

**MID-CAROLINA ELECTRIC COOPERATIVE, INC.**

**LEXINGTON, SOUTH CAROLINA**

**MINUTES OF REGULAR MEETING OF BOARD OF TRUSTEES**

**September 26, 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  
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:** Justin Watts

**PLEDGE OF ALLEGIANCE**

**AGENDA ITEM # 2**

**APPROVAL OF MINUTES:** Chairman Sox called the meeting to order and stated that Mr. Wilbur is out of town at a Conference. He then welcomed, Mr. James Chavez, CEO of SC Power Team, to the meeting. Mr. Chavez made a special presentation to Mr. Paulling for his commitment and support as Chairman of SC Power Team.

Chairman Sox then asked if there were any corrections, additions or deletions to the minutes of the last monthly meeting held on August 23, 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. Lunsford and unanimously passed.

**See Resolution # 1**

### AGENDA ITEM # 3

**UNFINISHED BUSINESS:** There was no unfinished business to come before the Board at this time.

### AGENDA ITEM # 4

#### **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 \$97,116,452, which is (\$4,545,016) below budget at the end of August. The year-to-date cost of wholesale power was \$55,178,921, which is under budget by (\$4,866,128). The year-to-date margins were \$7,226,587, which is \$1,007,846 above budget. Mrs. Crepes reported that equity was 23.97% at the end of August for a decrease of -0.07%. The deferred credits account balance changed by \$927,415, and the ending balance was \$2,126,714.

Mrs. Crepes then presented a rate comparison chart showing an average residential usage of 1,958 kWh in August. Mid-Carolina's average bill was \$198.32 (account charge \$28.50) compared to Dominion's \$289.40 (account charge \$9.50), Duke – Carolina's \$247.01 (account charge \$11.96), and Duke – Progress \$267.28 (account charge \$11.78). She then presented a rate comparison chart showing an average annual usage of 16,764 kWh. Mid-Carolina's average annualized bill was \$2,018.44 (account charge \$346.75) compared to Dominion's \$2,315.56 (account charge \$114.00), Duke – Carolina's \$2,120.30 (account charge \$143.52), and Duke – Progress \$2,251.05 (account charge \$141.36).

Mrs. Crepes reported that Mid-Carolina has received \$2,643,352 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. Paulling for the Operations report. Mr. Paulling reported the locations and the service district that the Mid-Carolina and Contractor crews worked in August. The right-of-way crews are still working in the Old Chapin, Friarsgate, Hollingshed and Barr areas. Mr. Paulling discussed and illustrated maps of the Dominion Territory takeover. He stated the System Inspectors are still working in the Hollingshed area. There were no further questions or comments, and Chairman Sox thanked Mr. Paulling for the report.

**ENGINEERING:** Chairman Sox called on Mr. Ayers for the Engineering report. Mr. Ayers reported that the routine inspection and maintenance was completed in August. He stated the construction of Holley Ferry Substation is progressing well. The contractor is on pause until early December, while waiting for the high side breakers to be delivered. During this time, Mid-Carolina crews and CarolinaConnect will be installing equipment. Mr. Ayers reported the annual inspection of downline reclosers and switches is almost complete.

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 August 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 played a video that will be aired on Connected TV that highlights CarolinaConnect. He then discussed several ways the Cooperative is connecting with the community, as well as the Cooperative's Brand Identity on Social Media. The quarterly schedule for the *South Carolina Living* magazine was presented through the January 2024 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 39,308 accounts enrolled in SmartHub as of September 1, 2023, which represents 65.88% of active accounts enrolled. He discussed the number of emails received during the month of August, as well as the number of emails that were blocked and contained viruses.

Mr. Davidson stated that the number of members enrolled for TextPower increased to 29,056 at the end of August. This is an additional 3,337 members that enrolled during the month. He 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 approved 13 out of 23 applications during the month of August for a total distribution of \$36,343. The Trust Fund balance at the end of the month was \$48,985.

Mrs. Ross-Bell reported that the Board needs to approve the date for the Cooperative's Annual Meeting, and the proposed date is April 13, 2024. Mr. Bedenbaugh made a motion to approve the Cooperative's 2024 Annual Meeting date, as presented. The motion was seconded by Ms. Kirkland and unanimously passed.

#### **See Resolution # 2**

The Board calendars were reviewed through December 2023. There were no further questions or comments, and Chairman Sox thanked Mrs. Ross-Bell for her report.

#### **AGENDA ITEM # 5**

**PRESIDENT'S REPORT:** Chairman Sox called on Mr. Paulling for his report. Mr. Paulling reported there were no recordable accidents in August. A Member Service Representative position was filled on September 5<sup>th</sup> and two-Line Technician I positions were filled, one on September 25<sup>th</sup> and one will start on October 2<sup>nd</sup>. Currently, there is active recruitment for a Fiber Construction Tech (2), Community Relations Specialist, Communications Specialist, Database/Linux System Administrator, and a Fiber Optic Design Technician.

