

WELCOME



The Subpoena

1. Board of Directors total expense
2. Board of Directors individual expense
3. Total compensation and expense for CEO Mark Brown
4. Expenditures for consulting service
5. List of Cooperative-owned credit card holders



Answers to the Subpoena

1. Board of Directors total expense

- \$335,127.57 total expense
 - \$260,551.05 in per diem, reimbursements, mileage, and medical insurance
 - \$56,134.03 for annual training and conferences (registration, airfare, hotel, ground transport)
 - \$18,442.49 DOM (Directors, Officers, Managers) liability insurance

- \$316,685.08 true Director expenses for 2017

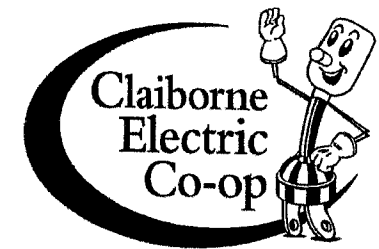
- Director medical insurance benefit now eliminated (\$190,000 savings in 2019)



Answers to the Subpoena

2. Board of Directors individual expense

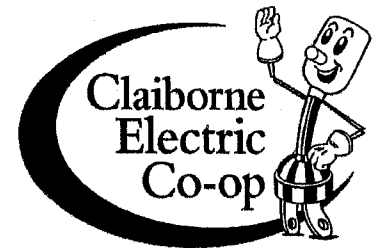
Directors	Insurance for directors	Per Diem Paid	Education, Travel Expenses, Meals, & Reimbursements	Totals
<i>Hez</i> Elkins	\$ 21,456.12	\$ 3,250.00	\$ 1,089.95	\$ 25,796.07
<i>Eddie R.</i> Harmon	\$ 21,513.60	\$ 3,000.00	\$ 551.73	\$ 25,065.33
<i>Richard</i> Noles	\$ 21,446.72	\$ 10,250.00	\$ 17,949.15	\$ 49,645.87
<i>Leroy</i> Perritt	\$ 21,447.05	\$ 9,750.00	\$ 11,830.98	\$ 43,028.03
<i>Dr. Phillip</i> Fincher	\$ 21,439.92	\$ 7,250.00	\$ 12,491.15	\$ 41,181.07
<i>Rand</i> Killgore	\$ 30,836.76	\$ 3,750.00	\$ 4,460.95	\$ 39,047.71
<i>Lave</i> Davidson	\$ 21,477.36	\$ 5,500.00	\$ 8,595.41	\$ 35,572.77
<i>Willie</i> Sensley	\$ 30,836.76	\$ 4,000.00	\$ 7,421.18	\$ 42,257.94
<i>Scott</i> Jones	\$ 219.00	\$ 5,750.00	\$ 9,269.27	\$ 15,238.27



Answers to the Subpoena

3. Total compensation and expense for CEO Mark Brown

- \$198,203 salary
- \$62,693 benefits
- \$2,760.02 travel and meeting expense, net of NRECA reimbursement



Answers to the Subpoena

3. Total compensation and expense for CEO Mark Brown



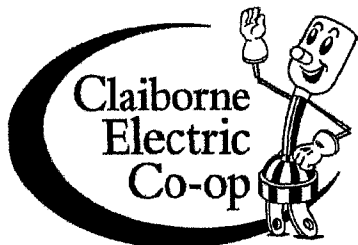
National Rural Electric Cooperative Association
2017 National Compensation System

Area: National,
Category: <Not Selected>, Lower Limit: <Not Selected> and Upper Limit: <Not Selected>

05 / GENERAL MANAGER/CEO

Manages operations by delegating concerns to department managers. Operations include: construction, maintenance, service, engineering, member service, community relations, accounting and control. Advises and assists the Board of Directors with objectives, policies and planning.

