

MINUTES OF MEETING OF BOARD OF DIRECTORS OF
GRADY ELECTRIC MEMBERSHIP CORPORATION
HELD NOVEMBER 1, 2017

The regular meeting of the Board of Directors of Grady Electric Membership Corporation was held at its office in Cairo, Georgia, on the 1st day of November, 2017. All of the Directors were present, to-wit: Dewey A. Brock, Jr., H. Lamar Carlton, J. Mark Clark, William Gordon Clyatt, 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, Donnie Prince and John Long.

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

The minutes of the previous regular meeting held on October 4, 2017, 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. **Resolution.** A Resolution was adopted for outgoing Director Robert E. Lee expressing appreciation for his thirty-three (33) years of dedicated service to Grady EMC. Director Clyatt abstained from the vote.
2. **New Director.** President Rosser welcomed new Director, William Gordon Clyatt, to the Board.
3. **Agenda.** Director Clyatt moved that the Board Meeting Agenda be provided to the Board members 72 hours in advance. The motion was seconded and approved.
4. **Document Review.** The Directors reviewed an e-mail request sent to the President from Director Clyatt. Director Clyatt made a motion that documents listed in his e-mail be provided to all the Directors. Attorney Chason informed the board that she had not reviewed the list, but any documents concerning pending litigation involving Director Clyatt should be provided to him only as a part of the litigation process. The motion failed without a second. Director Carlton made a motion that the President review the list of documents listed in Director Clyatt's email, and provide the documents he determined allowable for the review of the Directors. Any objectionable documentation would be discussed with the Directors at the next Board meeting. Said motion was seconded and approved.
5. **Director Liability and Insurance Coverage.** The Directors reviewed Georgia statutes concerning general standards of care and conduct for actions of directors and "A Guide to Directors' Duties and Responsibilities" provided by Federated Rural Electric Insurance Exchange as presented by Attorney Chason.

6. **Patronage Capital Allocation and Discount Rate.** The Directors continued its discussion on possible patronage capital allocation. The discount rate was also discussed. CPA Nichols reminded the Directors that any decision on allocation must take into consideration recent Georgia case law concerning patronage capital allocation, as well as Grady EMC's financial position, its need for future capital, its growth forecast, long term debt, other contractual obligations, and equity level requirements. It was recommended that an expert be hired to review and advise the Directors of the impact of any decision. The Directors requested that the President, with input from CPA Nichols, identify and make contact with an expert and provide further information to the Board at the next meeting.
7. **By-Laws.** The Directors discussed the By-Laws and approved an overall review to be made in order to update them and to be sure that the provisions function consistently.
8. **Election of Officers and Consultants.** The following officers and consultants were elected for 2017-2018 by a majority of the Directors:

Chairman- H. Lamar Carlton
Vice Chairman- Earl Stuckey
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- Earl Stuckey
CFC Alternate- Thomas A. Rosser, Jr.
NRECA Delegate- J. Mark Clark
NRECA Alternate- Thomas A. Rosser, Jr.
GEMC Director- H. Lamar Carlton
GEMC Alternate- Thomas A. Rosser, Jr.
GEC Director- James Lewis
GEC Director- Thomas A. Rosser, Jr.
GRESKO Member Representative- Thomas A. Rosser, Jr.
GRESKO Alternate Member Representative- Lynwood Cone
NRTC Member Representative- Earl Stuckey
NRTC Alternate Member Representative- Thomas A. Rosser, Jr.
Federated Director- Dewey A. Brock, Jr.
Federated Alternate- Thomas A. Rosser, Jr.
CoBank Director- Dewey Brock, Jr.
CoBank Alternate- Thomas A. Rosser Jr.
Green Power Member Rep. – H. Lamar Carlton
Green Power Alternate- Thomas A. Rosser, Jr.
Engineers- McLean Engineering Company
Attorneys- Chason Law Firm LLC, general counsel

9. **Resolution of the Grady EMC Bylaws.** The Directors reviewed and approved a Resolution pursuant to Sections 6.07 and 6.08 of the Grady EMC's Bylaws, to delegate a portion of the responsibility and authority of the routine duties of the Secretary and Treasurer.
10. **ACRE and Georgia EMC PAC.** It was announced that ACRE and Georgia EMC PAC contributions are currently being accepted.
11. **Review of IRS Form 990.** The Co-Op's Auditor, Marlan Nichols of Nichols, Cauley and Associates reviewed the IRS Form 990 with the Directors, which was available for inspection. The Directors approved the IRS Form 990 with changes as discussed.
12. **Capital Credit Requests.** The Directors approved the Capital Credit Requests submitted in the approximate amount of \$51,089.33.
13. **Bills.** The Directors approved the payment of Bills submitted.
14. **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, 2017, in the amount of \$10,578.14.
15. **New Members.** The new members were approved as presented.
16. **Operating Report.** The Directors reviewed the Operating Report.
17. **Other Discussion.**
 - a. The Directors were reminded of the GEMC Annual Meeting and FOC Advisory Board Meetings to be held November 12-14, 2017, in Savannah, Georgia. A Grady EMC employee will be receiving a life saving award at the meeting, and Grady EMC will also receive a safety award.
 - b. The Directors approved that the President should schedule a Director's Academy training session for them. The training dates will be announced at a later date.
 - c. The December Board meeting and the EMC annual employee Christmas party was discussed.
 - d. Attorney Chason announced that the Election Committee is scheduled to meet on November 8, 2017, to finalize the details of the run-off election for Director of District 3, which will be handled by absentee voting.
 - e. Director Clyatt moved that the Board require the President to solicit two or three forensic accountants or firms with no connection to Grady EMC to present proposals to conduct a forensic audit of Grady EMC and to go back a minimum of 30 years to include all corporations and LLCs owned by Grady EMC during the last 20 years. After the presentations are made, the board will select the firm of their choosing and report the findings to

the Board and membership at the next annual meeting. After discussion, the Directors approved that the President solicit two or three forensic accounting firms who have had no connection with Grady EMC to present proposals to the Board about conducting a forensic audit of Grady EMC for a minimum of 30 years and of the LLCs owned by Grady EMC for the last 20 years.

- f. Director Clyatt moved that all regular board meetings be open to the Grady EMC membership at large. The motion failed without a second.
- g. Director Clyatt announced that he was provoked by an employee of Grady EMC at the annual meeting, and that he wanted the employee terminated. The person he was referring to was not an employee of Grady EMC.
- h. Discussion was held that it is proper procedure for one lineman to respond to an outage.
- i. Director Sellars commented on a complaint made by the President.
- j. Director Clyatt asked Director Carlton to concede the run-off election to challenger Donaldson. Director Carlton declined to do so.

There being no further business to come before the meeting, the meeting was adjourned.


Chairman


Secretary