

MINUTES OF MEETING OF BOARD OF DIRECTORS OF
GRADY ELECTRIC MEMBERSHIP CORPORATION
HELD NOVEMBER 2, 2016

The regular meeting of the Board of Directors of Grady Electric Membership Corporation was held at its office in Cairo, Georgia, on the 2nd day of November, 2016. All of the Directors were present, to-wit: H. Lamar Carlton, Robert E. Lee, Dewey A. Brock, Jr., James F. Freeman, James Lewis, Ronald Sellars and Earl Stuckey. Also present were President Thomas A. "Bo" Rosser, Jr., Attorney M. Claire Chason, CPA Marlan Nichols, Pat Reed, Jeff Rehberg, Rex Robinson, Wayne Windham and Donnie Prince.

The Chairman presided, and the minutes were kept under the direction of the Secretary.

The minutes of the previous regular meeting held on October 5, 2016, were read and approved.

The following proceedings were had, all action being first duly moved and seconded and all action being taken upon the unanimous vote of the Board or without dissenting vote or abstention, unless otherwise stated:

1. **Resolutions.** Resolutions were adopted for outgoing Directors H. Lamar Strickland and Caylor Ouzts expressing appreciation for their years of service to Grady EMC.
2. **New Directors.** President Rosser welcomed new Directors, Ronald Sellars and Earl Stuckey, to the Board.
3. **Federated Insurance Coverage and Director Liability.** The Directors reviewed and discussed "A Guide to Directors' Duties and Responsibilities" provided by Federated Rural Electric Insurance Exchange as presented by Attorney Chason.
4. **Patronage Capital and Discount Rate.** A presentation to the Board regarding the ability of the cooperative to distribute patronage capital in 2017 was made by the President. His presentation was based upon the cooperative's current financial structure and position, its need for future capital work plans and budgets, a financial forecast covering growth, long term debt, other contractual obligations, and equity level requirements, the cooperative's Bylaws, the Cooperative's Equity Management plan previously presented to the Board, CFC's Key Ratio Trend Analysis, a historical analysis of prior patronage capital disbursements, and the overall financial health of the cooperative. After discussion, including questions and answers, with Director Stuckey abstaining from the vote, the Board approved the continuance of the current patronage capital retirement policy of payout to applicant estates, and the discount rate of 6.5%. This action shall not create any obligation on the Board to make retirements in the future because such future actions are within the discretion of the Board and dependent upon the Board's

assessment of the circumstances and financial health of the Cooperative at that time.

5. **Rebates and Contributions.** 2017 School Contributions, Washington Youth Tour, and other smaller contributions on a case by case basis in the service territory were approved. It was noted that two Walter Harrison Scholarships, funded by a donation of \$1000.00 each, are in existence on a continuing basis. The 2017 Rebate Program was approved for gas change out of existing HVAC system to 15.0 SEER or higher rated heat pump, conversion from gas water heating to electric, and conversion from gas cooking to electric, as same was presented by Donnie Prince.
6. **Annual Meeting Review.** Pat Reed informed the Directors that 1019 members registered at the Annual Meeting held on October 21, 2016, at Family Worship Center in Cairo, GA. The Directors reviewed and discussed the location, options, security, safety, cost, parking, logistics and comfort of having the annual meeting this year at the Family Worship Center versus the Grady EMC headquarters. The Directors elected to wait until 2017 to determine the location of the next annual meeting.
7. **Review of IRS Form 990.** The Co-Op's Auditor, Marlan Nichols of Nichols, Cauley and Associates, gave a review of IRS Form 990 to the Directors and had copies available for them. After discussion, the Directors approved the review as presented.
8. **Election of Officers and Consultants.** The following officers and consultants were elected for 2016-2017:

Chairman- H. Lamar Carlton
Vice Chairman- Robert E. Lee
Secretary- Treasurer- Dewey Brock, Jr.
President/General Manager- Thomas A. Rosser, Jr.
OPC Member Representative- H. Lamar Carlton
OPC Alternate- Thomas A. Rosser, Jr.
CFC Delegate- Robert E. Lee
CFC Alternate- Thomas A. Rosser, Jr.
NRECA Delegate- James F. Freeman
NRECA Alternate- Thomas A. Rosser, Jr.
GEMC Director- H. Lamar Carlton
GEMC Alternate- Thomas A. Rosser, Jr.
GEC Director- H. Lamar Carlton
GEC Director- Thomas A. Rosser, Jr.
GRESKO Director- Thomas A. Rosser, Jr.
GRESKO Alternate- Lynwood Cone
NRUTC Director- Robert E. Lee
NRUTC Alternate- Earl Stuckey

Federated Director- Dewey A. Brock, Jr.
Federated Alternate- Thomas A. Rosser, Jr.
CoBank Director- Jimmy Freeman
CoBank Alternate- Thomas A. Rosser Jr.
Green Power Member Rep. – H. Lamar Carlton
Green Power Alternate- Thomas A. Rosser, Jr.
Auditors- Nichols, Cauley and Associates
Engineers- McLean Engineering Company
Attorneys- Chason Law Firm LLC, general counsel, and Constangy Brooks Smith
& Prophete LLP, labor matters

9. **Capital Credit Requests.** The Directors approved the Capital Credit Requests submitted in the approximate amount of \$16,270.16.
10. **Bills.** The Directors approved the payment of Bills submitted.
11. **Bad Debt.** The Directors approved the list of accounts to be written off and authorized the writing off of the bad debt shown on the list for the period from July 1 through July 31, 2016, in the amount of \$8,712.34.
12. **New Members.** The new members were approved as presented.
13. **Operating Report.** The Directors reviewed the Operating Report.
14. **Other Discussion.**
 - a. The Directors were reminded of the GEMC Annual Meeting to be held November 13-15, 2016, in Savannah, Georgia.
 - b. The Directors requested that the President schedule a Director's Academy training session through GEMC and offer to host it at Grady EMC.
 - c. The President did an update on the proposed location and review of the 2 MW Solar Project to be located on the Sugar Cane property.
 - d. It was announced that the December Board meeting will be held on December 6, 2016, at 5:00 p.m., and the Christmas Dinner will be held on the same day beginning at 6:30 p.m.

There being no further business to come before the meeting, and no Executive Session being necessary, the meeting was adjourned.



Chairman



Secretary