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**MINUTES OF THE REGULAR BOARD MEETING
HELD TUESDAY, DECEMBER 17, 2019
SMECO HEADQUARTERS AUDITORIUM
15035 BURNT STORE ROAD
HUGHESVILLE, MD 20637**

The regular meeting of the Board of Directors of Southern Maryland Electric Cooperative, Inc. (SMECO) was held on Tuesday, December 17, 2019, 1:00 p.m. in the SMECO Headquarters Auditorium, 15035 Burnt Store Road, Hughesville Maryland 20637.

Attendance:

Directors:

W. Rayner Blair, III	Samuel "Jack" Hammett
Gilbert O. Bowling	W. Michael Phipps
Fern G. Brown	William L. Purnell
William R. Cullins, III	James A. Richards (absent)
Daniel W. Dyer	Joseph V. Stone, Jr.
Kenneth L. Dyson	P. Scott White
J. Douglas Frederick	Richard A. Winkler
	Nancy W. Zinn

Board Attorney:

Joseph R. Densford

SMECO Personnel:

President and Chief Executive Officer (CEO) Austin J. Slater, Jr.
Senior Vice President of Engineering and Operations and
Chief Operating Officer (COO) Kenneth M. Capps
Senior Vice President of Financial, Economic and Employee Services and
Chief Financial Officer (CFO) Sonja M. Cox
Senior Vice President of External Affairs and General Counsel Mark A. MacDougall
Senior Vice President of Customer & Enterprise Services and
Chief Information Officer (CIO) Joseph Trentacosta
Executive Assistant to the President & CEO Teresa M. Barringer
Office Administration Supervisor Theresa Moasser
Generalist Felicita Rich
Managing Director, Corporate Communications Terry Ressler
Accounting & Budgeting Director Angie Verras

Call to Order – Chairman P. Scott White called the meeting to order at 12:57 p.m.

Minute for Safety – Director Kenneth L. Dyson gave the minute for safety.

Approval of Minutes – The minutes of the November 19, 2019 Regular Board Meeting were considered. A motion was duly made, seconded, and unanimously carried approving the minutes of the November 19, 2019 regular Board meeting.

November 2019 Financial Performance and Statistics Reports – CFO Cox reviewed the financial highlights for the period ending November 30, 2019.

Committee Reports:

Board Risk Oversight Committee – Committee Chairman Winkler reported that the Board Risk Oversight Committee (BROC) did not hold a meeting; therefore, no report was given.

Capital Projects Committee – Committee Chairman Blair reported that the Capital Projects Committee did not hold a meeting; therefore, no report was given.

Personnel and Benefits Committee – Committee Chairman Cullins reported that the Personnel and Benefits Committee held a meeting on Tuesday, December 17, 2019, 10:00 a.m., in the SMECO Headquarters Auditorium, Hughesville, Maryland, and the following report was given:

Third Quarter Investment Review – Committee Chairman Cullins reported that a Third Quarter Investment Review was provided by David Pappalardo and Joanna Hunt with Prudential and Trip McLaughlin, and Chuck and Kim Rosenfield with Morgan Stanley.

Retirement Plan Employee Engagement (Chuck & Kim Rosenfield, Morgan Stanley) - Chuck and Kim Rosenfield, Morgan Stanley have continued to be available for employee engagement and look forward to more on-site options in the coming year.

Recession Forecast Study - Committee Chairman Cullins reported that David Pappalardo presented information regarding the financial implications to the Retirement Annuity Plan if a recession were to occur over the next several years.

An economic overview was provided and the market performance summary was outlined. The quarter ended very well and the allocation of assets is inline where it needs to be moving forward. Rebalancing is not necessary.

Management Compensation Plan Review – Committee Chairman Cullins reported that Cindy Rauner, Human Resources Manager, presented an update on SMECO's Management Compensation Plan which was performed by Willis Towers Watson per Board Policy 3-3.

Committee Chairman Cullins, on behalf of the Personnel & Benefits Committee, recommended that the Board adopt the recommendations proposed by Willis Towers Watson. A motion was duly made and unanimously carried to adopt the recommendations proposed by Willis Towers Watson.

Executive Benefits Market Analysis Review – Committee Chairman Cullins reported that Cindy Rauner, Human Resources Manager presented finding from Willis Towers Watson on the review of SMECO's proposed executive compensation program design. IRS regulations state due diligence be performed on executive programs to determine fairness and reasonableness.

There are no recommendations as a result of the study. Results will be filed in the event an audit of the executive benefits should occur.

