

MID-CAROLINA ELECTRIC COOPERATIVE, INC.

LEXINGTON, SOUTH CAROLINA

MINUTES OF REGULAR MEETING OF BOARD OF TRUSTEES

August 23, 2023

AGENDA ITEM # 1

CALL TO ORDER: Marvin W. Sox, President/Chairman
(1:00 p.m.) Clifford B. Shealy, Vice President/Vice Chairman
J. Allan Risinger, Treasurer
Donette B. Kirkland, Secretary
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
Steven G. Davidson, VP, Information Technology
Vicki E. Ross-Bell, Administrative Services Manager

ATTORNEY PRESENT: J. David Black

INVOCATION: Donette Kirkland

PLEDGE OF ALLEGIANCE

AGENDA ITEM # 2

APPROVAL OF MINUTES: Chairman Sox called the meeting to order and then asked if there were any corrections, additions or deletions to the minutes of the last monthly meeting held on July 26, 2023. There were no corrections to these minutes, and Mr. Shealy made a motion to approve the minutes, as presented. The motion was seconded by Mr. Lindler and unanimously passed.

See Resolution # 1

AGENDA ITEM # 3

UNFINISHED BUSINESS: There was no unfinished business to come before the Board at this time. Mr. Lunsford made a motion to go into executive session to review the Cooperative's Form 990. The motion was seconded by Mr. Watts.

AGENDA ITEM # 4

FORM 990 REVIEW: Chairman Sox called on Mr. Terry McMichael, CPA, who was on a Zoom call. Mr. McMichael reviewed the Cooperative's 2022 Form 990. After the review and discussion, Mr. Bedenbaugh made a motion to come out of executive session. The motion was seconded by Ms. Kirkland. Mr. Shealy made a motion to accept the report as information. The motion was seconded by Mr. Risinger and unanimously passed. Chairman Sox thanked Mr. McMichael for his report.

AGENDA ITEM # 5

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 \$83,065,896, which is (\$4,509,803) below budget at the end of July. The year-to-date cost of wholesale power was \$45,668,714, which is under budget by (\$5,316,758). The year-to-date margins were \$6,479,874, which is \$837,423 above budget. Mrs. Crepes reported that equity was 24.04% at the end of July for a decrease of -0.45%. The deferred credits account balance changed by \$856,085, and the ending balance was \$1,199,299.

Mrs. Crepes then presented a rate comparison chart showing an average residential usage of 1,630 kWh in July. Mid-Carolina's average bill was \$181.37 (account charge \$28.50) compared to Dominion's \$241.17 (account charge \$9.50), Duke – Carolina's \$206.50 (account charge \$11.96), and Duke – Progress \$225.84 (account charge \$11.78). She then presented a rate comparison chart showing an average annual usage of 18,705 kWh. Mid-Carolina's average annualized bill was \$2,032.91 (account charge \$346.75) compared to Dominion's \$2,298.61 (account charge \$114.00), Duke – Carolina's \$2,108.84 (account charge \$143.52), and Duke – Progress \$2,243.20 (account charge \$141.36).

Mrs. Crepes reported that Mid-Carolina has received \$2,287,137.01 income year-to-date from CarolinaConnect. 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 July. The right-of-way crews completed their work in the Edmund and Woodland Hills area. They are still working in the Old Chapin, Friarsgate and Hollingshed areas. They have started working in the Barr area.

Mr. Wilbur showed a video and pictures of the Chemical Side Trim Project. He discussed and explained the process in detail. Mr. Wilbur reported on the Dominion Territory takeover. He stated the System Inspectors are still working in the Hollingshed area. Mr. Wilbur next gave an update on the SCDOT and County projects, as well as other 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 July. He stated the construction of Holley Ferry Substation is progressing well. There will be a pause in construction from the end of August until early December, while waiting for the high side breakers to be delivered. Mr. Ayers reported that transformer protection relays at Owens Substation have been upgraded. This substation serves CMC Recycling.

