

MID-CAROLINA ELECTRIC COOPERATIVE, INC.

LEXINGTON, SOUTH CAROLINA

MINUTES OF REGULAR MEETING OF BOARD OF TRUSTEES

April 28, 2021

AGENDA ITEM # 1

CALL TO ORDER:
(1:00 p.m.)

Marvin W. Sox, President/Chairman
Clifford B. Shealy, Vice President/Vice Chairman
Donette B. Kirkland, Secretary
J. Allan Risinger, Treasurer
J. Carey Bedenbaugh, Jr.
Eddie C. Best, Jr.
Kenneth E. Lindler
Alan R. Lunsford
Justin B. Watts

STAFF PRESENT:

B. Robert "Bob" Paulling, President and CEO
Theresa D. Crepes, VP, Finance and Accounting
Robert A. Wilbur, VP, Operations
Lee H. Ayers, VP, Engineering
Troy A. Simpson, VP, Member Services
Keith D. Sturkie, VP, Information Technology
Vicki E. Ross-Bell, Administrative Services Manager

ATTORNEY PRESENT: J. David Black

INVOCATION: Cliff Shealy

PLEDGE OF ALLEGIANCE

AGENDA ITEM # 2

APPROVAL OF MINUTES: Chairman Sox called the meeting to order and congratulated Mr. Bedenbaugh on being re-elected to the Board. He welcomed Mr. Lindler to the Board. Chairman Sox next asked everyone to introduce themselves to Mr. Lindler. Then, Chairman Sox asked if there were any corrections, additions or deletions to the minutes of the regular monthly meeting held on March 24, 2021. There were no corrections, and Mr. Risinger made a motion to approve the minutes, as presented. The motion was seconded by Mr. Shealy and unanimously passed.

See Resolution # 1

AGENDA ITEM # 3

UNFINISHED BUSINESS: There was no unfinished business to come before the Board at this time.

AGENDA ITEM # 4

DEPARTMENTAL REPORTING:

FINANCE AND ACCOUNTING: Chairman Sox called on Mrs. Crepes for the Finance and Accounting report. Mrs. Crepes reported the year-to-date revenue was \$32,975,469, which is \$1,643,358 below budget at the end of March. The year-to-date cost of wholesale power was \$20,348,102, which is under budget by \$783,640. The year-to-date margins were \$1,399,201 which is \$99,431 above budget. Mrs. Crepes reported that equity was 22.55% at the end of March for an increase of .04%. The deferred credits account balance changed by (\$24,257), and the ending balance was \$1,651,849.

Mrs. Crepes then presented a rate comparison chart showing an average residential usage of 1,555 kWh in March. Mid-Carolina's average bill was \$193.38 (account charge \$27.55) compared to Dominion's \$181.11 (account charge \$9.00), Duke – Carolina's \$175.54 (account charge \$11.96), and Duke – Progress \$174.49 (account charge \$11.78). Mrs. Crepes reported that CarolinaConnect has paid Mid-Carolina \$541,169 in fiber access fees year-to-date. There were no further questions or comments, and Chairman Sox thanked Mrs. Crepes for her report.

OPERATIONS: Chairman Sox called on Mr. Wilbur for the Operations report. Mr. Wilbur reported the locations and the service district that the Mid-Carolina and Contractor crews worked in March. He showed pictures of the conversion work being done on Bower Parkway.

The right-of-way crews are still working in the Circle, Leesville, and the Lake Murray areas, with crews starting work in the Irmo area. There were 143 dead trees cut during the month. Mr. Wilbur stated the System Inspectors are still working in the Gilbert area. He reported that Tomberlin Pole inspectors are currently working in the Circle area. Mr. Wilbur gave an update of the ongoing SCDOT Projects. There were no further questions or comments, and Chairman Sox thanked Mr. Wilbur for his report.

ENGINEERING: Chairman Sox called on Mr. Ayers for the Engineering report. Mr. Ayers reported that the routine inspection and maintenance was completed in March. There were 4 additional electronic line reclosers connected to the SCADA system via the fiber optic cable system during the month. This now has 157 out of 241 recloser locations on SCADA. Mr. Ayers reviewed the status of fiber optic construction in subdivisions.

