

MINUTES



**Wiregrass Electric Cooperative, Inc.
Board of Trustees
April Board Meeting
Tuesday, April 28, 2020, 5:30 pm - 8:34 pm
Conference Call**

In Attendance

Danny McNeil; David Winstead; Debra Baxley; Donald Ray Wilks; Donna Parrish; Greg McCullough; John Clark, Jr.; Kip Justice; Tracy Reeder

I. **Conference Call-In Information**

877-217-1069 Call this number

It should answer AREA conference bridge

Enter Participant pass code: 17435628#

Leader pass code 79768954#

Call 334-797-0415 if you have problems.

II. Call to Order

A regular meeting of the Board of Trustees of Wiregrass Electric Cooperative, Inc. was held on April 28, 2020, via conference call at the Headquarters Office of the Cooperative in Geneva County, Alabama.

Paragraph from WEC Bylaws: ARTICLE V Meetings of Trustees

Section 4. Quorum. A majority of the Board of Trustees shall constitute a quorum, provided that if less than such majority of the Trustees is present in person, by video or teleconference, at said meeting, a majority of the Trustees present may adjourn the meeting from time to time; and provided further that the Secretary shall notify any absent Trustees of the time and place of such adjourned meeting. The act of the majority of the Trustees present at a meeting at which a quorum is present shall be the act of the Board of Trustees.

III. Invocation and Pledge of Allegiance

Invocation was given by Les Moreland. Jason Thrash led the Pledge of Allegiance.

IV. Those Absent

V. Introduction of Guests

VI. Business of the Membership

Business of the Membership was discussed. Letters of thanks were received from the Crutchfield family, the Wiregrass Angel House, and Jimmy and Elaine Helms.

Kip Justice was approached by a member regarding the broadband project that began in 2018. Management provided an update to the board regarding the progress of the project and lobbying efforts currently taking place. Please see CEO Report for more detail.

VII. Action Items-Agenda

A. Approve Consent Agenda

Items included in the Consent Agenda include the review and approval of the Safety Report and Hours Worked Report; the Approval of Minutes from March 24, 2020 Board of Trustees Meeting and to Vote on 191 persons who have requested membership in the Cooperative in March and who have complied with requirements of the By-Laws, and who are now receiving service. Vote off 206 members who have ceased to receive electric service in March, and who have requested to withdraw their membership.

Move: David Winstead Second: John Clark, Jr. Status: Passed

B. Habitat for Humanity

On July 27, 2010, the Board of Trustees approved a program in conjunction with the Wiregrass Habitat for Humanity to provide \$25K for up to 4 years for participation in an energy efficiency loan program. Habitat would be the facilitator of the revolving loan program with WEC providing sponsorship funds. Ten years later, Habitat has not been able to loan 100% of the funds paid by WEC for energy efficiency remodels. Habitat would like our blessing to take the balance of the "restricted" funds and transfer to their general fund to use as needed by the program. After a brief discussion, a motion and second was made to allow Habitat to use funds as needed to benefit the organization.

Move: Danny McNeil Second: John Clark, Jr. Status: Passed

C. Vantage Point Feasibility Study

There is an upcoming opportunity for Troy Cable to apply for RDOF (Rural Digital Opportunity Fund) funds that will be distributed through a reverse auction process during Fall 2020. AREA is putting together a consortium of Cooperatives to apply for the grants available through RDOF. Since we are not in the business of installing and offering broadband, we are not eligible to be a part of the consortium. AREA will not allow a for-profit company in the consortium; therefore, Troy Cable needs a feasibility study so that they can make educated decisions on applying for RDOF funds. The data obtained from the feasibility study will provide the groups of polygons that are available, the dollars available in the grant, and assist with the application and bid process. In order for WEC to assist our members who still have a need for broadband, WEC agrees to provide Troy Cable up to \$15,000 to assist with the cost of a feasibility study with Vantage Point.

Move: Debra Baxley Second: Kip Justice Status: Passed

D. Approve 12/31/2019 Write-Offs - \$189,315.72

After a review of accounts subject to 12/31/2019 write-off, a motion and second was made to approve the 2019 write-offs. Motion Passed.

Furthermore, Houston County Sanitation write-offs for 2019 were \$17,497. This leaves \$171,818.72 as the WEC Write-offs.

Move: Kip Justice Second: David Winstead Status: Passed

E. Disposal of Fixed Assets - Truck 144 and 153

After a review of WEC fleet rotation schedule and truck inspections, Robbie Daniels, Manager of Corporate Services recommends the surplus of truck 144 and 153.