Mr. Ayers then showed a chart graphing MWh purchased each month year-to-date from 2019-2023 with a five-year running average. The next chart showed the MW Demand purchased each month year-to-date from 2019-2023 with a five year running average. The monthly outage report and notes for July were reviewed. 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 went through the presentation on the Cooperative's Cultural that was shared with the employees. He discussed the six different employee teams, the cultural platform, the core values, core competencies, and the cultural rollout roadmap/timeline of events that have taken place. Mr. Simpson stressed the importance of having Trust of each other throughout the Cooperative. The quarterly schedule for the *South Carolina Living* magazine was presented through the November/December 2023 issue. There were no further questions or comments, and Chairman Sox thanked Mr. Simpson for his report.

INFORMATION TECHNOLOGY: Chairman Sox called on Mr. Davidson for the Information Technology report. Mr. Davidson reported there were 38,998 accounts enrolled in SmartHub as of August 1, 2023, which represents 65.47% of active accounts enrolled. He discussed the number of emails received during the month of July, as well as the number of emails that were blocked and contained viruses.

Mr. Davidson discussed the recent launch of the iVue Connect – Financials program to the Cooperative employees. He then stated that the number of TextPower enrollment has increased to 25,719, which is over 1,000 additional members enrolled during the month. Mr. Davidson gave an update on Cyber Security. There were no further questions or comments, and Chairman Sox thanked Mr. Davidson 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. The Trust Board did not have a scheduled meeting in July. The monthly donations were given to the five Christian Ministries in the amount of \$13,123. The Trust Fund balance at the end of the month was \$60,134.

The Board calendars were reviewed through October 2023. The September Board Meeting was rescheduled from September 27, 2023, to September 26, 2023. There were no further questions or comments, and Chairman Sox thanked Mrs. Ross-Bell for her report.

AGENDA ITEM # 6

PRESIDENT'S REPORT: Chairman Sox called on Mr. Paulling for his report. Mr. Paulling reported there were no recordable accidents in July. During the month of July, there was one resignation from a Line Technician, and two announced retirements for February 2024 (Database/Linux System Administrator and Custodian). Currently, there is active recruitment for a Member Services Representative, Line Technician I (2), Fiber Construction Tech (2), Community Relations Specialist, Communications Specialist, Database/Linux System Administrator, and a Fiber Optic Design Technician.

Mr. Paulling stated that it was time to renew membership to the Electric Cooperatives of South Carolina. The Cooperative also needs to commit to the number of *South Carolina Living* magazine subscriptions for 2024. These recommendations were discussed in detail, and Mr. Lunsford made a motion to renew the Cooperative's subscription for 11 issues of the magazine for the year 2024, and to remain members of Statewide at the current level. The motion was seconded by Mr. Shealy and unanimously passed.

See Resolution # 2

Mr. Paulling reviewed the Cooperative's three-year construction work plan. This plan outlines the need for capital funding of \$79,281,571. The work plan and the need for the loan was discussed in detailed. After the discussion, Mr. Shealy made a motion for the Cooperative to proceed with the loan not to exceed the amount of \$75,000,000 from National Rural Utilities Cooperative Finance Corporation (CFC). The motion was seconded by Mr. Best and unanimously passed.

See Resolution # 3

Mr. Paulling gave an industry update, and he discussed an important meeting that would be held by Central Electric Cooperative on Monday, October 2, 2023. He encouraged Board Members to plan to attend the meeting. There were no further questions or comments, and Chairman Sox thanked Mr. Paulling for his report.

AGENDA ITEM # 7

LEGAL REPORT: Chairman Sox called on Mr. Black for the legal report. Mr. Black discussed several pending legal matters. There were no further questions or comments, and Chairman Sox thanked Mr. Black for his report.