Mr. Paulling showed the Board District map that has to be reviewed and approved every five years during the month of September, according to the Cooperative's Bylaws. The district lines were edited slightly to meet the Bylaw requirements that there is no difference between districts greater than two percent (999) of the total Cooperative active accounts (49,939), at the time of approval by the Board of Trustees. Mr. Lindler made a motion to approve the updated Board District map, as presented. The motion was seconded by Mr. Bedenbaugh and unanimously passed.

Mr. Paulling then discussed the final loan agreement and resolutions for approval today. The first resolution specifies that the \$75 million loan amount that the Board approved last month, will have \$50 million allocated for the utility work and \$25 million for the fiber work. Mr. Shealy made a motion to approve the new resolution with the designated allocations of the \$75 million loan. The motion was seconded by Mr. Lindler and unanimously passed.

**See Resolution # 3**

Mr. Paulling stated the second resolution is the approval of increasing the Cooperative's line of credit from \$11 million to \$20 million. Mr. Watts made a motion to approve the resolution, as presented. The motion was seconded by Mr. Lunsford and unanimously passed.

**See Resolution # 4**

Mr. Paulling reviewed that the Cooperative's retail rates were indexed up by \$0.0070 per kWh effective with bills rendered by the Cooperative on or after June 1, 2023 – September 30, 2023. He reported that Central has provided information that Duke Energy has instilled an adjust-to-actual to recover increased fuel costs, that will extend over the next 18 months. There will be a significant whole power cost increase from Santee Cooper post rate freeze along with inflationary pressures from general operation expenses. Mr. Paulling stated with this new information, he recommends continuing the MAF Index up by \$0.0070 per kWh, until a new rate study has been completed or other adjustments are deemed necessary. After a discussion, Mr. Lunsford made a motion to approve the recommendation, as presented. The motion was seconded by Mr. Shealy and unanimously passed.

**See Resolution # 5**

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 # 6**

**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 # 7**

**CHAIRMAN'S REPORT:** Chairman Sox read a thank you note. He then reported that the Board needed to appoint Trustees for the Electric Cooperatives of South Carolina (ECSC). Chairman Sox stated that Mr. Paulling and Ms. Kirkland currently serve as Trustees. Mr. Risinger made a motion for Ms. Donette B. Kirkland and Mr. Bob Paulling to serve as the ECSC Trustees in 2023. The motion was seconded by Mr. Watts and unanimously passed. Chairman Sox stated the Board also needs to appoint a Voting Delegate for the meeting in December. Mr. Watts made a motion for Ms. Donette B. Kirkland to serve as the Voting Delegate for the Annual Meeting that will be held on December 5, 2023, and Mr. Bob Paulling to serve as the Alternate Voting Delegate. The motion was seconded by Mr. Lunsford and unanimously passed.

**See Resolution # 6**

Chairman Sox had nothing further to report at this time.

### **AGENDA ITEM # 8**

**COMMITTEE REPORTS:** Chairman Sox then called on Ms. Kirkland for the Policy Committee report. Ms. Kirkland stated that Board Policy 108 and Board Policy 109 were sent to everyone with recommended changes for review prior to the meeting. Ms. Kirkland asked if there are any questions about the recommended changes to Board Policy 108 – Anti-Harassment. The changes update the wording on who any incidents should be reported to at the Cooperative. Mr. Lindler made a motion to approve the recommended changes, as presented. The motion was seconded by Mr. Best and unanimously passed.

#### **See Resolution # 7**

After a brief discussion about Board Policy 109, it was decided that the Policy Committee will meet at 11:00 a.m. before the Board Meeting on October 25, 2023, to further discuss the recommended changes to the policy. There were no other committee reports to come before the Board at this time.

### **AGENDA ITEM # 9**

**ASSOCIATED MEETING REPORTS:** Chairman Sox stated that CarolinaConnect has now passed 29,200 customers. Everything is going well, and they set a new record of 66 installations in one day.

Mr. Risinger reminded everyone of the Central meeting that will be held on Monday, October 2, 2023.

Ms. Kirkland reported that Statewide had Committee budget meetings in September. The budget will be presented to the Statewide Board on October 5, 2023.

Mr. Shealy reported that he has a ECSC Trustee Association Committee meeting on October 27, 2023. This meeting is to discuss the ECSC Trustee Association meeting that is scheduled for May 13-15, 2024, in Charleston, SC.

Chairman Sox gave a brief Federated report and announced that Ms. Sarah Mattern is South Carolina's Account Executive.