Policy, Audit and Budget Committee – Committee Chairman Phipps reported that the Policy, Audit and Budget Committee held a meeting on Friday, November 22, 2019, 9:00 a.m., in the SMECO Headquarters Auditorium, Hughesville, Maryland, and the following report was given:

Review 2020 Proposed Budget – Committee Chairman Phipps requested Angie Verras, Accounting & Budgeting Director, to give a summary review of the proposed 2020 budget.

Committee Chairman Phipps, on behalf of the Policy, Audit and Budget Committee, recommended that the Board approve the 2020 budget as presented. A motion was duly made and unanimously carried approving the 2020 budget as presented.

Public Relations Committee – Committee Chairman Frederick reported that the Public Relations Committee did not hold a meeting; therefore, no report was given.

Reading Material – Chairman White called attention to board reading material.

Board Policy of the Month – Board Policy 2-4: Performance of Special Services for Members, Employees, and Individuals. A synopsis was provided in board materials.

President's Report – CEO Slater updated the Board on current topics of interest regarding the business of the Cooperative and entertained questions regarding his written report.

Directors' Comments:

Discussion ensued on various topics.

Old Business:

Additional Day of Leave – Chairman White reiterated what was announced at the employee luncheons that the Board, as a thank you for a tremendous job and the exceptional safety record achieved this year, would like to grant employees an additional day of leave that they may enjoy on either December 24th or December 26th, 2019.

A motion was duly made, seconded, and unanimously carried to give employees the additional day of leave.

Report on 2019 NRECA Winter School for Directors – Chairman White advised Director Stone attended the 2019 NRECA Winter School for Directors held December 13-18, 2019 in Nashville, Tennessee. Director Stone reported that the courses he attended were interesting and beneficial.

New Business:

Prince George's County Permitting Authorization – Chairman White advised that the Prince George's County Public Works requires SMECO to submit written proof of indemnification each time we submit a permit to construct or maintain our electric distribution system. Three SMECO employees are authorized to apply for such permits when needed to work within the public rights-of-ways in

Prince George's County to construct or maintain our electric distribution system. These SMECO employees are: Keith Ulrich, Project Coordinator; Thomas Wathen, Regional Operations Director; and Christopher Norton, Managing Director – Electric Operations and Construction. A motion was duly made, seconded, and unanimously carried to approve the Authorization Certificate as presented; Secretary-Treasurer Brown will sign the Authorization Certificate.

Listening Sessions – Chairman White requested Terry Ressler, Corporate Communications Managing Director, share a summary of findings from recent listening sessions attended by realtors and first-time homebuyers. Ms. Ressler explained the objectives of the project as well as some of the feedback and recommendations that resulted from the sessions. Currently, Ms. Ressler is working with her group on developing new handouts for realtors to give to homebuyers.

There may be other listening sessions scheduled with other groups in the future.

Southern Maryland Legislative Reception – Chairman White shared that this event will take place on Thursday, February 27, 2020, in Annapolis, Maryland. A sign-up sheet was circulated.

2020 NRECA Director's Conference – Chairman White advised that the 2020 NRECA Director's Conference will be held April 4 – 7, 2020. Directors Cullins, Frederick, and Winkler will attend.

ACRE Membership Renewal – Chairman White referred the Board to the ACRE Memo in board materials. Directors are asked to support ACRE by maintaining membership at the Century Club level, and spouse's membership at the Regular level.

Confirm Date/Time for Next Board Meeting – The next regular meeting of the Board of Directors will be held on Tuesday, January 21, 2020, at 1:00 p.m. in the SMECO Headquarters Auditorium, Hughesville, Maryland.

Executive Session – A motion was duly made, seconded and unanimously carried to go into Executive Session at 2:08 p.m. (COO Capps, CFO Cox, General Counsel MacDougall, CIO

Trentacosta, Managing Director Ressler, Accounting & Budgeting Director Verras, Executive Assistant Barringer, Office Administration Supervisor Moasser, and Generalist Rich were excused from the meeting). CEO Slater left Executive Session at 2:38 p.m.

A motion was duly made, seconded, and unanimously carried to come out of Executive Session at 2:51 p.m. and resume the regular Board meeting.

Adjournment of Meeting – There was no further business to come before the Board of Directors; therefore, a motion was duly made, seconded, and unanimously carried approving the adjournment of the meeting at 2:51 p.m.



Fern G. Brown
Fern G. Brown
Secretary-Treasurer