Truck 144- 2007 Chevrolet Silv1500, 194,975 miles

Truck 153 - 2007 Chevrolet Van, 43,705 miles

Move: Debra Baxley Second: Danny McNeil Status: Passed

F. Accept Financial/Operating Report for March

Lisa LeNoir, Chief Financial Officer, presented the Financial and Operating Report for March. A motion was made to accept the operating report as presented and a second. Motion passed.

Move: Greg McCullough Second: Donald Ray Wilks Status: Passed

G. 2020 Youth Tour -Approve Addtl Scholarship \$2,900

Each year, WEC accepts applications for Youth Tour which is held in Montgomery during March. WEC received applications and sent 10 deserving students to Youth Tour during early March. These students will receive a scholarship of \$500 to their chosen school. After Youth Tour, there is an interview process that those students go through where independent judges choose delegates to attend the Washington DC Youth Tour held in June. Three students were chosen as delegates for the Washington DC Youth Tour trip. These three students receive an additional \$500 scholarship to their chosen school. Due to COVID-19, NRECA cancelled the experience. As these students will not be eligible to participate in the 2021 Youth Tour, management requested that WEC use the budgeted funds for Youth Tour as additional scholarship funds. After a brief discussion, the board approved providing an additional \$2,900 to each of the three Washington DC Youth Tour delegates.

Move: Tracy Reeder Second: Debra Baxley Status: Passed

H. Approve Proposed ByLaw Amendment for 2020 Annual Meeting Ballot for membership vote

Management has had conversations with Jackson Thornton and Farmer Price regarding current wording of the by-laws in regards to Capital Credit Recoupment and Offset. The current by-laws reference retirement of offset. This change would clarify the language to the following:

Capital Credit Recoupment and Offset- Regardless of a statute of limitation or other time limitation, after retiring Capital Credits allocated to a Patron/Member or a former Patron/Member the Cooperative may recoup, offset or setoff an amount owed to the Cooperative by the Patron/Member or former Patron/Member including any compound interest or late payment fee, by reducing the allocated or present value amount of the Capital Credits being paid to the Patron/Member or former Patron/Member by the amount owed to the Cooperative.

After some discussion, there was a motion and second that the suggested by-law language clarification be presented to the membership for approval. Farmer Price will review the complete by-laws for further language clarification for presentation to the membership for approval.

Move: Kip Justice Second: David Winstead Status: Passed

VIII. Jason Thrash- Vice President of Engineering & Operations

IX. COO's Report- Brad Kimbro

X. CEO's Report- Les Moreland

In 2018, WEC began discussion regarding their internet connection between offices and substations. WEC needed a more reliable, more robust and in some cases, a first-time broadband high-speed connection to all of our offices and substations in order for our cooperative to continue to provide the best service possible to our membership. These connections to our offices and substations will certainly allow our cooperative to continue to embrace technology and allow our cooperative to operate as efficiently as possible. WEC can better serve our membership through taking advantage of technologies that allow our cooperative to be more efficient in terms of reliability, affordability, accessibility, convenience to the member and better communication with the member, which is all made possible with high-speed broadband connection to our offices and substations.

The question for WEC at this point was: How do we make these connections? WEC is not in the business of providing internet service and the cost to begin an endeavor was great. Troy Cable already provided broadband in the Wiregrass area and were willing to make a proposal to connect our offices and substations. The proposal from Troy Cable provided WEC a pathway to help our members who were under-served with broadband connection.

Board members receive questions from time to time from the membership regarding broadband. Trustee, Kip Justice, recently brought this question from a member to the board:

What do I tell a member who is anxious to get broadband, and they see some member's getting the benefit of broadband from what we are doing with Troy Cable to serve our offices and substations, as well as the from the ADECA grants that Troy Cable has been awarded? Why are all members not getting broadband immediately?