Mr. Lindler took two NRECA online courses during the month, and stated they were both good courses. Mr. Best took one NRECA online course, and stated the course discussed diversity in the board room.

There were no other reports at this time.

### **AGENDA ITEM # 10**

**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. Bedenbaugh to enter executive session. The motion was seconded by Mr. Shealy and unanimously passed.

**AGENDA ITEM # 11**

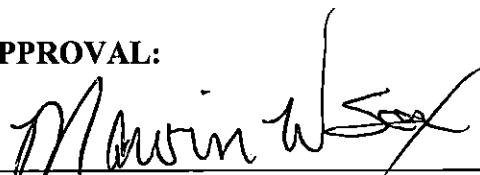
**EXECUTIVE SESSION:** There was no action taken during the executive session.

**AGENDA ITEM # 12**

**ADJOURNMENT:** There was no further business, and the meeting was adjourned at 3:35 p.m.

  
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Donette B. Kirkland, Secretary

**APPROVAL:**

  
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Marvin W. Sox, President/Chairman of the Board

**S.C. 37 LEXINGTON**

**MID-CAROLINA ELECTRIC COOPERATIVE, INC.**

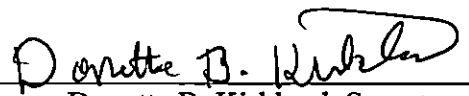
**RESOLUTION**

**# 1**

**WHEREAS**, the Board of Trustees reviewed and had no changes to the minutes of the regular monthly meeting held on August 23, 2023; and

**NOW THEREFORE BE IT RESOLVED**, that the Board of Trustees of Mid-Carolina Electric Cooperative, Inc. hereby approves the minutes for the August 23, 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 26<sup>th</sup> day of September 2023, at which meeting a quorum was present.

  
\_\_\_\_\_  
Donette B. Kirkland, Secretary

**S.C. 37 LEXINGTON**  
**MID-CAROLINA ELECTRIC COOPERATIVE, INC.**

**RESOLUTION**

**# 2**

**WHEREAS**, the Board of Trustees is required by the Cooperative's Bylaws to set the date of the Annual Meeting of the members; and

**WHEREAS**, the Board of Trustees finds and determines that Saturday, April 13, 2024, is an appropriate date to hold the 2024 Annual Meeting;

**NOW THEREFORE BE IT RESOLVED**, by the Board of Trustees of Mid-Carolina Electric Cooperative, Inc. that the 2024 Annual Meeting of the members of Mid-Carolina Electric Cooperative, Inc. shall be held on April 13, 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 26<sup>th</sup> day of September 2023, at which meeting a quorum was present.

  
\_\_\_\_\_  
Donette B. Kirkland, Secretary



## CERTIFICATE OF RESOLUTIONS AND INCUMBENCY

### # 3

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 September 26, 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 \$50,000,000.00, as set forth in the loan agreement with CFC governing such loan, substantially in the form of the loan agreement presented to this meeting (the "9035 Loan Agreement");

RESOLVED, that the Cooperative also borrow from 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 \$25,000,000.00, as set forth in the loan agreement with CFC governing such loan, substantially in the form of the loan agreement presented to this meeting (the "9036-9037 Loan Agreement");

RESOLVED, that the proceeds of this loan be used for the purposes set forth in the 9035 Loan Agreement and the 9036-9037 Loan Agreement, respectively;

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

- (a) the 9035 Loan Agreement;
- (b) the 9036-9037 Loan Agreement;
- (c) 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, substantially in the form of the note presented to this meeting; and
- (d) if required by CFC, as many counterparts as shall be deemed advisable of a mortgage and security agreement with CFC as mortgagee, for purposes of securing the loans provided for herein, in such form as the individuals authorized herein may negotiate with CFC.





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

  
\_\_\_\_\_  
Donette B. Kirkland, Secretary

Date: September 26, 2023

**S. C. 37 LEXINGTON**

**MID-CAROLINA ELECTRIC COOPERATIVE, INC.**

**RESOLUTION**

**# 5**

**WHEREAS**, the Cooperative's retail rates were indexed up by \$0.0070 per kWh effective with bills rendered by the Cooperative on or after June 1, 2023 – September 30, 2023; and

**WHEREAS**, Central has provided information that Duke Energy has instilled an adjust-to-actual to recover increased fuel costs; and

**WHEREAS**, this adjust-to-actual will extend over the next 18 months; and

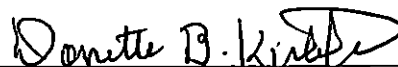
**WHEREAS**, there will be a significant whole power cost increase from Santee Cooper post rate freeze along with inflationary pressures from general operation expenses; and

**WHEREAS**, with the information provided above, Mr. Paulling recommends continuing the MAF Index up by \$0.0070 per kWh until a new rate study has been completed or other adjustments are deemed necessary; and

**WHEREAS**, after a discussion and careful consideration, the Board of Trustees agrees with Mr. Paulling's recommendation;

**NOW THEREFORE BE IT RESOLVED**, by the Board of Trustees of Mid-Carolina Electric Cooperative, Inc. that the Cooperative's retail rates will continue to be indexed up by \$0.0070 per kWh effective with regard to all bills rendered by the Cooperative, until a new rates study has been completed or other adjustments are deemed necessary.

