019. At the April Board Meeting Nelms plans to recommend that we perform a revenue neutral rate adjustment to our existing rates that would lower our energy charge and increase the fixed amount to a level equal to the expected increase from TVA. This is how we have reflected the TVA rate increase on our Members’ bills the past two years. This ensures the rate increase from TVA is equitably spread across the entire Membership. If the TVA Board does not proceed with the rate increase, that will certainly be a win for our Membership and the revenue neutral rate adjustment will have no effect for an average user on our system.

The fiber expansion plan for FY 2019 is underway and was updated by General Manager Nelms. All locations have been staked at this point. Nine of those sites have been built or in the process of being built. Of those, four have been totally completed and new accounts hooked up. We have two full crews working to complete these locations prior to the end of the fiscal year. The plan is to add a third crew on this deployment to ensure we meet that deadline.

Manager Nelms shared the latest on the progress of the broadband legislation. SB 2 is being heard in the House Energy. Utilities and Telecommunications Committee tomorrow afternoon. This is the bill with two detrimental amendments to EMCs that were added in the Senate Regulated Industries Committee. HB 23 will soon be heard in the Senate Regulated Industries Committee. The hope is that committee passes HB 23 without amendments, but based on how SB 2 went in that committee, this is unlikely. Our best bet will be for SB 2 to be amended and restored back to its original structure and then passed by the House. Depending on how SB 2 looks at the end, this bill may end up in conference for further discussion or perhaps if the House votes on an amended SB 2 and Senator Gooch is in agreement the amended SB 2 may be voted on in the Senate and
then passed along to the Governor for signature, HB 499 will also be considered in the Senate Regulated Industries Committee very soon. This bill is a modernization of use for existing electrical easements, and this legislation paves the way for less legal uncertainty allowing an EMC to leverage excess capacity in existing fiber networks to help the communities they serve.

Passage of either SF 2 or HB 23 will require us to operate our broadband services through an affiliate instead of how it is presently operated as a division of BRMEMC. This provision will require some paperwork, but BRMEMC Attorney Charles Autry and his team have already begun compiling the documents and are just waiting to see how the legislation gets finalized before they file it. Per TVA Regulatory requirements, we already operate the system as a separate line of business so dividing the books should not be a difficult task for our financial staff.

With the delays we have experienced with the GA legislation, there has been hesitation to proceed with the development of a ReConnect grant submittal at this point. However, staff has been following that process closely. USDA is holding webinars and regional informational sessions about this program over the Spring that a staff member from BRMEMC will likely attend. However, aside from the areas that are included as part of the recently awarded Community Connect grant, we do not really have any areas left on our system that would be considered totally unserved. If we do submit an application, it will likely only be for a low interest loan or a loan/grant combination. In either of those cases, additional debt will be incurred by the EMC. From the RUS ReConnect program’s website: To be eligible for a 100% loan or 50% loan / 50% grant, the proposed funded service area in an application must be in a rural area where 90% of the households do not have sufficient broadband access. To be eligible for a 100% grant, the proposed funded service area in an application must be in a rural area where 100% of the households do not have sufficient broadband access. No matter which funding type the applicant requests, the proposed network must be capable of providing service to every premise in the proposed funded service area at a minimum speed of 25 Mbps downstream and 3 Mbps upstream.

General Manager Neims reported our Engineering staff has completed its review of four potential metering system providers: Aclara, Eaton, Itron (Silversprings), and Landis+Gyr. We have made a site visit to Central Georgia EMC to talk to its Engineering team about Landis+Gyr and ask their opinion on the system. We are planning additional visits in the coming months to talk to users of the other potential systems. Formal requests for proposals, with the necessary accompanying RUS contracts 786 and 198, are expected to be sent out this week.

EMC staff have begun pulling together all budget requests for FY 2020. The plan will be for us to assemble the body of the budget through the month of April. The initial presentation of the budget will go before the Board at its May Board Meeting. Any questions can be asked and additional detail provided by Manager Neims and the senior staff. The June Board Meeting is typically when the final budget is approved by the Board.

EMC staff have been meeting with various banking institutions over this past month. We have currently had in-person meetings with Bank of America, JPMorganChase, Regions (twice), and Wells Fargo. BankOZK will be coming in later this week to discuss its offerings. The due date for the banking RFP is June 10th.
General Manager Nelms announced that the 2019 Culture Survey was kicked off with all employees on March 6. The survey will be available to employees until the close of business on March 27. After that, results will be processed, tables and charts generated, and results provided prior to the end of fiscal year 2019.

General Manager Nelms has been in contact with Survey and Ballot Systems this past month to have our 2019 election proposal and timeline developed. By moving the annual meeting back to the end of September, our timeline is not near as crunched as it has been the past three years. The proposal will be presented at an upcoming Board meeting.

As a result of the current vacancy in the facilities group, Nelms reported that quotes were sought by eleven different cleaning service providers in order for staff to analyze the cost benefit of having cleaning services for this building kept either in house or outsourced. Of the eleven, only four companies chose to bid. Those bids ranged anywhere from $110,000 to $250,000 annually. The cleaning services would only be to reachable heights and all done after-hours so as not to interfere with the daily business of the EMC. The EMC will still be providing all equipment and cleaning supplies. After much consideration and discussion, staff determined that keeping the services in house and hiring a replacement for the current vacancy would be the most appropriate plan of action. In addition, staff is requesting support of the Board to have the flexibility to outsource non-routine items such as painting, pressure washing, waxing of floors, major plumbing projects, and other efforts that are not within the daily routine of the facilities group.

BRM EMC recently sent out request for proposals to 22 plumbing contractors in our territory seeking services to support our water heater maintenance program. Of the 22, only one contractor responded with a quote, Christian Plumbing. Costs in the quote were flat compared to our charges over the past two years.

IT, Engineering, and Operations staff have recently kicked off a project with vendors TextPower and Milsoft to set up and roll out an outage texting initiative for our Members. All Members who we have cellphone numbers will be immediately opted in to the service. Once they receive their initial notification, they can choose to opt themselves out of this service if they do not wish to participate. The hope is that Members will no longer have to deal with being on-hold or busy signals when their lights are out. We are limited on the number of phone lines coming into the office and not being able to call in can frustrate people during a large outage event. By being able to text in your outage notification, this process becomes much quicker and certainly less stressful for our Members. The goal is to have this service ready for testing in the Summer of 2019.

General Manager Nelms announced that the Nominating Committee and Elections and Credentials Committee would be named at the May Board Meeting.

Other Business: None

After a break to thank members for attending the meeting, the board went into Executive Session at 7:25 PM
The board came out of Executive Session.

With no further business the meeting was adjourned at 8:33PM

Respectfully submitted, this, the 11th day of April, 2019.

Roy Perren,
Secretary of the Board of Directors, BRMEMC

ATTEST: The undersigned EMC officers attest that the foregoing minutes of the Board Meeting on the 18th day of March, 2019, were approved in Regular Session of the Blue Ridge Mountain EMC Board of Directors on the 15th day of April, 2019.

[Signature] Ray Cook, Board Chairman

[Signature] Roy Perren, Secretary
FINANCE COMMITTEE MEETING

March 18, 2019

The Finance Committee of Blue Ridge Mountain Electric Membership Corporation met at 5 P.M. on March 18, 2019, for the regular meeting. Committee Chairman Cory Payne called the meeting to order. The following were present:

Cory Payne Ray Cook
Roy Perren Jeff Ledford
Gayland Trull

Also attending: Jereny Nelms, General Manager and Amanda Holdaway, Director of Finance & Accounting

The following reports were reviewed by the Committee:

(c) Cash Position as of March 1, 2019.
(d) Disbursements—January, 2019

A motion was made by Roy Perren, seconded by Jeff Ledford, to accept the reviewed reports. Also reviewed were the following reports:

(e) Memberships Issued and Cancelled — February, 2019
(f) Payment Contracts — None
(g) Aged Trial Balance — February, 2019
(h) Accounts Written Off — February, 2019 in the amount of $14,455.27
(i) Directors-Account Status

A motion was made by Jeff Ledford, seconded by Gayland Trull, to accept the reviewed reports.

The Finance Committee reviewed the General Manager’s expense report.

We, the Members of the Finance Committee, do hereby recommend acceptance of the Finance Committee Minutes, the reports and actions contained therein as action by the Board.

Cory Payne, Chairman

Roy Perren

Gayland Trull

EXHIBIT "A"