Mr. Ayers then showed a chart graphing kWh purchased each month year-to-date from 2017-2021 with a five year running average. The next chart showed the kW Demand purchased each month year-to-date from 2017-2021 with a five year running average. The monthly outage report and notes for March were discussed. There were no further questions or comments, and Chairman Sox thanked Mr. Ayers for his report.

MEMBER SERVICES: Chairman Sox called on Mr. Simpson for the Member Services report. Mr. Simpson reported on several recent community events, including the Cooperative's Annual Meeting held April 7-9, 2021. He stated the Bright Ideas applications will be available May 15, 2021 - September 15, 2021. Mr. Simpson announced the seven Touchstone Energy Scholarship winners. He next discussed the *South Carolina Living* schedule through July 2021. There were no further questions or comments, and Chairman Sox thanked Mr. Simpson for his report.

INFORMATION TECHNOLOGY: Chairman Sox called on Mr. Sturkie for the Information Technology report. Mr. Sturkie reported there were 32,781 accounts enrolled in SmartHub as of April 1, 2021, which represents 56.5% of active accounts enrolled. In March, 77.9% of all payment transactions were made electronically, and 5.3% of payment transactions were entered manually through the Cooperative's cash-drawer application.

Mr. Sturkie reported that 51.5% of March payments were made by Credit Card. He then showed a comparison of the number of payment transactions made via the drive-thru window at the Lexington and Dutch Fork offices in March 2021 with 3,380 total payments compared to March 2020 with 4,018 total payments, and March 2019 with 4,827 total payments. There were 2,711 people on Pay As You Go, as of March 31, 2021. Mr. Sturkie next reviewed some statistics from the Cooperative's recent Annual Meeting. He then gave an update on the Cooperative's Cyber Security. There were no further questions or comments, and Chairman Sox thanked Mr. Sturkie for his report.

ADMINISTRATION: Chairman Sox called on Mrs. Ross-Bell for the Administration report. Mrs. Ross-Bell referred to the monthly Operation Round-Up report. In March, the Trust Board approved 11 applications out of 19 for a total distribution of \$21,270. The Trust Fund balance at the end of the month was \$17,902. Mrs. Ross-Bell reviewed the Board calendars through June 2021. There were no further questions or comments, and Chairman Sox thanked Mrs. Ross-Bell for her report.

AGENDA ITEM # 5

PRESIDENT'S REPORT: Chairman Sox called on Mr. Paulling for his report. Mr. Paulling reported there were no recordable accidents in March. He stated that Lineman Appreciation Day was celebrated earlier this month. Mr. Paulling gave the employment report and stated a new Line Technician and a new Fleet Technician II started on April 12, 2021. A Member Services Representative was promoted to the Fiber Optic Coordinator position on April 19, 2021, and there is active recruitment for that vacancy. The GIS Technician was filled with a start date of May 17, 2021.

Mr. Paulling discussed the on-peak energy cost included in the wholesale power cost from Central Electric Power Cooperative for the summer months of June-September. He recommended under the Cooperative's Schedule MAF - Monthly Adjustment Factor that the Cooperative should index up by \$0.00290 per kWh from June 2021 - September 2021. After a discussion, Mr. Shealy made a motion to approve the recommendation, as presented. The motion was seconded by Mr. Risinger and unanimously passed.

See Resolution # 2

Paulling next gave an update on Santee Cooper. He then gave an update on both office lobby renovations. There were no further questions or comments, and Chairman Sox thanked Mr. Paulling for his report.

AGENDA ITEM # 6

ATTORNEY'S REPORT: Chairman Sox called on Mr. Black for the legal report. Mr. Black discussed several pending legal matters. He discussed the Covid-19 risk management and protocols. There was no further questions or comments, and Chairman Sox thanked Mr. Black for his report.

AGENDA ITEM # 7

CHAIRMAN'S REPORT: Chairman Sox read several thank you notes for sponsorships and donations that the Cooperative made within the community. He then reported that the Board needs to select a Voting Delegate for National Cooperative Services Corporation "NCSC" meeting that will be held at the CFC Summit in June 2021. Ms. Kirkland made a motion to appoint Mr. B. Robert Paulling as the Voting Delegate. The motion was seconded by Mr. Lunsford and unanimously passed.

See Resolution # 3

Chairman Sox presented Mr. Best with his Director Gold Certificate. He received a warm round of applause. Chairman Sox had nothing further to report at this time.

