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**MINUTES OF THE REGULAR BOARD MEETING
HELD TUESDAY, FEBRUARY 18, 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, February 18, 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.
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
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 Joseph V. Stone, Jr. gave the minute for safety.

Presentation of Director Gold Certificates – Chairman White presented Director Frederick and Director Phipps with their Director Gold Certificates. The Director Gold Certification recognizes directors committed to continuing their education beyond the Credential Cooperative Director (CCD) Certification and the Board Leadership Certification (BLC).

Approval of Minutes – The minutes of the January 21, 2020 Regular Board Meeting were considered. A motion was duly made, seconded, and unanimously carried approving the minutes of the January 21, 2020 regular Board meeting.

January 2020 Financial Performance and Statistics Reports – Controller Kennedy reviewed the financial highlights for the period ending January 31, 2020.

Final Results 2019 Corporate Goals - The final results for the 2019 Corporate Goals for Management and Bargaining Unit were reviewed by CFO Cox. A motion was duly made, seconded, and unanimously carried approving the bonus pay-out to Management and Bargaining Unit employees as recommended by CFO Cox.

Proposed 2020 Corporate Goals - CFO Cox reviewed the proposed 2020 Corporate Goals for Management and Bargaining Unit. A motion was duly made, seconded, and unanimously carried approving the Proposed 2020 Corporate Goals for Management and Bargaining Unit.

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.

CEO Slater gave a report on the ACES Conference held on February 6 – 7, 2020.

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 held a meeting on Tuesday, February 18, 2020, 10:00 a.m. in the SMECO Headquarters Auditorium, Hughesville, Maryland, and the following report was given:

Engineering Projects – Committee Chairman Blair advised that Hugh Voehl provided an update on current projects under construction, project budgets to date, planned 2020 construction projects, and planned interconnect projects.

Solomons Overhead to Underground Project Phase 2A, 2B-1, and 2B-2 – Committee Chairman Blair advised that Keith Ulrich provided a presentation on the Solomons Overhead to Underground Project, including design, permits, bidding, and construction on all Phases of the project. Phase 2B easement status was discussed as well as Phase 2A and 2B project expenditures to date.

Southern Region Facility Project Update – Committee Chairman Blair advised that Ryan Schlotterbeck provided a project update regarding the Southern Region Facility. The presentation included updates on design, warehouse modifications, LEED, construction, financial review, and project schedule.

Date of Next Committee Meeting – Committee Chairman Blair advised that the Capital Projects Committee next will hold a meeting on Monday, May 18, 2020, 11:00 a.m., in the SMECO Headquarters Auditorium, SMECO Headquarters, Hughesville, Maryland.

Future Meetings:

- Tuesday, August 11, 2020, 9:00 a.m.
- Monday, November 9, 2020, 10:00 a.m. or Tuesday, November 10, 2020, 9:00 a.m.

Committee on Strategy and Innovation – Committee Chairman White advised that the first meeting of the Committee on Strategy and Innovation was held on Friday, February 14, 2020, 9:00 a.m. in the SMECO Headquarters Auditorium, Hughesville, Maryland and the following report was given:

Broadband Strategy Discussion - Steve Collier and Jonathan Chambers with Conexon presented updated information on Broadband.

Position Description – Committee Chairman White and CFO Cox discussed a new position description and the qualifications necessary for candidates.

Visit by Maryland Public Service Commission Chairman Jason Stanek – Committee Chairman White advised that CEO Slater discussed the visit by Maryland Public Service Commission Chairman Jason Stanek in January. He said it was a great meeting with candid, direct conversation on choice, broadband, and fiber to home smart grid (relying on two-way radio system).

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 next will 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.

Date of Next Committee Meeting – Committee Chairman Frederick advised that the Public Relations Committee next will hold a meeting on Tuesday, April 21, 2020, 12:00 p.m., in the SMECO Headquarters President's Conference Room, 3rd Floor, SMECO Headquarters, Hughesville, Maryland.

Future Meetings:

- Tuesday, June 16, 2020 lunch meeting, 12:00 p.m.
- Tuesday, October 20, 2020 lunch meeting, 12:00 p.m.

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

Board Policy of the Month – Board Policy 2-6: Member Access to Information. 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:

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.

New Business:

SOS Restatement - Rates & Energy Procurement Vice President Bradford gave an update on the SOS Restatement. A motion was duly made, seconded, and unanimously carried to submit a filing to the Maryland Public Service Commission to reduce residential base energy charges by more than 10 percent.

2018 Unpaid Other Accounts Receivable Write-Offs – CEO Slater reviewed the details for 2018 Unpaid Other Accounts Receivables Write-Offs. A motion was duly made, seconded, and unanimously carried to write-off \$71,935 representing 26 unpaid invoices.

2020 SMECO Annual Members' Meeting - Chairman White advised that the 2020 SMECO Annual Members' Meeting will be held on Thursday, August 27, 2020, at 6 p.m. at Middleton Hall in Waldorf, Maryland. The Board was provided with a list of the proposed members of the 2020

Nominating Committee in Board Meeting materials. All previous committee members have been contacted and all have expressed interest in serving on the 2020 Nominating Committee. In accordance with SMECO bylaws, the Nominating Committee will be appointed at the March 17, 2020, Regular Board Meeting; the Committee will meet on Wednesday, May 13, 2020, 3:00 p.m. in the SMECO Headquarters Auditorium, Hughesville, Maryland.

Southern Maryland Legislative Reception - Chairman White advised that the Southern Maryland Legislative Reception will be held on Thursday, February 27, 2020 with several SMECO Directors and staff attending.

ACES 16th Annual Members Conference - Chairman White advised that the ACES 16th Annual Members Conference will be held May 28 – May 29, 2020 with several SMECO Directors attending.

SMECO Outstanding Teachers Awards Reception - Chairman White advised that the SMECO Outstanding Teachers Reception will be held on Thursday, April 30, 2020. A sign-up sheet was circulated.

Confirm Date/Time for Next Board Meeting – The next regular meeting of the Board of Directors will be held on Tuesday, March 17, 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. CEO Slater, CFO Cox, COO Capps, General Counsel MacDougall, CIO Trentacosta, Controller Kennedy, 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 3:34 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 3:34 p.m.

A handwritten signature in black ink, appearing to read "Fern G. Brown". The signature is written in a cursive style with a horizontal line underneath.

Fern G. Brown
Secretary-Treasurer