

Unofficial Minutes until Board Approval

July 12, 2018

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF THE TOMBIGBEE ELECTRIC POWER ASSOCIATION HELD JUNE 14, 2018

The Board of Directors of the Tombigbee Electric Power Association met at the Tupelo Office, Tupelo, MS, on Thursday, June 14, 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
John McFerrin
Jimmy Gray
Buddy Palmer
Malcolm Wesson

Class of 2020

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

(A)—Not present

(T)—Participated by Telephone Conference

Also present: Jonathan Haygood, Auditor representing FFJW, 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

Chairman Carr called the meeting to order and called on Buddy Palmer to lead the Board in offering an opening prayer.

Mr. Carr then opened the floor for consideration of the May 2018 regularly scheduled Board Meeting Minutes. **Chip Prestage made a motion that the May 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. 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 reported briefly on pending litigation and the progression of discovery.

Committee Reports:

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

Public Relations and Bylaws: Jimmy Gray, Chairman, was recognized for a report from his committee. Mr. Gray called upon Bill Long to give that report. Long provided an update concerning information that has been prepared and is being sent to members as an insert in the monthly billing statement. A copy of the insert (which is printed on the back of the electric bill statement) and video showing a sample was provided for Director information.

Long also discussed the next planned “Today in Mississippi” (TIM) issue with the subject matter being “Board Governance”. Other details of facts being discussed for inclusion in the next issue were presented to the Board for their consideration. Mr. Carr recognized Director Holland who made valid points concerning the content of the TIM publicizing the director election process. More information will be provided to the Board prior to any printing of the information and the process.

Other means of announcing to members that the TIM publication is available to them in a digital version via TEPA’s website (at not a printed document at this time) was discussed. A power point video of the first issue of the TIM, as available to members, was presented by Russ Tally.

Rates: Chairman John McFerrin provided the Board with a summary of committee work concerning a recommendation to the Board based upon the Rate Committee study. Facts studied by the committee and presented to the Board by Chairman McFerrin included: the committee reviewed and studied information presented by the staff for implementing a “Guideline Increase” of approximately \$1.6 Million annually; the increase would be accomplished by an increase of \$2 (raising from \$18 to \$20) in the residential rate Customer Charge, (producing approximately \$850,000 in new revenue to TEPA; the remaining revenue of approximately \$800,000 would be produced and collected through an increase in the billing components for all remaining rate classes eligible for increases as regulated by TVA.

Other facts provided and pointed out by Chairman McFerrin were; these increased funds are needed for TEPA capital projects planned or under construction during the next five (5) fiscal years; it has been nine (9) years since TEPA has had a retail rate increase to produce fund its own needs. Mr. McFerrin provided sample bills and other calculations showing how member electric bills would be affected by implementing the Guideline Increase. The average residential bill increase will be slightly less than 2% as shown by data and example calculation and presented to the Rate Committee by the TEPA staff.

After presenting the information studied by the rate committee, **Chairman McFerrin made a recommendation on behalf of the rate committee that the retail rate Guideline Increase dollar amount be implemented for electric bills rendered beginning October 2018 as presented to the Board and in the manner recommended by the TEPA staff.** Requiring no second since recommended by the committee, and upon vote taken, a majority vote to implement was observed.

Buildings and Grounds: Chairman Wesson, presented information to the Board for replacement of buildings and other facilities damaged at Fulton due to a recent severe thunderstorm. Mr. Wesson summarized information reviewed by the committee as presented to them by the staff for replacement of the facilities damaged or destroyed. The committee also considered information presented by the staff to construct an additional building for

shedding and storing certain equipment used at the district office. **After review of the details presented by the staff, Chairman Wesson recommended on behalf of the committee, that \$60,000 be approved for expenditure for the added facilities above that amount covered by and reimbursed by TEPA's insurance coverage provided through the Federated Rural agency that provides insurance coverage for TEPA.** Having heard the recommendation of the committee, and upon vote taken, a majority vote to implement the recommendation of the committee was observed.

Auditor's Report:

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

- net income for the ten (10) months in FY 2018 was \$2,206,560 which was \$1,160,078 less than the net income for the same period last year
- for the ten (10) months of FY 2018, compared to the same period last year, kilowatt-hours sold increased by 0.75%, which is a minor increase from last month's cumulative energy sales.
- Mr. Haygood also highlighted other financial details that affected our monthly report and indicated that the sales for the month of April 2018, were just slightly more than April 2017. This resulted in increased sales of \$107,391, or an increase of 0.11% compared to the same period last year. Weather conditions experienced during the previous month have been essentially normal and have not produced much higher than normal energy sales. Mr. Haygood reaffirmed that TEPA still maintains a good financial status.

Manager's Report:

Long reported to the Board on the following matters:

- Long introduced Ken Brown, Fulton Branch Manager Elect, who will be fulfilling new duties later this year when David Kelso retires. Ken has been employed with TEPA for more than 30 years and has worked mostly with construction and maintenance of association infrastructure.
- The AMR/AMI upgrade project is still going well and on track. More than 21,000 units have been replaced to date and the new system is performing well.
- The staff is working with a new client considering the Turner Industrial Park location. The new electric load is projected to be approximately 1,000 kW.
- With the assistance of Russ Tally, Long presented a power point slide showing outage calls recently taken during out outage due to stormy weather. A slide was shown showing where 64 members had used the OMS system under test to report their power being out. Improvements due to testing are still being made with the system before it is deployed for employees involved with power restoration can utilize.

- Provide the Board with updates for the Board activities planned for the planned Board trip to visit various TVA facilities and the upcoming reception, greeting and field trip planned for the TVA Board in October.

Matters of Mutual Concern:

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

Pat Carr, President

Don Knight, Secretary-Treasurer