AGENDA ITEM # 8

COMMITTEE REPORTS: Chairman Sox called on Ms. Kirkland for the Policy Committee report. Ms. Kirkland stated that Board Policy 100 – Development of Board Policies and Board Policy 102 – Relationship Between the Board of Trustees and the CEO were reviewed by the Committee. There were no recommended changes to either policy. She then presented the recommended changes to Board Policy 101 – Trustee Duties and Responsibilities. Ms. Kirkland pointed out the changes to the policy, which detail the three levels of Director training and certifications offered by the National Rural Electric Cooperative Association "NRECA". Since the recommended changes are coming from the Policy Committee, a second is not needed. After a discussion and a couple of other scrivener's errors were pointed out, the Board voted unanimously to make the recommended changes to Board Policy 101.

See Resolution # 4

Chairman Sox thanked Ms. Kirkland for her report. There were no other committee reports at this time.

AGENDA ITEM # 9

ASSOCIATED MEETING REPORTS: Chairman Sox called on Mr. Paulling to give a report on CarolinaConnect. Mr. Paulling stated that CarolinaConnect's Board Meeting was the prior day. There is a substation projected to go live for Aiken and one for Newberry in June 2021. CarolinaConnect currently has 14,061 customers, with a breakdown of 10,463 with Mid-Carolina and 3,598 with Newberry. Mr. Paulling then gave a brief overview of CarolinaConnect's Financial Audit that was presented at the meeting. The audit report was found to be clean by Mr. Jason Peacock with McNair, McLemore, Middlebrooks and Company.

Mr. Risinger gave a brief update on the Risk Management Committee meeting he attended at Central, and stated their next Board Meeting will be in May 2021. Mr. Paulling gave a brief update on the Member Services Committee meeting he attended at Central.

Ms. Kirkland reported that CEEUS and ECSC both met April 1, 2021. She stated that CEEUS hit another all-time record high sales for the month of March with Line Equipment Sales Company.

Mr. Shealy reported that the ECSC Trustee Association meeting was held virtually on April 7, 2021. The Committee met after that meeting and scheduled the next ECSC Trustee Association to be held April 3-6, 2022, in person at the Kingston Resort, Myrtle Beach. Ms. Kirkland reported that ECSC had a clean audit report.

Chairman Sox reported that everything is going well with Federated.

Mr. Paulling reported that the SC Power Team is doing well. There were no other reports at this time.

AGENDA ITEM # 10

NEW BUSINESS: Chairman Sox called for any new business. He stated that typically an organizational meeting is held the night of the Cooperative's Annual Meeting, and that didn't take place this year. Therefore, the Board needed to vote on officers. By secret ballot, the following officers were elected: Chairman – Marvin W. Sox; Vice-Chairman – Clifford B. Shealy; Secretary – Donette B. Kirkland; and Treasurer – J. Allan Risinger. Chairman Sox then appointed the 2021 Board Committee assignments.

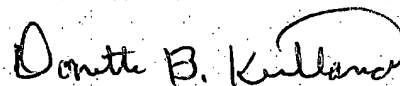
There was no other new business to come before the meeting at this time. A motion was made by Ms. Kirkland to enter into executive session. The motion was seconded by Mr. Bedenbaugh and unanimously passed.

AGENDA ITEM # 11

EXECUTIVE SESSION: There was no action taken during the executive session.

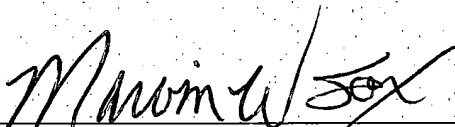
AGENDA ITEM # 12

ADJOURNMENT: There was no further business, and the meeting was adjourned at 5:20 p.m.



Donette B. Kirkland, Secretary

APPROVAL:



Marvin W. Sox, President/Chairman of the Board

S.C. 37 LEXINGTON

MID-CAROLINA ELECTRIC COOPERATIVE, INC.

RESOLUTION

1

WHEREAS, the Board of Trustees reviewed and made no changes to the minutes of the regular monthly meeting held on March 24, 2021; and

NOW THEREFORE BE IT RESOLVED, that the Board of Trustees of Mid-Carolina Electric Cooperative, Inc. hereby approves the minutes for the regular meeting held on March 24, 2021, as presented.

