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P.O. Box 1937, Hughesville, MD 20637  
www.smeco.coop

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**MINUTES OF THE REGULAR BOARD MEETING  
HELD TUESDAY, January 21, 2020  
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, January 21, 2020, 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. (absent)
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  
Controller Beth Kennedy  
Government & Public Affairs Managing Director Tom Dennison  
System Planning & Reliability Director Herb Reigel  
System Planning & Reliability Engineer Hannah Peregoy  
Rates & Energy Procurement Vice President Eugene Bradford

**Call to Order** – Chairman P. Scott White called the meeting to order at 1:00 p.m.

**Minute for Safety** – Director Daniel W. Dyer gave the minute for safety.

**Executive Session** – A motion was duly made, seconded, and unanimously carried to go into Executive Session at 1:03 p.m. to discuss a revision to the December 17, 2019 Executive Session minutes. A motion was duly made, seconded, and unanimously carried to come out of Executive Session at 1:04 p.m. and resume the regular Board meeting.

**Presentation: Annapolis Look Ahead** – Tom Dennison, SMECO’s lobbyist and Government and Public Affairs Managing Director, gave a preview of the Maryland General Assembly session that began on January 8, 2020. The session is likely to be dominated by tax policy issues as legislators try to find a way to fund the recommendations of the Kirwan Commission on education. In terms of energy legislation, there will be efforts to help reform the state’s competitive electricity marketplace through more reporting requirements to the Public Service Commission and there will be bills that would prohibit alternative suppliers from signing up customers who are receiving energy assistance payments from the state. In terms of renewable energy, there will be extensive discussion on whether to keep trash incineration as part of the renewable energy standard and whether the state will seek to close coal-fired electricity generation stations in Maryland

Mr. Dennison left the meeting immediately following his presentation.

**Approval of Minutes** – The minutes of the December 17, 2019 Regular Board Meeting were considered. A motion was duly made, seconded, and unanimously carried approving the minutes of the December 17, 2019 regular Board meeting.

**December 2019 Financial Performance and Statistics Reports** – Controller Kennedy reviewed the financial highlights for the period ending December 31, 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.

Date of Next Committee Meeting – Committee Chairman Winkler advised that the Board Risk Oversight Committee will next hold a meeting on Tuesday, March 17, 2020, 10:30 a.m., in the SMECO Headquarters Auditorium, SMECO Headquarters, Hughesville, Maryland.

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

Date of Next Committee Meeting – Committee Chairman Blair advised that the Capital Projects Committee will next hold a meeting on Tuesday, February 18, 2020, 10:00 a.m., in the SMECO Headquarters Auditorium, SMECO Headquarters, Hughesville, Maryland.

**Personnel and Benefits Committee** – Committee Chairman Cullins reported that the Personnel and Benefits Committee did not hold a meeting; therefore, no report was given.

**Policy, Audit and Budget Committee** – Committee Chairman Phipps reported that the Policy, Audit and Budget Committee did not hold a meeting; therefore, no report was given.

Date of Next Committee Meeting – Committee Chairman Phipps advised that the Policy, Audit and Budget Committee will next hold a meeting on Monday, March 16, 2020, 10:00 a.m., in the SMECO Headquarters Auditorium, SMECO Headquarters, Hughesville, Maryland.

Future Meetings:

- Tuesday, April 21, 2020 lunch meeting, time TBD (budget assumptions)
- Tuesday, September 15, 2020 lunch meeting, time TBD (990 presentation)
- Friday, November 20, 2020, 9:00 a.m. (2021 budget review)

**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 2-5: Energy and Conservation Services. 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:**

Committee on Strategy & Innovation (COSI) – Chairman White updated the Board on the proposed members of the newly formed Committee on Strategy and Innovation and advised that the Charter for the COSI was uploaded to BoardPaq. Board Policy 1-5, Board Committees, will be updated to include the newly formed committee. The proposed committee members are as follows:

COSI Members:

- P. Scott White (Committee Chairman)
- William R. Cullins III
- Richard A. Winkler
- Joseph V. Stone, Jr.
- Daniel W. Dyer

The first meeting of the COSI will be held on Friday, February 14, 2020, further details to follow.

A motion was duly made, seconded, and unanimously carried to approve the formation of the Committee on Strategy & Innovation (COSI).

Trip to Ozarks Electric Cooperative, March 30-31, 2020 - Chairman White advised that the COSI and certain staff members will be visiting Ozarks Electric Cooperative to examine their broadband operation.

CFC Forum - Chairman White advised that since the 2020 CFC Forum is scheduled to be held June 15-17, 2020, and therefore conflicts with the June 16, 2020 SMECO Board Meeting, there will be no SMECO attendees this year.