- (1) The short answer is that the cost of Broadband for the Wiregrass is extremely high and many more grant dollars are needed. It took 80 years and well over \$125 million to build the electric distribution grid in our territory. Conservative estimates are that it would cost \$25,000 per mile to run fiber over our 3,000 miles of line, which totals \$75 million of investment capital.
- (2) Prior to starting our project with Troy Cable, where they put fiber along our backbone to connect our offices and substations, approximately 30% of our members already had acceptable broadband service from either CenturyLink, WOW, Comcast, Time Warner or Spectrum. It did not make economic sense for our Co-op or Troy Cable to overbuild fiber in those areas, because it would be difficult to achieve the take rate needed to recover the capital investment.
- (3) In some parts of Alabama, hardly any rural co-op members were being served by existing cable and phone companies. So, a handful of Electric Cooperatives in Central and North Alabama have each formed a separate for-profit company to run and own fiber to serve those members. Each of these cooperatives is risking tens of millions of dollars in capital to build their fiber network. They each hope over 20 to 30 years to recover that capital by selling internet. These Co-ops felt they had no other option, finding no viable partners they could work with.
- (4) Because of our low density at WEC (5 to 7 customers per mile) and the fact that it takes approximately 14 paying customers per mile to recover this massive capital investment required, the Board of Directors at WEC was averse to taking such a large risk, with no guarantee of success. Also, as a RUS borrower (we have a \$50 million debt portfolio with the Rural Utility Services within USDA), we are prohibited by covenant from cross subsidizing a new Broadband Internet Business with Electric Revenues. In addition, the IRS (we are a 501c 12) prohibits us from co-mingling non-electric internet with electric revenue if we want to maintain our tax-exempt status.
- (5) Another option for a cooperative to facilitate broadband internet in their territory was pioneered by South Alabama Electric Cooperative in Troy, AL. They partnered with Troy Cable, a locally owned telephone/cable/internet provider headquartered in Troy, AL. Over the last decade they have seen over 90% of their members receive broadband service, as they facilitated Troy Cable by allowing them joint-use of the poles and right of way. SAEC also used Troy Cables fiber backbone for their corporate communications and operations needs with their substations and down-line devices.
- (6) After meeting with and receiving a proposal from Troy Cable, WEC's management and board decided it was more prudent in our territory to leverage the private capital investment of Troy Cable, than form our own for-profit internet company and risking \$75 million of capital investment. We have entered into a 7-year (84 month) agreement to get things moving, that has options to renew as long as both parties are satisfied, and we are making progress to achieve our goal of bringing high speed internet to our unserved members.
- (7) In the first few years of the agreement, we have had great success. All four of our offices and 14 out of 15 substations are now connected by a 1 gigabyte fiber network. An additional 25% of our members now have access to broadband at gigabit speeds

through Troy Cable, as they have already attached hundreds of miles of fiber to the poles on our distribution grid (see map on our web-site). In addition, Troy Cable has been awarded multiple grants from ADECA to serve Wiregrass Members. Another between 1,500 and 2,000 Wiregrass members will have the opportunity to have Gigabit speed broadband as these additional miles of Fiber are added on the Wiregrass distribution system over the next two years.

(8) In addition, Wiregrass management and Troy Cable management are constantly monitoring Federal grant opportunities that are becoming increasingly available. Troy Cable is actively pursuing an additional federal grant to be used in WEC territory that will be awarded in October 2020, using information from our WEC mapping system to identify members who still need broadband service. Due to the low density in much of our territory, grant funds are necessary in order to offset the massive capital cost of running hundreds of miles of fiber.

(9) Wiregrass Electric and Troy Cable management are actively involved in lobbying both state and federal legislators to make the Grant rules better and more fair to rural areas. Then Representative, now Senator Donnie Chesteen worked closely with us, and was instrumental in getting the state legislation passed that created the Alabama ADECA grants Troy Cable has already been awarded (prox. \$2 million in matching grants for Wiregrass Territory).

(10) Prior grants have not been available in the WEC territory because of obsolete rules and bad FCC maps. Two years ago, another company was awarded \$48 million in federal broadband grants in the Connect America Fund (CAF2). In that grant, it was represented that they would provide 10 MB/sec of DSL coverage to every census block in Geneva County, and most of Houston County. Going forward, we need our members to join us as we lobby our government to make these changes in grant programs, so that all rural areas and especially WEC members can have broadband internet.

WEC's goal in partnering with Troy Cable is to leverage both our Cooperative's and Troy Cable's strengths for the common goal of providing a high-speed broadband connection for all those living and working in the Wiregrass area.

XI. Attorney's Report- Russ Parrish

XII. Board Committee Reports- PSE/AREA

Power South's Board of Trustees Meeting was held on March 27, 2020 and April 24, 2020 via Teleconference; discussion was held concerning the same, led by Power South Trustee representative, Danny McNeil. The next Power South Board of Trustees Meeting will be held on May 22, 2020.

Alabama Rural Electric Association Board of Trustees Meeting was held on March 26, 2020 via Conference Call, and discussion was held concerning the same, led by AREA Trustee representative, Greg McCullough. The next AREA Board of Trustees Meeting will be held on May 27, 2020.

XIII. Next Board Meeting

The next regular Board Meeting is scheduled for Tuesday, May 26, 2020 at the Hartford office of the Cooperative at 6:15 p. m.

XIV. Adjourn

A motion and second was made to conclude this meeting of the Cooperative Board of Trustees.

Move: Danny McNeil Second: Greg McCullough Status: Passed

Donna J. Parish

Debra L. Lott

President

Secretary

SEAL