I, Donette B. Kirkland, Secretary of Mid-Carolina Electric Cooperative, Inc. do hereby certify that the above is a true and correct copy of a resolution adopted by the Board of Trustees of Mid-Carolina Electric Cooperative, Inc. at a regular meeting duly assembled on the 28th day of April 2021, at which meeting a quorum was present.



Donette B. Kirkland, Secretary

S. C. 37 LEXINGTON

MID-CAROLINA ELECTRIC COOPERATIVE, INC.

RESOLUTION

2

WHEREAS, Mr. Paulling discussed the on-peak energy cost included in the wholesale power cost from Central Electric Power Cooperative for the summer months of June-September; and

WHEREAS, Mr. Paulling recommended under the Cooperative's Schedule MAF - Monthly Adjustment Factor that the Cooperative should index up by \$0.00290 per kWh from June 2021 - September 2021; and

WHEREAS, after careful consideration, the Board of Trustees agrees with Mr. Paulling's recommendation;

NOW THEREFORE BE IT RESOLVED, by the Board of Trustees of Mid-Carolina Electric Cooperative, Inc. that the Cooperative's retail rates shall be indexed up by \$0.00290 per kWh effective with regard to all bills rendered by the Cooperative on or after June 1, 2021 – September 30, 2021.

I, Donette B. Kirkland, Secretary of Mid-Carolina Electric Cooperative, Inc. do hereby certify that the above is a true and correct copy of a resolution adopted by the Board of Trustees of Mid-Carolina Electric Cooperative, Inc. at a regular meeting duly assembled on the 28th day of April 2021, at which meeting a quorum was present.



Donette B. Kirkland, Secretary

S.C. 37 LEXINGTON
MID-CAROLINA ELECTRIC COOPERATIVE, INC.

RESOLUTION

3

WHEREAS, the Board of Trustees is responsible for selecting a Voting Delegate and for the upcoming National Cooperative Services Corporation "NCSC" meeting; and

WHEREAS, the Board of Trustees desires to appoint the within named person as the Voting Delegate to the aforesaid meeting;

NOW THEREFORE BE IT RESOLVED, that the Board of Trustees of Mid-Carolina Electric Cooperative, Inc. hereby appoints the Voting Delegate to the National Cooperative Services Corporation "NCSC" meeting in June 2021.

NCSC

Voting Delegate

Mr. B. Robert Paulling

I, Donette B. Kirkland, Secretary of Mid-Carolina Electric Cooperative, Inc. do hereby certify that the above is a true and correct copy of a resolution adopted by the Board of Trustees of Mid-Carolina Electric Cooperative, Inc. at a regular meeting duly assembled on the 28th day of April 2021, at which meeting a quorum was present.



Donette B. Kirkland, Secretary

S.C. 37 LEXINGTON
MID-CAROLINA ELECTRIC COOPERATIVE, INC.

RESOLUTION

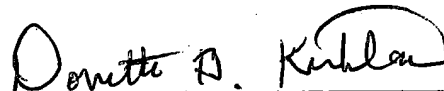
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WHEREAS, Ms. Kirkland reviewed the current Board Policy 101 – Trustee Duties and Responsibilities with recommended changes outlining the details of the three levels of Director training and certifications offered by the National Rural Electric Cooperative Association “NRECA”; and

WHEREAS, after careful consideration and discussion, the Board agrees with the recommended changes;

NOW THEREFORE BE IT RESOLVED, that the Board of Trustees of Mid-Carolina Electric Cooperative, Inc. hereby approves the recommended changes to Board Policy 101, as presented, and the policy is attached hereto.

I, Donette B. Kirkland, Secretary of Mid-Carolina Electric Cooperative, Inc. do hereby certify that the above is a true and correct copy of a resolution adopted by the Board of Trustees of Mid-Carolina Electric Cooperative, Inc. at a regular meeting duly assembled on the 28th day of April 2021, at which meeting a quorum was present.



Donette B. Kirkland, Secretary

**MID-CAROLINA ELECTRIC COOPERATIVE, INC.
BOARD OF TRUSTEES POLICY 101**

SUBJECT: TRUSTEE DUTIES AND RESPONSIBILITIES

I. OBJECTIVE

To describe the duties and responsibilities of the Board of Trustees, as well as the standard of conduct and professional development expected of individual Board members.

