

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

February 26, 2020

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 V. Frick
Alan R. Lunsford
Justin B. Watts (via phone)

STAFF PRESENT:

B. Robert "Bob" Paulling, President and CEO
Theresa D. Crepes, VP, Accounting & Human Resources
Robert A. Wilbur, VP, Operations
Lee H. Ayers, VP, Engineering
Troy A. Simpson, VP, Member Services
Keith D. Sturkie, VP, Information Technology

ATTORNEY PRESENT: J. David Black

INVOCATION: Allan Risinger

PLEDGE OF ALLEGIANCE

AGENDA ITEM # 2

APPROVAL OF MINUTES: Chairman Sox called the meeting to order. He asked if there were corrections, additions or deletions to the minutes of the last regular Board Meeting held on January 22, 2020. There were no corrections to these minutes, and Mr. Shealy made a motion to approve, as presented. The motion was seconded by Mr. Bedenbaugh and unanimously passed.

See Resolution # 1

AGENDA ITEM # 3

UNFINISHED BUSINESS: Chairman Sox called for any unfinished business. There was no unfinished business to come before the meeting at this time.

AGENDA ITEM # 4

AUDIT COMMITTEE; 2019 AUDIT REPORT: Chairman Sox called on Mr. Randy Nichols and Mr. Terry McMichael to present the Cooperative's 2019 Audit report. The Audit Committee met just prior to the meeting. Mr. Nichols stated that the Cooperative's financial statements fairly presented its financial position, as of December 31, 2019, in accordance with Generally Accepted Accounting Principles (GAAP). He then reviewed and explained the Balance Sheet, the Statement of Revenue (margin statement), and the Statement of Cash Flows. Mr. Nichols next called attention to the various notes to the financial statements which gave more information and explanation about those statements. He advised that all notes had been carefully reviewed with the Audit Committee. Mr. Nichols concluded his presentation by reviewing a separate management letter. The management letter stated that the Cooperative's Form 7 financial report dated December 31, 2019, was in agreement with the Cooperative's audited records. Mr. Nichols' report was presented to the Board as information.

AGENDA ITEM # 5

CENTRAL UPDATE – MR. JOHN BRANTLEY: At this time, Mr. Risinger made a motion to go into executive session. The motion was seconded by Mr. Frick.

After the executive session, Mr. Shealy made a motion to leave executive session and reconvene in open session. The motion was seconded by Mr. Bedenbaugh.

AGENDA ITEM # 6

DEPARTMENTAL REPORTING:

ACCOUNTING & HUMAN RESOURCES: Chairman Sox called on Mrs. Crepes for the Accounting & Human Resources Report. Mrs. Crepes reported year-to-date revenue was \$10,960,617 which is \$1,750,626 below budget at the end of January. The year-to-date cost of wholesale power was \$6,823,101 which is under budget by \$1,441,008. Year-to-date margins were \$361,312 which is \$12,237 below budget. Mrs. Crepes reported that equity was 23.74% at the end of the month for an increase of 2.14%. She reported the deferred credits account balance changed by \$244,993, and the ending balance was (\$2,204,261).

Mrs. Crepes then presented a rate comparison chart showing an average residential usage of 1,695 kWh in January. Mid-Carolina's average bill was \$196.05 (account charge \$29.45) compared to Dominion's \$199.68 (account charge \$9.00), Duke – Carolina's \$205.60 (account charge \$11.96), and Duke – Progress \$202.67 (account charge \$11.78). Mrs. Crepes discussed the amount that CarolinaConnect has paid Mid-Carolina access fees in January of \$72,231.

Mrs. Crepes reported on the recent employment activity. Finance and Accounting Manager has announced her retirement as of April 3, 2020. That position was filled on February 24, 2020, along with two Member Services Clerk positions. [redacted] was promoted to Accounting Associate (AP) on February 10, 2020, from a Member Services Clerk. The Cooperative is currently recruiting for two Line Technician E1 positions, a Fleet Technician II and a Utility Cable Locator. 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 that the Mid-Carolina and Contractor crews worked in January. The right-of-way crews are finished working in the Leesville and Gilbert Substation areas. They are now working in the Pelion, Hollywood and South Congaree areas. There were 187 dead trees cut during the month. Mr. Wilbur reported the System Inspectors are still working in the Lake Murray area. 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 routine inspection and maintenance was completed during the month. He then stated test reports from year end transformer and regulator oil sampling have been received and reviewed. No serious or critical conditions were reported. Retests are recommended for one year for most units, with a few recommended at six months.