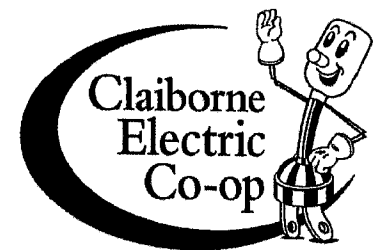
	Average	Std Dev	Lowest	1st Quartile	Median	3rd Quartile	Highest	Employees	Systems
Total									
Total	\$195,741.84	\$77,169.57	\$34,040.00	\$144,900.00	\$180,000.00	\$225,000.00	\$617,120.00	788	787
Consumers Served									
Less than 3,000	\$127,647.19	\$32,457.99	\$72,461.00	\$104,000.00	\$121,190.00	\$144,200.00	\$243,000.00	84	83
3,000 - 5,999	\$146,204.87	\$32,123.53	\$90,000.00	\$125,000.00	\$139,000.00	\$163,010.00	\$255,000.00	83	83
5,999 - 12,499	\$170,610.63	\$45,856.02	\$81,016.00	\$141,452.00	\$163,000.00	\$188,600.00	\$400,005.00	191	191
12,500 - 23,999	\$191,364.78	\$50,938.01	\$90,002.00	\$160,722.00	\$185,000.00	\$210,000.00	\$460,000.00	195	195
23,999 - 49,999	\$226,843.29	\$61,190.04	\$34,840.00	\$190,000.00	\$270,000.00	\$257,000.00	\$435,720.00	153	153
50,000 - 99,999	\$304,900.86	\$73,266.51	\$170,305.00	\$240,001.00	\$294,840.00	\$350,000.00	\$509,995.00	64	64
100,000 or more	\$392,605.21	\$139,414.91	\$172,677.00	\$270,005.00	\$375,024.00	\$507,675.00	\$617,129.00	19	19
Operating Revenue									
Less than 7	\$201,326.00	\$12,266.09	\$192,652.00	\$192,652.00	\$210,000.00		\$210,000.00		2
7 - 14,999	\$117,711.81	\$29,936.12	\$72,461.00	\$93,551.00	\$111,650.00	\$131,997.00	\$194,750.00	40	47
15 - 26,999	\$141,501.37	\$25,824.85	\$86,753.00	\$122,866.00	\$137,500.00	\$156,812.00	\$242,000.00	131	131
27 - 52,999	\$168,393.78	\$43,099.79	\$81,016.00	\$142,000.00	\$162,000.00	\$189,031.00	\$370,000.00	154	154
53 - 74,999	\$186,310.48	\$40,659.66	\$90,002.00	\$160,002.00	\$184,642.00	\$205,000.00	\$370,400.00	200	200
75 - 99,999	\$225,112.74	\$60,831.01	\$122,806.00	\$184,236.00	\$209,999.00	\$249,928.00	\$460,000.00	100	100
100 or more	\$243,840.90	\$72,716.02	\$34,840.00	\$218,652.00	\$230,000.00	\$274,100.00	\$435,720.00	53	53
Total Utility Plant (\$ millions)	\$109,105.22	\$99,840.83	\$118,634.00	\$237,185.00	\$299,400.00	\$360,000.00	\$617,129.00	101	101
Total	\$169,074.00	\$65,035.99	\$77,250.00	\$125,900.00	\$170,237.00	\$192,652.00	\$336,375.00	16	16
Less than 20	\$116,144.26	\$27,181.49	\$72,461.00	\$95,409.00	\$130,840.00	\$130,409.00	\$185,000.00	31	30
20 - 28,999	\$133,619.07	\$31,026.12	\$77,500.00	\$118,162.00	\$130,035.00	\$151,379.00	\$242,000.00	42	42
29 - 36,999	\$141,841.44	\$23,187.38	\$95,000.00	\$125,200.00	\$139,000.00	\$156,201.00	\$201,900.00	55	55
37 - 48,999	\$151,044.84	\$34,776.03	\$95,722.00	\$127,300.00	\$146,000.00	\$165,000.00	\$300,000.00	80	80
49 - 62,999	\$164,092.17	\$45,303.19	\$81,016.00	\$137,500.00	\$155,532.00	\$185,029.00	\$400,005.00	88	88
63 - 84,999	\$179,760.89	\$39,824.58	\$87,294.00	\$154,000.00	\$177,001.00	\$198,458.00	\$370,000.00	100	108
85 - 129,999	\$192,998.48	\$40,670.31	\$90,002.00	\$170,000.00	\$189,031.00	\$210,000.00	\$358,450.00	130	130
130 or more	\$269,046.45	\$89,215.44	\$34,840.00	\$210,000.00	\$245,000.00	\$315,496.00	\$617,129.00	231	231



Answers to the Subpoena

4. Expenditures for consulting service *(2017 and to-date 2018)*

- \$307,975.71 across all departments
- \$28,700 related to Broadband project



Answers to the Subpoena

5. List of Cooperative-owned credit card holders

- Mark Brown, CEO
- William Dye, CFO
- Candy Hicks, Office Manager
- Stacy Jones, Office Manager
- George Upshaw, Line Supervisor
- Stephen Faulk, Line Supervisor
- Daniel Kimbell, Engineer
- Tea' Heard, Executive Secretary
- Joey White, Marketing Director
- EmmaLee Tingle, Public Relations

Directors do not use Cooperative-owned Credit Cards.

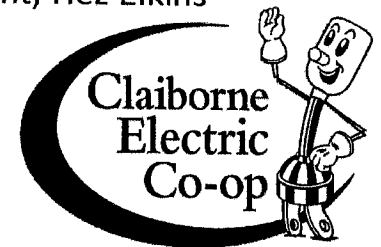


Governance

- Directors voted unanimously to eliminate their health insurance benefits
- NRECA Governance Task Force Report
- Comprehensive review of Bylaws, policies, and governance practices

"We (the board members) all have a great love for our co-op. We know what a tremendous asset the co-op is to our community in so many ways, providing excellent service, competitive rates and community service. Large investor-owned utilities have no desire to provide the level of service to a community that our member-owned co-op provides. The health insurance benefit has been in place for a long time, but it is not the reason we serve on this board. We serve on the board because we know how important our co-op is, and we want to do everything we can to keep it strong and safe from anyone who would seek to harm it. So we willingly give up that insurance."

- Claiborne Electric Board President, Hez Elkins



Where do we go from here?

- We remain committed to bringing Broadband Internet to our area
- We cannot thank you enough for your support
- We hope to announce a financing solution soon
- Rural Broadband is urgently needed, and we are doing our best to make it a reality



Thank you

