

**COBB ELECTRIC MEMBERSHIP CORPORATION BOARD MINUTES**

**1000 EMC PARKWAY**

**MARIETTA, GEORGIA**

**January 24, 2012**

**CALL TO ORDER**

Chairman Larry Chadwick called the meeting of the Cobb EMC Board of Directors to order at approximately 2:00 p.m. The meeting was held in the board room of the Administrative Building.

**INVOCATION**

Director Herndon gave the invocation.

**IN ATTENDANCE**

The following members of the board of directors were present: Larry Chadwick, David Tennant, Ed Crowell, Malcolm Swanson, Kay Anderson, David Herndon, David McGinnis, Cheryl Meadows and Johnny Gresham.

Others in attendance were Chip Nelson, Robert Steele, David Johnson, Lil Lasseter, Sam Kelly, Greg Steele, Jamey Hulsey, Bob Arnett, Steve Paolucci, Bob Schoonover, Frank Myers, Steve Beavers, Sheila Bryant and Attorney Bob Silliman.

**APPROVAL OF AGENDA**

Director Herndon made a motion, seconded by Director Swanson, to approve the agenda as amended. The motion was carried.

**APPROVAL OF MINUTES**

Chairman Chadwick declared the minutes from the Board Meeting on December 13, 2011, approved as printed and distributed.

### **ELECTION OF VICE CHAIRMAN OF THE BOARD OF DIRECTORS**

Attorney Silliman opened nominations for Vice Chairman of the Board of Directors for Cobb EMC. Director Gresham made a motion, seconded by Director Meadows to nominate Director Crowell for Vice Chairman. With no other nominations, a motion was made by Director Anderson, seconded by Director Gresham to close the nominations for Vice Chairman of the Board of Directors for Cobb EMC. The motion was carried.

### **REPORT FROM FINANCE COMMITTEE**

Director Gresham made a motion, upon the recommendation of the Finance Committee, to approve each and every adoption by the Finance Committee with respect to the following:

- Gas South Financials
- Cobb Electric Cash Requirement Summary & the Financial & Statistical Report for November & December, 2011
- December 2010 Write-offs

The motion was carried.

### **RESOLUTION FOR GAS SOUTH CREDIT FACILITY**

Robert Steele reviewed the resolution for the Gas South Credit Facility with the board. Director Gresham made a motion, upon the recommendation of the Finance Committee, to approve the resolution for the Gas South Credit Facility. The motion was carried.

### **REPORT OF MEETINGS ATTENDED**

Director Chadwick stated he had attended an Oglethorpe Power Corporation ("OPC") Board Meeting and reported that OPC financials were in good standing.

## **APPLICATIONS AND CANCELLATIONS**

CEO Nelson reported there were 1595 new applications and 1542 cancellations for a net gain of 53.

A list of "Applications and Cancellations for Memberships" for the month of December, 2011 was circulated, and it was recommended that it be accepted. Director Chadwick made a motion, seconded by Director Herndon, that the applications listed in this report be accepted as members of the cooperative and those listed for cancellations be approved. The motion was carried.

## **SAFETY REPORT**

Lil Lasseter reviewed the December Safety Report. There was one chargeable and no non-chargeable personal injuries, and one chargeable and two non-chargeable vehicle accidents. Ms. Lasseter distributed the 2008-2011 D.A.R.T. Rate/Incident Rate Comparison graph to review with the board. This yearly report is sent to OSHA and calculated using loss time, injuries and number of hours worked. Ms. Lasseter commented that additional training and an updated safety manual has produced a positive effect on Cobb EMC's incident rate in 2011.

## **SMART GRID UPDATE**

Bob Schoonover reported as of January 20, 2011, Cobb EMC's non-grant expenditures are \$2,156,540.00, and grant expenditures are \$27,780,970.00. Grant reimbursements to date are \$13,890,485.00 with Cobb EMC net expenditures \$16,170,608.00. A total of 172,567 meters have been installed to date.