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 26<sup>th</sup> day of September 2023, at which meeting a quorum was present.



Donette B. Kirkland, Secretary

**S.C. 37 LEXINGTON**

**MID-CAROLINA ELECTRIC COOPERATIVE, INC.**

**RESOLUTION**

**# 6**

**WHEREAS**, the Board of Trustees is also responsible for nominating two people to serve on the Board of The Electric Cooperatives of South Carolina, Inc. (ECSC); and

**WHEREAS**, the Board of Trustees is responsible for appointing a Voting Delegate and Alternate Voting Delegate to the Annual Meeting of ECSC; and

**WHEREAS**, the Board of Trustees desires to make the appointments and nominations as hereinafter stated;

**NOW THEREFORE BE IT RESOLVED**, that the Board of Trustees of Mid-Carolina Electric Cooperative, Inc. hereby makes the following appointments and nominations:

**ECSC Board Trustees for 2024**

Ms. Donette B. Kirkland and Mr. B. Robert "Bob" Paulling

**2023 Annual Meeting for ECSC**

Voting Delegate

Ms. Donette B. Kirkland

Alternate Voting Delegate

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 26<sup>th</sup> day of September 2023, at which meeting a quorum was present.

  
Donette B. Kirkland, Secretary

**S.C. 37 LEXINGTON**  
**MID-CAROLINA ELECTRIC COOPERATIVE, INC.**

**RESOLUTION**

**# 7**

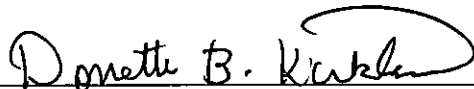
**WHEREAS**, Ms. Kirkland reviewed the recommended changes to Board Policy 108 – Anti-Harassment; and

**WHEREAS**, the changes serve as clarification as to who to report an incident to; and

**WHEREAS**, the Board discussed and approved the recommendations;

**NOW THEREFORE BE IT RESOLVED**, by the Board of Trustees of Mid-Carolina Electric Cooperative, Inc. that the Board approves the clarification changes to Board Policy 108, and 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 26<sup>th</sup> day of September 2023, at which meeting a quorum was present.

  
\_\_\_\_\_  
Donette B. Kirkland, Secretary

**MID-CAROLINA ELECTRIC COOPERATIVE, INC.  
BOARD OF TRUSTEES POLICY 108**

**SUBJECT: ANTI-HARASSMENT**

**I. OBJECTIVE**

To set forth the policy of the Board of Trustees establishing zero tolerance of harassment of any kind and for any verbal or physical conduct that creates an intimidating or offensive environment in the delivery of service to members or in the workplace.

**II. POLICY CONTENT**

- A. It shall be the policy of the Board of Trustees to provide a work environment free from any type of harassment.
- B. Mid-Carolina will not tolerate verbal or physical conduct by any employee or Board member which harasses, disrupts, or interferes with work performance or which creates an intimidating, offensive, or hostile environment.
- C. All manner of harassment is strictly prohibited including harassing conduct that is sexual, racial, or religious in nature or due to national origin, age, or physical limitation.
- D. Sexually harassing conduct in the work place is prohibited, including, but not limited to:
  - 1. unwanted sexual flirtations, touching, or propositions;
  - 2. verbal abuse of a sexual or non-sexual nature;
  - 3. graphic or suggestive comments about an individual's dress or body; and
  - 4. degrading words to describe an individual.

Board members are not to threaten or insinuate, either explicitly or implicitly, that an employee's refusal to submit to sexual advances will adversely affect the employee's employment, performance evaluation, pay, advancement, assigned duties, or any other condition of employment.

- E. Anyone bringing a complaint will not be retaliated against, even if the complaint is not sustained.
- F. Each Board member has a responsibility to report any incident immediately to the CEO, the Board President, any Board Officer or Mid-Carolina's Attorney. ~~or any other officer of the Board.~~
- G. ~~Anyone believing there has been a violation of this Policy shall report it to one of the following: the Vice President for their operational area, the CEO, the Board Chairman, a Board Member, or Mid-Carolina's Attorney.~~

**III. RESPONSIBILITY**

The Board of Trustees is responsible for the administration of this Policy.

MCEC: BD – 108  
August 23, 2021

Revised: ~~August 28, 2013~~ September 26, 2023

Reviewed: