MID-CAROLINA ELECTRIC COOPERATIVE, INC.
LEXINGTON, SOUTH CAROLINA
MINUTES OF THE REGULAR BUDGET PRESENTATION MEETING
OF BOARD OF TRUSTEES

October 21, 2026

AGENDA ITEM # 1

CALL TO ORDER: (2:00 p.m.)
Alan R. Lunsford, President/Chairman
Donette B. Kirkland, Vice-President/Vice-Chairman
Justin B. Watts, Secretary
J. Allan Risinger, Treasurer
J. Carey Bedenbaugh, Jr.
Eddie C. Best, Jr.
Kenneth E. Lindler
Mark A. Svrcek (via Zoom)

STAFF PRESENT:
B. Robert "Bob" Paulling, President and CEO
Theresa D. Crepes, VP, Finance & Accounting
Robert A. "Bobby" Wilbur, VP, Operations
Lee H. Ayers, VP, Engineering
Steven G. Davidson, VP, Information Technology
Vicki E. Ross-Bell, Administrative Services Manager

INVOCATION: Alan Lunsford

PLEDGE OF ALLEGIANCE

AGENDA ITEM # 2

2027 PROPOSED BUDGET PRESENTATION: Chairman Lunsford called the meeting to order. He then called on Mr. Paulling for his presentation. Mr. Paulling thanked Mrs. Crepes and the rest of the Staff for their input on the proposed budget. He stated that the proposed budget is based upon several major financial strategies: The Cooperative's Times Interest Earned Ratio "TIER" will be changed to 1.50. The Modified Debt Service Coverage "MDSC" ratio is projected to be 1.40 in 2027, and CFC requires a minimum of 1.35.

Mr. Paulling reported that Mid-Carolina will retire approximately $3.7 million in Capital Credits, which includes $180,000 for estate payouts. He stated there will be a need for an estimated $16 million loan draws in 2027. Equity is projected to begin the year at 24.02% and end the year at 24.39%.

Deferred Credits are projected to fluctuate from a low of ($1.4) million to a high of $349,000 and end the year at $349,000. Equity is projected to increase in 2027 to 24.39%. Mr. Paulling reviewed the capital credit retirement schedule. In 2027, the proposed plan is to pay out $515,701 for the remainder of the 2011 retirements, $1,234,299 from part of 2012 retirements, and $1,750,000 from 2026 retirements, as well as $180,000 for estates in 2027, for a total retirement amount of $3,680,000.

Mr. Paulling reviewed the major expenses for the Cooperative, which include purchase power (8.5% increase), labor and benefits (5.6% increase), interest expense (2.5% increase), property taxes (4.3% increase), depreciation and amortization (2.9% increase) and right-of-way clearing (9.4% increase). He discussed the wholesale power cost projected increase of 8.5% in 2027. Mr. Paulling explained the details of the 2027 Labor and Benefits budget increase of 5.6%. The total number of employee positions budgeted in 2027 is 172 full-time, three part-time positions, and three student interns. There are two additional positions budgeted to include a GIS Technician and an Energy Services Technician. The total amount budgeted for next year's payroll is $16,544,093, which is an increase of $998,641 over last year's budget. This budget includes an average salary adjustment of 3.5% effective October 1, 2027.

Mr. Paulling next reviewed the amounts budgeted for employee benefits. The total amount budgeted for medical and dental insurance in the proposed budget is $1,383,837. He next reviewed a schedule showing the amounts budgeted for each employee benefit in 2027. The total amount budgeted for employee benefits (including payroll taxes) is $8,750,252 (increase of 4.0%). Mr. Paulling stated the total labor and benefits budget in 2027 will be $25,294,346 (increase of 5.6%). He then reviewed a schedule showing the amounts budgeted for each board member benefit with an increase of 6.4%.

Mr. Paulling then presented the Property Tax budget for 2027. He reviewed the millage schedule that showed the amount of property tax projected for each tax district within the Cooperative's service area. The total amount budgeted for property taxes in the proposed budget is $11,471,567 (increase of 4.3%).

Mr. Paulling then presented the proposed capitalized expenditures for distribution plant additions under the proposed budget. The total amount budgeted for fiber construction and drops is $4,950,000, and $6,250,000 for new electric service extensions in 2027. Mr. Paulling reviewed the amount budgeted for system improvements of $4,258,250, and $2,030,000 for substation improvements. Mr. Ayers gave a detailed description of these budgeted items. Mr. Paulling summarized that the total amount budgeted for all distribution plant additions will be $20,488,250 ($334,800 more than 2026).

Mr. Paulling discussed the capital budget for Administration. He then called on Mr. Wilbur, Mr. Ayers, and Mr. Davidson to explain their General Plant Additions in detail. The total general plant in 2027 would be $3,536,950 ($63,448 less than 2026). Mr. Paulling asked Mr. Wilbur to discuss the map of the Cooperative's service territory displaying the right-of-way schedule by color. The Board discussed this schedule in detail.

Mr. Paulling reviewed the pull-out sheets and how to reference each line item per department. He then recapped the income statement in the 2027 Proposed Budget compared to the 2026 Budget. He discussed every line item and pointed out that the overall budget increase for 2027 is 6.95%, which is primarily due to the cost of power increasing as well as capital expenditures needed next year. Mr. Simpson presented the list of community donations that are in the proposed budget for 2027. There was no further questions or comments, and Chairman Lunsford thanked Mr. Paulling and Staff for the information.

A motion was made by Mr. Lindler to adjourn the meeting, as there was no need to enter executive session. The motion was seconded by Mr. Bedenbaugh and unanimously passed.

AGENDA ITEM # 3

ADJOURNMENT: There was no further business, and the meeting was adjourned at 3:30 p.m.

Justin Watts
Justin B. Watts, Secretary

Approval:

Alan R. Lunsford
Alan R. Lunsford, President/Chairman of the Board