Assign Voting Delegates for 2020 NRECA Annual Meeting – Chairman White advised the 2020 NRECA Annual Meeting will be held February 27 – March 4, 2020. A motion was duly made, seconded, and unanimously carried to appoint the following voting delegates:

- ACRE Breakfast (Tuesday, 3/3/2020, 7:00 a.m.) - Mike Phipps
- Appoint Voting Delegate – National Rural Telecommunications Cooperative (NRTC)  
(Sunday, 3/1/2020, 2:30 p.m.)  
Voting Delegate – Mike Phipps  
Alternate Voting Delegate – Joe Stone
- Appoint Voting Delegate – National Rural Utilities Cooperative Finance Corp. (CFC)  
(Monday, 3/2/2020, 3:00 p.m.)  
Voting Delegate – Joe Stone  
Alternate Voting Delegate – Will Purnell
- Appoint Voting Delegate – National Rural Electric Cooperative Association (NRECA)  
(Tuesday, 3/3/2020, 10:30 a.m.)  
Voting Delegate – Fern Brown  
Alternate Voting Delegate – Nancy Zinn

**New Business:**

2020-2022 Construction Work Plan – Committee Chairman White introduced Mr. Herb Reigel and Ms. Hannah Peregoy who presented the 2020-2022 Construction Work Plan. Upon conclusion of the presentation, a brief question and answer session followed.

Based on the presentation and Staff's recommendation, a motion was duly made, seconded, and unanimously carried to approve the 2020-2022 Construction Work Plan prepared by the Engineering and Operations Department covering calendar years 2020, 2021, and 2022.

Mattawoman Substation Transformer Procurement Recommendation – COO Capps advised that on December 9, 2019, proposals were received and opened for two 20/37 MVA 69kV Power Transformers for delivery in 2020 for the Mattawoman Substation upgrade. SMECO requested proposals from eight bidders and the lowest bidder was Virginia Transformer Corp (VTC).

It is therefore recommended that a contract in the amount of \$1,153,756 be executed with VTC for providing the two 69 kV medium power transformers in 2020 for substation upgrades at the Mattawoman Substation.

A motion was duly made, seconded, and unanimously carried awarding the contract to VTC in the amount of \$1,153,756 for providing two 20/37 69kV transformers for the upgrades in 2020 at the Mattawoman Substation.

Financial Forecast - Chairman White introduced Rates & Energy Procurement Vice President Eugene Bradford who presented the Ten Year Financial Forecast which provides 10 year projections for planning purposes, indicates trends in SMECO's financial performance, indicates future timing of rate filings, and indicates future long-term debt borrowing.

A motion was duly made, seconded, and unanimously carried approving the 2019 Financial Forecast Dated January 15, 2020, as a reasonable projection of the operations of SMECO.

ACES Director Resignation and Designation – Chairman White directed the Board's attention to the ACES Director and Alternate Designation/Resignation forms completed to recognize changes resulting from the retirement of CEO Slater affecting SMECO's representation on the ACES Board. A motion was duly made, seconded, and unanimously carried to accept the following changes:

- Resignation of Austin J. Slater, Jr. as ACES Director
- Designation of Sonja M. Cox as ACES Director
- Resignation of Sonja M. Cox as ACES Alternate Director
- Designation of Eugene Bradford as ACES Alternate Director

NRCO Director and Alternate Director – Similarly, and for the same reason as the ACES changes, Chairman White directed the Board's attention to the Certificate of Designation of Delegate and Alternate Delegate and Director/Alternate Director form for NRCO noting the following updates:

- Sonja M. Cox as Delegate and Director
- Jeff Shaw as Alternate Director/Alternate Director

A motion was duly made, seconded, and unanimously carried to accept Sonja M. Cox as the Delegate and Director and Jeff Shaw as the Alternate Delegate and Alternate Director for NRCO.

2020 TEMA Delegate Certification - Chairman White advised the Tarheel Electric Membership Association, Inc. (TEMA) certification request was received to appoint two voting delegates from SMECO for the year 2020. A motion was duly made, seconded, and unanimously carried to approve Sonja M. Cox and P. Scott White as TEMA voting delegates.

**Confirm Date/Time for Next Board Meeting** – The next regular meeting of the Board of Directors will be held on Tuesday, February 18, 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 3:25 p.m. COO Capps, General Counsel MacDougall, CIO Trentacosta, Controller Kennedy, System Planning & Reliability Director Reigel, System Planning & Reliability Engineer Peregoy, Rates & Energy Procurement Vice President Bradford, Executive Assistant Barringer, Office Administration Supervisor Moasser, and Generalist Rich were excused from the meeting.

A motion was duly made, seconded, and unanimously carried to come out of Executive Session at 3:50 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 3:50 p.m.



Fern G. Brown  
Secretary-Treasurer