

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

**October 16, 2025**

**AGENDA ITEM # 1**

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

**PLEDGE OF ALLEGIANCE**

**AGENDA ITEM # 2**

**2026 BUDGET PRESENTATION:** Chairman Sox 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 remain at 1.75. The Modified Debt Service Coverage “MDSC” ratio is projected to be 1.50 in 2026, 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. Mr. Paulling stated there will be a need for an estimated \$20 million loan draws in 2026. Equity is projected to begin the year at 24.01% and end the year at 25.30%.

Deferred Credits are projected to fluctuate from a low of (\$1.92) million to a high of \$4.3 million and end the year at (\$1.72) million. Equity is projected to increase in 2026 to 25.30%. Mr. Paulling reviewed the capital credit retirement schedule. In 2026, the proposed plan is to pay out \$1,750,000 for part of the 2011 retirements, and \$1,750,000 from 2025 retirements, as well as \$180,000 for estates in 2026, for a total retirement amount of \$3,680,000.

Mr. Paulling reviewed the major expenses for the Cooperative, which include purchase power (9.9% increase), labor and benefits (5.6% increase), interest expense (4.2% increase), property taxes (4.1% increase), depreciation and amortization (3.7% increase) and right-of-way clearing (3.1% increase). The wholesale power cost is projected to increase 10% in 2026. Mr. Paulling explained the details of the 2026 Labor and Benefits budget increase of 4.2%. The total number of employee positions budgeted in 2026 is 169 full-time, four part-time positions, and three student interns. There are four additional positions budgeted to include one for the Information Technology department, a Line Technician, and two Engineers. The total amount budgeted for next year's payroll is \$15,545,453, which is an increase of \$650,821 over last year's budget. This budget includes an average adjustment of 3.5% effective October 1, 2026.

Mr. Paulling next reviewed the amounts budgeted for employee benefits. The total amount budgeted for medical and dental insurance in the proposed budget is \$1,243,946. He next reviewed a schedule showing the amounts budgeted for each employee benefit in 2026. The total amount budgeted for employee benefits (including payroll taxes) is \$8,412,174 (increase of 7.8%). Mr. Paulling stated the total labor and benefits budget in 2026 will be \$23,957,627 (increase of 5.6%). He then reviewed a schedule showing the amounts budgeted for each board member benefit with a decrease of -44.4%, due to a decreased number of participants.

Mr. Paulling then presented the Property Tax budget for 2026. 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 \$11,000,355.

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 \$6,115,200, and \$6,250,000 for new electric service extensions in 2026. Mr. Paulling reviewed the amount budgeted for system improvements of \$4,258,250, and \$3,530,000 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 \$20,153,450 (\$280,000 more than 2025).

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 2026 would be \$3,600,398 (\$2,435,007 more than 2025). Mr. Paulling asked Mr. Wilbur to discuss a 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 Cooperative's need to replace the outdated Advanced Metering Infrastructure (AMI) that has been in place since 2003. This will be a separate project with a projected four-year rollout starting in 2026 with the infrastructure. Mr. Paulling reviewed the pull-out sheets and how to reference each line item per department. He then recapped the income statement in the 2026 Budget compared to the 2025 Budget. He discussed every line item and pointed out the overall budget increase for 2026 is 4.21%, which is primarily due to the cost of power increasing as well as capital expenditures needed next year.

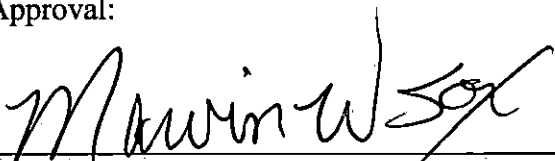
A motion was made by Mr. Lindler to adjourn the meeting, as there was no need to enter executive session. The motion was seconded by Mr. Bedenbaugh and unanimously passed.

**AGENDA ITEM # 3**

**ADJOURNMENT:** There was no further business, and the meeting was adjourned at 4:15 p.m.

  
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Donette B. Kirkland, Secretary

Approval:

  
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Marvin W. Sox, President/Chairman of the Board