## **REPORT FROM PRESIDENT/CEO**

CEO Nelson stated he has received an invitation to be the keynote speaker at the Georgia EMC Engineering Association

meeting on May 10, 2012 which conflicts with Cobb EMC's May, 2012 Audit/Budget Committee meeting. CEO Nelson asked for the board's approval to accept the invitation. The board approved.

CEO Nelson stated there has been a request to move the meeting date of the February Audit/Budget Committee meeting from February 9, 2012 to Friday, February 10, 2012. Director Gresham requested that the March 27, 2012, Finance Committee meeting and Board meeting be moved to Wednesday, March 28, 2012. The board approved both of these changes to meeting dates.

CEO Nelson reported thus far, there are nineteen candidates running for the six areas to be voted on at the 2009 & 2010 Annual Meeting and Director Elections on March 31, 2012.

CEO Nelson stated the OPC/GTC/GSOC & Smarr Annual Meeting is March 26, 2012. Cobb EMC delegates should attend and he encouraged all the directors to attend.

CEO Nelson reported that Tim Echols has been appointed chairman of the Public Service Commission. He also discussed Cobb EMC's 2011 pole rental income. These charges are billed to telephone and cable companies that attach to Cobb EMC poles.

CEO Nelson invited the directors to a "meet and greet" to be sponsored by Cobb EMC on February 28, 2012 at the Georgia capitol building with legislators of our service areas. The first "meet and greet" was held in 2010. The February 28, 2012 Board Meeting was discussed and the board approved moving the meeting time to 1:00 p.m. in lieu of 2:00 p.m.

CEO Nelson stated that Cobb EMC bylaws require the appointment of members to the Nomination Committee with a minimum of five members and a maximum of eleven. This committee must be appointed per our attorney even if there are no incumbents seeking re-election. The Credentials & Elections

Committee will meet with all the candidates for the six areas and based on the number of candidates thus far, there will be at least five meetings in order to meet with all the candidates.

Each director is asked to make a nomination for each committee. Should a former Credentials Committee member be chosen to be nominated again, directors will need to verify they will serve again and confirm with Sam Kelly. Names of nominations are needed by February 5, 2012.

#### **REPORT FROM ATTORNEY**

Attorney Silliman reported he has been working with the Credentials & Elections Committee to qualify candidates.

#### **REPORT FROM DIRECTORS**

Director Crowell commented the training for the new directors with Monica Schmidt with NRECA went very well. Director Herndon along with several of the other directors commented they have been receiving correspondence from Southern Alliance for Clean Energy in support of Cobb EMC cutting its funding of Power4Georgians.

#### **NEW BUSINESS**

**2012 NRTC Voting Delegate & Alternate** - Chairman Chadwick appointed Director Meadows to serve as Cobb EMC's voting delegate at NRTC's 2012 Annual Meeting. CEO Nelson was appointed Alternate Voting Delegate.

**Resolution for Appointment of Smarr EMC Member Representative & Alternate** - Chairman Chadwick appointed Director Swanson to serve as Cobb EMC's member representative to Smarr EMC. CEO Nelson was appointed to serve as Cobb EMC's alternate member representative.

**Resolution for Appointment of Green Power Member Representative & Alternate** - Chairman Chadwick appointed CEO Nelson to serve as Cobb EMC's member representative to Green Power EMC. Jim Gantt was appointed as alternate member representative for Cobb EMC.

**Appointment of Members to Finance, Audit/Budget, and Policy/Public Relations Committees** - Chairman Chadwick appointed Director Meadows to the Finance Committee, Director Tennant to the Audit/Budget Committee, and Director Swanson to the Policy/Public Relations Committee.

A motion was made by Director Herndon, seconded by Director Gresham to approve all of the resolutions. The motion was carried.

**Gold & Coin Exchange Lease Agreement** - Steve Beavers stated that the current three year lease with Gold & Coin Exchange for Cobb EMC's building #8000 is expiring. A new lease has been negotiated for a two year period for the same location at a monthly amount of \$2,900.00. Director McGinnis made a motion, seconded by Director Gresham to extend the lease to Gold & Coin Exchange for a two year period at a monthly cost of \$2,900.00. The motion was carried.

