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**MINUTES OF THE REGULAR BOARD MEETING
HELD TUESDAY, MARCH 17, 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, March 17, 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 (via teleconference)	William L. Purnell
William R. Cullins, III	James A. Richards (via teleconference)
Daniel W. Dyer	Joseph V. Stone, Jr.
Kenneth L. Dyson	P. Scott White
J. Douglas Frederick (via teleconference)	Richard A. Winkler
	Nancy W. Zinn (via teleconference)

Board Attorney:

Joseph R. Densford

SMECO Personnel:

President and Chief Executive Officer (CEO) Sonja M. Cox
Senior Vice President of Engineering and Operations and
Chief Operating Officer (COO) Kenneth M. Capps
Acting Senior Vice President of Financial, Economic and Employee Services and
Chief Financial Officer (CFO) Eugene Bradford
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
Reliability Compliance and Security Director Dave Viar
Security Program Manager Jason Scott
Senior Reliability Compliance Manager Lucia Beal
Controller Beth Kennedy

Call to Order – Chairman P. Scott White called the meeting to order at 1:03 p.m.

Minute for Safety – Director J. Douglas Frederick gave the minute for safety.

Pandemic Crisis Plan – Reliability Compliance and Security Director Viar presented an update on SMECO's Pandemic Crisis Plan as well as introduced SMECO's newly hired Security Program Manager, Jason Scott. Reliability Compliance and Security Director Viar, Senior Reliability Manager Beal and Security Program Manager Scott left after the presentation.

Approval of Minutes – The minutes of the February 18, 2020 Regular Board Meeting were considered. A motion was duly made, seconded, and unanimously carried approving the minutes of the February 18, 2020 Regular Board Meeting as amended.

February 2020 Financial Performance and Statistics Reports – Controller Kennedy reviewed the financial highlights for the period ending February 29, 2020.

Year End 2019 Financials Update – Controller Kennedy reviewed the Year End 2019 Financials Update.

Committee Reports:

Board Risk Oversight Committee – Committee Chairman Winkler reported that the Board Risk Oversight Committee (BROC) held a meeting on Tuesday, March 17, 2020, 10:30 a.m. in the SMECO Headquarters Auditorium, Hughesville, Maryland, and the following report was given:

Portfolio Update - Committee Chairman Winkler reported that Rates & Energy Procurement VP Eugene Bradford provided a presentation on the Power Portfolio, Hedge Plan Compliance, PJM Status & Trading Violations, Rate Comparison, Retail Choice, and Net Metering.

Enterprise Risk Management (ERM) Presentation - Committee Chairman Winkler reported that Reliability, Compliance & Security Managing Director Dave Viar provided an update on the ERM program at SMECO. Highlights included ERM Program Annual Review, Annual Risk Assessment, 2020 ERM Program Objectives and KPI Goals, Ransomware Event Summary, PJM Audit Results,

Southern Region Project Risk Update, CC&B Project Risk Upgrade, an informational update on the Coronavirus, and lastly an overview of SMECO's Pandemic Crisis Plan.

SMECO Solar LLC – Committee Chairman Winkler reported that the SMECO Solar LLC Board held a meeting on Tuesday, March 17, 2020, 12:00 p.m. in the SMECO Headquarters Auditorium, Hughesville, Maryland, and the following report was given:

Proposed Change in Management of SMECO Solar LLC ("SMECO Solar") – General Counsel

MacDougall proposed the following changes to SMECO Solar management:

- Add Sonja M. Cox as President of SMECO Solar (to replace Austin J. Slater, Jr. who retired). CEO Cox was SMECO Solar Vice President and Treasurer
- Add Beth A. Kennedy as Treasurer of SMECO Solar (to replace Sonja M. Cox)
- Mark A. MacDougall to become Vice President of SMECO Solar and remain as SMECO Solar Secretary
- Change in signers on SMECO Solar bank account (add Beth Kennedy and remove Austin J. Slater, Jr.)

A motion was duly made, seconded, and unanimously carried to accept the proposed changes in SMECO Solar management as follows:

- Sonja M. Cox, President of SMECO Solar
- Mark A. MacDougall, Vice President and Secretary
- Beth A. Kennedy, Treasurer

A motion was duly made, seconded and unanimously carried to replace Austin J. Slater, Jr. with Beth Kennedy as signer on the SMECO Solar bank account.

RDUP Form 674 – SMECO Solar Rural Utilities Service (RUS), an agency of the United States Department of Agriculture, delivering Rural Development Utilities Programs ("RDUP"), requires a resolution and RDUP Form 674 to be submitted to give certain employees authorization to access Borrower's data on the USDA RDUP Collection System.

A motion was duly made, seconded and unanimously carried to approve and adopt the Secretary's Certificate resolving that:

- Sonja M. Cox, President of SMECO Solar, be the certifier on behalf of the Corporation, and shall be responsible for submitting and certifying to RUS any data required by RDUP Form 674
- Beth A. Kennedy, Treasurer of SMECO Solar, be the Security Administrator on behalf of the Corporation, who shall give access to the Corporation's data, as appropriate, to other employees, officers, or contractors of the Corporation, for the purpose of complying with RDUP Form 674; and
- Both shall comply with the Instructions for RDUP Form 674 in regard to use of the government's data collection system

Return of Equity and Possible Dividend from SMECO Solar LLC to SMECO and Resolution -

Treasurer Kennedy explained that SMECO Solar LLC had a loss in 2015. Southern Maryland Electric Cooperative, Inc. ("SMECO") made an equity investment in SMECO Solar in the amount of \$10,000, in addition to the original equity investment made when SMECO Solar was established, for a total equity investment of \$510,000.