AGENDA ITEM # 8

CHAIRMAN'S REPORT: Chairman Sox read several thank you notes. He then presented several certificates the following: Mr. Shealy - renewed Director Gold; Mr. Lunsford – Director Gold and Mr. Lindler – Credential Cooperative Director. He then stated that Mid-Carolina needs to select a voting delegate and alternate for the NRECA Director Election for South Carolina. The election will take place during the Electric Cooperatives of South Carolina meeting on October 5, 2023. Mr. Shealy made a motion to appoint Ms. Donette B. Kirkland as the voting delegate for Mid-Carolina, and to appoint Mr. B. Robert “Bob” Paulling as the Alternate Voting Delegate. The motion was seconded by Mr. Watts and unanimously passed.

See Resolution # 4

Chairman Sox had nothing further to report at this time.

AGENDA ITEM # 9

COMMITTEE REPORTS: Chairman Sox called on Mr. Watts for the Compensation Committee report. Mr. Watts stated that the Committee met before this meeting. An update will be given in executive session.

Chairman Sox then called on Ms. Kirkland for the Policy Committee report. Ms. Kirkland stated that Board Policy 106 and Board Policy 107 were sent to everyone for review prior to the meeting. She discussed the recommended changes to Board Policy 106 – Appointments for Board of Trustees Vacancies to update the paragraph “In the event a Trustee position becomes vacant more than six months from the date of the next annual meeting...” to align this policy with the Cooperative’s current Bylaws. Mr. Lindler made a motion to accept the recommended changes, as presented. The motion was seconded by Mr. Lunsford and unanimously passed.

See Resolution # 5

There were no recommended changes for Board Policy 107(A) Ethics and 107(B) Conflicts of Interest. This policy will reflect that it was reviewed at this meeting. There were no other committee reports to come before the Board at this time.

AGENDA ITEM # 10

ASSOCIATED MEETING REPORTS: Chairman Sox stated that CarolinaConnect has now passed 28,000 customers. CarolinaConnect held a Strategic Planning meeting earlier in the month. Mr. Paulling discussed the need for the meeting and that it was a good planning session.

Ms. Kirkland reported that CEEUS and ECSC Board Meetings were held in August, and everything is going well. There are ongoing discussions about the need to replace Statewide’s Training Center.

Chairman Sox reported that Federated’s premiums were reflected by the increase replacement costs. He stated that cyber security and wildfires stay at the forefront of concern.

Ms. Kirkland reported that she participated in an online course for NRECA regarding Boardroom Decision Making and it provided good information.

There were no other reports at this time.

AGENDA ITEM # 11

NEW BUSINESS: Chairman Sox called for any new business. There was no new business to come before the meeting at this time. A motion was made by Mr. Lindler to enter executive session. The motion was seconded by Mr. Watts and unanimously passed.

AGENDA ITEM # 12

EXECUTIVE SESSION: During executive session, the Board conducted the annual review of the CEO. The Board unanimously approved an appropriate salary increase, as recommended by the Compensation Committee.

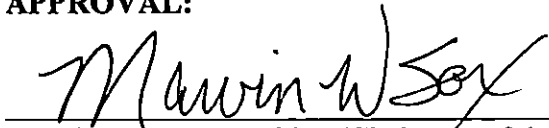
AGENDA ITEM # 13

ADJOURNMENT: There was no further business, and the meeting was adjourned at 5:00 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 had no changes to the minutes of the regular monthly meeting held on July 26, 2023; and

NOW THEREFORE BE IT RESOLVED, that the Board of Trustees of Mid-Carolina Electric Cooperative, Inc. hereby approves the minutes for the July 26, 2023, meeting 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 23rd day of August 2023, 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 stated that it was time to renew the Cooperative's membership to the Electric Cooperatives of South Carolina; and

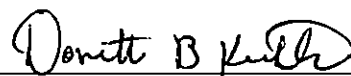
WHEREAS, the Cooperative also needs to commit to the number of *South Carolina Living* magazine subscriptions for 2024; and

WHEREAS, Mr. Paulling's recommendation was to renew the membership of Statewide at the same membership level, and the number of magazine subscriptions to remain at 11 issues; and

WHEREAS, after a discussion of both matters, the Board of Trustees agrees with Mr. Paulling's recommendation;

NOW THEREFORE BE IT RESOLVED, that the Board of Trustees of Mid-Carolina Electric Cooperative, Inc. hereby approves the renewal of membership to the Electric Cooperatives of South Carolina and commit to 11 subscriptions of the *South Carolina Living* magazine for 2024.