Mr. Ayers then showed a chart graphing kWh purchased each month year-to-date from 2015-2020 with a five year running average. The next chart showed the kW Demand purchased each month year-to-date from 2015-2020 with a five year running average. The outage charts and notes for January were reviewed and 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 presented the write-off amount for the Board's information. He reported on several upcoming events the Cooperative is sponsoring. Mr. Simpson stated that the Touchstone Energy Scholarship Applications will be available until March 13, 2020. So far, there have been 41 applications received, and the interviews will take place on March 19, 2020. There were six applications received for the 2020 Youth Tour and seven for the Youth Summit, interviews were held on February 12, 2020. He reported on the *South Carolina Living* schedule through April 2020. 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 30,161 accounts enrolled in SmartHub as of February 1, 2020, which represents 52.8% of active accounts enrolled. In January, 73.4% of all payment transactions were made electronically, and 7.9% of payment transactions were entered manually through the Cooperative's cash-drawer application.

Mr. Sturkie reported that 47.9% of January payments were made by Credit Card. At the Dutch Fork Office, there were 390 payments made through the Verifone in January, and there were 256 payments made through the Verifone at the Lexington Office. Mr. Sturkie reported as of February 3, 2020, there were 1,819 people on Pay As You Go. He then gave a Cyber Security update. There were no further questions or comments, and Chairman Sox thanked Mr. Sturkie for his report.

ADMINISTRATION: Chairman Sox called on Mr. Paulling for the Administration report in Mrs. Ross-Bell's absence. Mr. Paulling referred to the monthly Operation Round-Up report. In January, the Trust Board received 20 applications, of which 11 were approved for a total donation amount of \$18,929. The Trust Fund balance at the end of the month was \$9,990. The Board calendars were reviewed through April 2020. The April meeting was moved from April 22nd to April 29th. There were no further questions or comments, and Chairman Sox thanked Mr. Paulling for the report.

AGENDA ITEM # 7

PRESIDENT'S REPORT: Chairman Sox called on Mr. Paulling for his report. Mr. Paulling reported there was one accident in January. He then went over the upcoming events in 2020. There were no further questions or comments, and Chairman Sox thanked Mr. Paulling for his report.

AGENDA ITEM # 8

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

AGENDA ITEM # 9

CHAIRMAN'S REPORT: Chairman Sox read a couple of thank you notes. He had nothing further to report at this time.

AGENDA ITEM # 10

COMMITTEE REPORTS: Chairman Sox called on Mr. Risinger for the Audit Committee Report and the Welfare Benefit Trust Committee Report. Mr. Risinger stated that the Audit Committee met with Mr. Randy Nichols prior to the Board Meeting and was presented with the same information received by the Board. Mr. Nichols' report was favorable for the Cooperative. He then reported on the conference call with Mr. Brian Allen with the Welfare Benefit Trust Committee. The Trust Fund is still doing well, but the decision was to adjust the account to be a little more conservative during this volatile economic time. There were no committee reports to come before the Board at this time.

AGENDA ITEM # 11

ASSOCIATED BOARD MEETING REPORTS: Chairman Sox stated that he and Mr. Paulling would attend the NRECA Annual Meeting next week in New Orleans, LA.

Mr. Paulling stated that CarolinaConnect Cooperative will have their Audit conducted in the next couple of weeks. The number of Mid-Carolina members who are customers of CarolinaConnect increased from 7,085 to 7,289 this month.

Ms. Donette stated that CEE-US's Equipment Show is scheduled for October 7, 2020.

Mr. Shealy stated the ECSC Trustee Association Steering Committee met last month on the topics for the ECSC Trustee Association meeting that is scheduled for April 20-22, 2020, at the Embassy Suites in Kingston Plantation Myrtle Beach, SC.

Chairman Sox reported all is well with Federated, and they had a fantastic year in 2019.

Mr. Paulling reported all is going well with the SC Power Team. There were no other reports at this time.

AGENDA ITEM # 12

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 Ms. Kirkland to enter into executive session. The motion was seconded by Mr. Bedenbaugh and unanimously passed.

AGENDA ITEM # 13

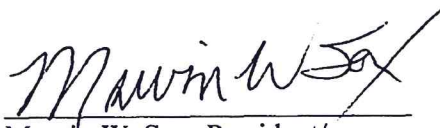
EXECUTIVE SESSION: There was no action taking during the executive session.

AGENDA ITEM # 14

ADJOURNMENT: There was no further business, and the meeting was adjourned.


Donette B. Kirkland, Secretary

APPROVAL:


Marvin W. Sox, President/
Chairman of the Board

S.C. 37 LEXINGTON

MID-CAROLINA ELECTRIC COOPERATIVE, INC.

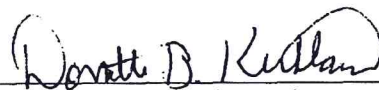
RESOLUTION

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WHEREAS, the Board of Trustees reviewed and made no changes to the minutes of last regular Board Meeting held on January 22, 2020; and

NOW THEREFORE BE IT RESOLVED, that the Board of Trustees of Mid-Carolina Electric Cooperative, Inc. hereby approves the minutes of the last regular Board Meeting held on January 22, 2020, 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 26th day of February 2020, at which meeting a quorum was present.



Donette B. Kirkland, Secretary