**Proposed Open Information Policy** - Director Tennant presented a proposed open information policy for the purpose of having more open communication with Cobb EMC members to the Board of Directors for their consideration. The open information policy proposed quarterly, member only, town hall meetings, Cobb EMC community room as the suggested meeting location, and posting of minutes on Cobb EMC web site with removal of any sensitive material. Director Crowell made a motion, seconded by Director Meadows to approve the open information policy with the

exception of approval of the effective date of this policy. The motion was carried.

**OPC Customer Affidavit** - Chairman Chadwick stated that Oglethorpe Power Corporation (OPC) Customer Affidavit was a yearly form verifying the number of customers of Cobb EMC entitled to vote as members of Cobb EMC and served through facilities served by OPC. As of December 31, 2011, Cobb EMC's member number is 174,439. Director Herndon made a motion, seconded by Director Crowell, to approve the OPC affidavit. The motion was carried.

There was a short recess after which the board meeting reconvened.

#### **OLD BUSINESS**

**Dean Alford - Power4Georgians** - Mr. Alford stated he had been meeting with boards over the past four years briefing them on Power4Georgians (P4G) and Plant Washington. He commented that coal is still the backbone of the country and that it is important to have a diversified portfolio of energy. Power4Georgians owns the permit(s) but he stated that P4G never intended to build Plant Washington. He stated P4G's goal has always been to obtain the permits needed and then sell them to any interested party that could build the plant. Mr. Alford discussed Cobb EMC's options and answered various questions presented to him by directors. He thanked Cobb EMC board for allowing him to speak to them on behalf of P4G.

**GEMC Certificate for Director, Alternate Director and Representatives** - Chairman Chadwick stated that Director Tennant was appointed GEMC Director and CEO Nelson Alternate Representative in the December 2011 board meeting, therefore no motion was necessary.

**Resolution for Appointment of OPC/GTC/GSOC Member**

**Representative & Alternate** - Chairman Chadwick stated that Director Gresham was appointed member representative to OPC/GTC/GSOC and CEO Nelson second alternate member representative to OPC/GTC/GSOC in the December 2011 board meeting. Director Crowell made a motion, seconded by Director Swanson to approve the resolution for appointment of the OPC/GTC/GSOC member representative and alternate. The motion was carried.

**Discussion of the Resolution to Approve Power4Georgians**

**2012 Budget** - CEO Nelson stated that this would be discussed in the Executive Session.

**ProCore Update** - David Johnson reported the transaction with ProCore is progressing with an anticipated closing date of May 1, 2012.

The negotiations will be finalized in February. All ProCore employees will be notified of the transition plans, at least 60 days prior to closing. When the employees are informed of Cobb Energy, Gas South's and Greg Steele's negotiations and their employee status, a press release will also be issued. Mr. Johnson stated Cobb EMC would have an appraisal done prior to the final negotiations being completed. He stated that two firms had been interviewed and Fair Value Appraisers had been selected to complete the appraisal.

**OTHER BUSINESS** - There was no other business to discuss.

There was a short recess after which the board meeting reconvened.



## **EXECUTIVE SESSION**

The Executive Session began at 3:40 P.M. and ended at approximately 4:30 P.M. All, with the exception of the directors, senior staff and attorneys, were excused.

The board meeting reconvened for further business.

## **DISCUSSION OF THE RESOLUTION TO APPROVE POWER4GEORGIANS 2012**

**BUDGET** - Chairman Chadwick stated in the Executive Session the board discussed funding the Power4Georgians 2012 budget. Director Meadows made a motion, seconded by Directory Tennant not to fund Power4Georgians 2012 budget. All directors voted aye with the exception of Directors Gresham and McGinnis voting nay. The motion was carried.

## **ADJOURNMENT**

There being no further business to discuss, the meeting was adjourned at 4:35 P.M.