II. POLICY CONTENT

- A. The Board of Trustees shall direct the affairs of Mid-Carolina Electric Cooperative, Inc. All of the powers of this Cooperative are held solely by the Board of Trustees, except such powers that have been conferred upon or reserved for the members-owners by statute or by the Cooperative's articles of incorporation or bylaws. Ultimate responsibility for the Cooperative's performance resides in the Board.
- B. The Board of Trustees has a fiduciary duty to the Cooperative and its member-owners. A Trustee of Mid-Carolina Electric Cooperative, Inc. shall discharge his or her duties as a Trustee, including his or her duties as a member of a committee:
 - a. In good faith;
 - b. With the care an ordinary prudent person in a like position would exercise under similar circumstances; and
 - c. In a manner the Trustee reasonably believes to be in the best interests of the Cooperative.
- C. Key responsibilities and functions of the Board include:
 - a. Set the Cooperative's mission, purpose(s), and engage, on a regular basis, in strategic planning;
 - b. Select, regularly evaluate the performance of, and establish the compensation of the CEO. |
 - c. Develop and approve the annual budget to ensure financial stability and viability of the Cooperative. The budget includes capital improvements, expenses and employee wage and salary program.
 - d. Review, monitor and report to the membership regarding the critical operating and financial performance of the Cooperative;
 - e. Ensure effective planning and adequacy of resources;
 - f. Contract for and approve an annual independent financial audit;
 - g. Provide program oversight and support, including the adoption of policies and monitoring for compliance with legal, regulatory requirements as well as the adequacy of internal controls.

Board of Trustees Policy 101
Trustee Duties and Responsibilities

- D. Trustees are entitled to reasonable access to the Cooperative's management, data or other information. A Trustee shall keep confidential all matters involving the Cooperative that have not been disclosed to the general public.
- E. In the discharge of his or her duties, a Trustee is entitled to rely on management and on Board committees of which the Trustee is not a member. A Trustee is entitled to rely upon reports, opinions, information and statements presented by the Cooperative's management, employees and outside advisors whom the Trustee reasonably believes to be competent and reliable in the matters being considered.
- F. The Board of Trustees shall regularly engage in a self-evaluation of its performance and accomplishments in relation to the goals and mission of Mid-Carolina Electric Cooperative, Inc.
- G. Upon election to the Board of Trustees, a new Trustee will receive a thorough orientation into the responsibilities of his or her position, conducted by the Board President, the CEO, and the management staff.
- H. Training and educational programs in the areas of governance responsibilities, utility operations and management oversight are necessary.
- a. Each Trustee is expected to become credentialed under the following Credentialed Cooperative Director programs of the National Rural Electric Cooperative Association by attending at least one Board training program each year.
- Credentialed Cooperative Director – five 2600 level courses
 - Board Leadership – ten 900 level courses
 - Gold Credentialed Program – this is reached after the completion of the first two programs and three additional courses. To maintain the Gold status, the completion of three courses every two years is required.
- To achieve this credential, each Trustee is encouraged to attend at least one Board training program each year.
- b. In addition to formal Board training programs, Trustees are encouraged to attend conferences and other activities designed to improve the skills and knowledge of Board members. The expenses of enrollment and attendance are paid by the Cooperative in accordance with Board policy.
- c. The Board training programs shall be conducted within the confines of an annual budget established by the Board of Trustees for this purpose.
- I. Regardless of any personal differences, Trustees should at all times:
- a. Demonstrate mutual respect.
 - b. Allow opportunity for every Trustee to be heard on any matter being considered by the Board.

**Board of Trustees Policy 101
Trustee Duties and Responsibilities**

- c. Refrain from revealing to persons other than other Trustees, the CEO or the Cooperative's attorney any differences of opinion among Trustees on matters considered and acted upon by the Board.
- d. Recognize that the Board President has the responsibility and authority to enforce the standards of behavior through reminders of standards and expectations, and the issuance of a reprimand to the Trustee who has breached these standards.
- e. Publicly support decisions of the Board except in extraordinary circumstances where the Trustee can demonstrate the decision and/or action will bring harm to the Cooperative.

III. RESPONSIBILITY

- A. All Trustees serving on and candidates, nominees or appointees to the Board shall receive a copy of this policy.
- B. The Board President is responsible for the administration of this Policy.