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 23rd day of August 2023, at which meeting a quorum was present.



Donette B. Kirkland, Secretary

MID-CAROLINA ELECTRIC COOPERATIVE, INC.

RESOLUTION

3

CERTIFICATE OF RESOLUTIONS AND INCUMBENCY

I, Donette B. Kirkland, do hereby certify that (i) I am the Secretary of MID-CAROLINA ELECTRIC COOPERATIVE, INC. (hereinafter called the "Cooperative"); (ii) the following are true and correct copies of resolutions duly adopted by the board of directors of the Cooperative at a meeting held on August 23, 2023; (iii) the meeting was duly and regularly called and held in accordance with the articles and bylaws of the Cooperative; (iv) the Cooperative is duly incorporated, validly existing and in good standing under the laws of the state of its incorporation and there is no pending or contemplated proceeding for the merger, consolidation, sale of assets or business or dissolution of the Cooperative; (v) forms of the loan documents identified below were submitted to the meeting and were authorized by the board of directors to be executed; (vi) none of the following resolutions has been rescinded or modified as of this date; and (vii) the persons authorized below have been duly elected or appointed to their respective positions and occupied such positions on the date of actual execution of the loan documents:

RESOLVED, that the Cooperative borrow from National Rural Utilities Cooperative Finance Corporation (CFC), from time to time as determined by the persons designated by the board of directors of the Cooperative, an aggregate amount not to exceed \$75,000,000.00, as set forth in the loan agreements with CFC governing such loan, substantially in the form of a loan agreement; and

RESOLVED, that the proceeds of the loans be used for the purposes set forth in the Loan Agreement; and

RESOLVED, that the individuals listed below are hereby authorized to execute and deliver to CFC the following documents (including as many counterparts as may be required):

- (a) the Loan Agreement;
- (b) one or more secured promissory notes payable to the order of CFC, which in the aggregate shall not exceed the principal amount of \$75,000,000.00;
- (c) if required by CFC, a mortgage and security agreement with CFC as mortgagee, for purposes of securing the loan provided for herein, in such form as the individuals authorized herein may negotiate with CFC.

RESOLVED, that each of the following individuals is hereby authorized in the name and on behalf of the Cooperative to execute and to deliver all such other documents and instruments as may be necessary or appropriate, to execute any future amendments to each of said Loan Agreements, and said Line of Credit Agreement as such individual may deem appropriate within the amount of the promissory notes so authorized herein and to do all such other acts as in the opinion of such authorized individual acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions:

<u>Office or Title</u>	<u>Name (typed or printed)</u>
<u>President & CEO</u>	<u>B. Robert Paulling</u>
<u>Chief Financial Officer</u>	<u>Theresa D. Crepes</u>
<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>

IN WITNESS WHEREOF, I have hereunto set my hand as of the date shown below.

Donette B. Kirkland

Donette B. Kirkland, Secretary

Date: August 23, 2023

S.C. 37 LEXINGTON

MID-CAROLINA ELECTRIC COOPERATIVE, INC.

RESOLUTION

4

WHEREAS, the Board of Trustees is responsible for selecting a voting delegate and alternate for the NRECA Director Election; and

WHEREAS, the Board of Trustees desires to appoint the within named persons as voting delegate and alternate to the aforesaid meeting;

NOW THEREFORE BE IT RESOLVED, that the Board of Trustees of CarolinaConnect Cooperative, Inc. hereby appoints voting delegate and alternate for the NRECA Director Election at the Electric Cooperatives of South Carolina meeting that will be held on October 5, 2023, as follows:

NRECA Director Election

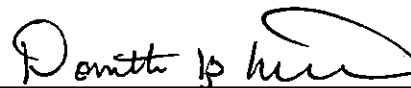
Voting Delegate

Ms. Donette B. Kirkland

Alternate

Mr. B. Robert "Bob" 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 23rd day of August 2023, at which meeting a quorum was present.



Donette B. Kirkland, Secretary

S.C. 37 LEXINGTON

MID-CAROLINA ELECTRIC COOPERATIVE, INC.

RESOLUTION

5

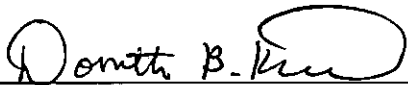
WHEREAS, the Policy Committee made a recommended change to Board Policy 106 – Appointments for Board of Trustees Vacancies; and

WHEREAS, the change is the wording in the paragraph pertaining to “In the event a Trustee position becomes vacant more than six months from the date of the next annual meeting...” to align this policy with the Cooperative’s current Bylaws; and

WHEREAS, the Board of Trustees discussed and agree with the Policy Committee’s recommendation;

NOW THEREFORE BE IT RESOLVED, that the Board of Trustees of Mid-Carolina Electric Cooperative, Inc. hereby approves the recommendations to Board Policy 106 – Appointments for Board of Trustees Vacancies. 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 23rd day of August 2023, at which meeting a quorum was present.



Donette B. Kirkland, Secretary

**MID-CAROLINA ELECTRIC COOPERATIVE, INC.
BOARD OF TRUSTEES POLICY 106**

SUBJECT: APPOINTMENTS FOR BOARD OF TRUSTEES VACANCIES

I. OBJECTIVE

To establish a policy governing appointments to fill vacancies on the Board of Trustees.

II. POLICY CONTENT

- A. In the event a Trustee position becomes vacant- for any reason other than expiration of a term, the vacancy must be filled by the membership at the next annual meeting for the remainder of the unexpired term.
- B. In the event a Trustee position becomes vacant more than six months from the date of the next annual meeting, the Nominating and Qualifications Committee must choose an Interim Trustee to serve until the next annual meeting. At the next annual meeting, the Interim Trustee may run for the remainder of the unexpired term, pursuant to Article IV, Section 3 of the Cooperative Bylaws. a new Trustee may be appointed to fill the vacancy on an interim basis by the Nominating and Qualifications Committee of the Cooperative provided:
- (a) The new Trustee is not a “family member” of the Trustee whose departure created the vacancy;
 - (b) The new Trustee is not “an individual with whom he is associated” with the Trustee whose departure created the vacancy;
 - (c) The new Trustee cannot continue to serve as a Trustee past the date of the next annual meeting notice requirements, without being duly elected by the membership to fill the remainder of the unexpired term.
- C. The Nominating and Qualifications Committee shall review each candidate’s request for consideration along with accompanying resumes and background checks to determine if the candidate is qualified as required by Bylaws Article IV, Section 3 and Board Policy 116. The Nominating and Qualifications Committee shall provide to the Board the names of all candidates it finds qualified.

III. RESPONSIBILITY

- A. Chief Executive Officer - The Chief Executive Officer shall assist the Board of Trustees to assure compliance with this policy.
- B. Board of Trustees - Trustees, individually and collectively, are responsible for avoiding conflicts of interest. The Board of Trustees shall review compliance with this policy. The Board Chair shall counsel with any Trustee as the situation may require. The Board shall assure, to the extent possible, that the Cooperative is not damaged or compromised because of the existence of a conflict of interest on the part of Trustees.
- C. General Counsel - The General Counsel shall advise individual Trustees and/or the Board of Trustees regarding compliance with this policy.