

MID-CAROLINA ELECTRIC COOPERATIVE, INC.
LEXINGTON, SOUTH CAROLINA
MINUTES OF THE REGULAR BUDGET PRESENTATION MEETING
OF BOARD OF TRUSTEES
October 19, 2023

AGENDA ITEM # 1

CALL TO ORDER: Marvin W. Sox, President/Chairman
(2:00 p.m.) 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 & Accounting
Robert A. “Bobby” 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

INVOCATION: Theresa Crepes

PLEDGE OF ALLEGIANCE

AGENDA ITEM # 2

2024 BUDGET PRESENTATION: Chairman Sox called the meeting to order. He then called on Mr. Paulling for his presentation. Mr. Paulling thanked the Staff for their input on the proposed budget. He stated that the proposed budget proposed budget is based upon several major financial strategies: The Cooperative’s Times Interest Earned Ratio “TIER” will remain at 1.75. The average TIER at the end of this year will be 1.92. The Modified Debt Service Coverage “MDSC” ratio is 1.68 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 2024. Equity is projected to begin the year at 24.4% and end the year at 24.8%.

Deferred Credits are projected to fluctuate from a low of \$1.6 million to a high of \$4.1 million and end the year at \$3.4 million. Equity is projected to increase in 2024 to 24.8%. Mr. Paulling reviewed the capital credit retirement schedule. In 2024, the proposed plan is to pay out \$1,750,000, to include paying out the remainder 2010 (\$1,036,018), part of 2011 (\$713,682) and \$1,750,000 from 2023, as well as \$180,000 for estates in 2024, for a total retirement amount of \$3,680,000.

Mr. Paulling reviewed the major expenses for the Cooperative, which include purchase power, property taxes, interest expense, labor, right-of-way clearing and chemical application. He then explained the details of the 2024 Labor and Benefits budget. The total number of employee positions budgeted in 2024 is 162 full-time positions (including one new full-time position) and four part-time positions. The total amount budgeted for next year's payroll is \$13,981,808, which is an increase of \$812,985 (6.2%) from last year's budget. This budget includes an average adjustment of 4% effective October 1, 2024.

Mr. Paulling next reviewed the amounts budgeted for employee benefits. The total amount budgeted for medical insurance in the proposed budget is \$1,287,620 and the dental insurance total is \$185,356. He next reviewed a schedule showing the amounts budgeted for each employee benefit in 2024. The total amount budgeted for employee benefits (including payroll taxes) is \$7,969,136 (decrease of 0.1%). Mr. Paulling stated the total labor and benefits budget in 2024 will be \$21,950,944 (increase of 3.8%). He then reviewed a schedule showing the amounts budgeted for each board member benefit indicating no change in 2024.

Mr. Paulling then presented the Property Tax budget for 2024. 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 \$8,802,919 (increase of 35.6%).

Mr. Paulling then presented the proposed capitalized expenditures for distribution plant additions under the proposed new budget. The total amount budgeted for fiber construction and drops is \$14,690,400, and \$4,800,000 for new electric service extensions in 2024. Mr. Paulling also reviewed and explained the amounts budgeted for system improvements \$4,258,250, and substation improvements \$1,500,000. He summarized that the total amount budgeted for all distribution plant additions will be \$25,248,650 (\$250,000 less than 2023).

Mr. Paulling called on Mr. Simpson, Mr. Wilbur, Mr. Ayers, and Mr. Davidson to explain their General Plant Additions in detail. The total general plant in 2024 would be \$2,264,900 (\$52,020 less than 2023). Mr. Paulling asked Mr. Wilbur to discuss a map of the Cooperative's service territory displaying the right-of-way and chemical side trimming schedule by color. The Board discussed this schedule in detail.

Mr. Paulling reviewed the pullout sheets showing the overall costs listed by each department in detail. He then called on Mr. Simpson to discuss a list of donations to local organizations that is in Department 400 - Member Service's budget. Mr. Simpson gave a detailed explanation of all line items. Mr. Paulling and Mr. Simpson answered several questions throughout the presentation.

Chairman Sox thanked Mr. Paulling and the Staff for all their work on the proposed budget. He then encouraged the Board Members to study the proposed budget documents and direct any questions they may have on the budget to Mr. Paulling. There will also be a follow-up budget discussion prior to the approval at the Board Meeting on October 25, 2023.

AGENDA ITEM # 3

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. Risinger to enter executive session. The motion was seconded by Mr. Lunsford and unanimously passed.

AGENDA ITEM # 4

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

AGENDA ITEM # 5

ADJOURNMENT: There was no further business, and the meeting was adjourned at 4:10 p.m.



Donette B. Kirkland, Secretary

Approval:



Marvin W. Sox, President/Chairman of the Board