Staff proposes to return up to \$510,000 in equity to SMECO. Further, upon the maturity of the Select Notes, SMECO Solar may pay a dividend to SMECO, up to 50% of excess cash. SMECO Solar President Cox added that RUS frowns upon having too much cash in a subsidiary.

A motion was duly made, seconded and unanimously carried to approve the return of equity resolution and possible future dividend of up to 50% from SMECO Solar to SMECO.

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 hold a meeting on Monday, May 18, 2020, 11:00 a.m., in the SMECO Headquarters Auditorium, Hughesville, Maryland.

Future Meetings:

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

Committee on Strategy and Innovation – Committee Chairman White reported that the Committee on Strategy and Innovation did not hold a meeting; therefore, no report was given.

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 held a meeting on Monday, March 16, 2020, 10:00 a.m., in the SMECO Headquarters Auditorium, Hughesville, Maryland, and the following report was given:

Introduction of Internal Auditors, Dixon Hughes Goodman, LLP (DHG) – Controller Beth Kennedy introduced Ben Sady and Robert Londeck with DHG who then proceeded to give a brief presentation on the internal audit services they will be conducting for SMECO. A brief question and answer session followed their presentation.

2019 Financial Audit - Report of the Independent Auditors - Committee Chairman Phipps reported that Steve Gilliam and John Cheatham with the CPA firm of Adams, Jenkins and Cheatham met with the Committee and reported that the 2019 Financial Audit was successfully completed without exceptions noted, issuing an unmodified opinion, and complimented staff on the exceptional condition of the Cooperative's financial records.

On behalf of the Policy, Audit and Budget Committee, Committee Chairman Phipps recommended acceptance of the 2019 Financial Audit as presented. A motion was duly made, seconded, and unanimously carried to accept the 2019 Financial Audit as prepared and presented by Adams, Jenkins and Cheatham.

Revision to Board Policy 1-5: Board Committees - After discussion, Committee Chairman Phipps advised the committee recommended deferring further revisions to Board Policy 1-5 (SMECO Board Committees) to a later date. A motion was duly made, seconded, and unanimously carried to defer revisions to Board Policy 1-5 (SMECO Board Committees) to a later date.

Other – A discussion ensued in regards to the requirement of joint accounts for possible candidates for future openings on the Board. Chairman White suggested training for call center representatives on this subject and to have the required verbiage included in a future edition of the Cooperative Review.

Date of Next Committee Meeting – Committee Chairman Phipps advised that the Policy, Audit and Budget Committee will hold a meeting on Tuesday, April 21, 2020, 11:00 a.m., in the SMECO Headquarters Auditorium, Hughesville, Maryland.

Future Meetings:

- 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 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 2-7: Environmental Policy Statement. A synopsis was provided in board materials.

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

Directors' Comments:

Discussion ensued on various topics.

Old Business:

2020 NRECA Annual Meeting and Director Training – Chairman White advised that five Directors (Brown, Phipps, Purnell, Stone, and Zinn) attended the 2020 NRECA Annual Meeting and Director Training held February 27 – March 4, 2020, New Orleans, Louisiana. All attendees provided reports and agreed the meeting and training were informative and beneficial.

New Business:

Updated General Incumbency Certificate – CEO Cox discussed the General Incumbency Certificate, advising that the purpose of it is to provide the bank with specimen signatures of individuals who are authorized to sign loan and other banking documents on behalf of the organization. When officers of the organization change, it is necessary to update the incumbency certificate. A motion was duly made, seconded, and unanimously carried to adopt the revised General Incumbency Certificate.

Secretary's Certificate of Authorization to Enter into ISDA Agreements – CEO Cox referred the Board to the updated Secretary's Certificate available in board materials. A motion was duly made, seconded, and unanimously carried approving the updated Secretary's Certificate of Authorization to Enter into ISDA Agreements, which authorizes CEO Cox to execute such agreements as outlined in the Secretary's Certificate on behalf of SMECO.

2020 SMECO Annual Members' Meeting – Chairman White advised that the 2020 Nominating Committee meeting will be held on Wednesday, May 13, 2020, 3:00 p.m., SMECO Headquarters Auditorium, Hughesville, Maryland.

A motion was duly made, seconded, and unanimously carried to appoint the SMECO 2020 Nominating Committee, as follows:

CALVERT COUNTY (2)

Mr. Terence N. Gibson

Mrs. Kimberly Freeland

CHARLES COUNTY (3)

Mr. Joseph L. Gardiner, Jr.

Mr. Edward Holland, III

Mr. William B. Young, Jr.

PRINCE GEORGE'S COUNTY (2)

Mr. Charles Edward Clagett

Mr. Ernest H. Riess

ST. MARY'S COUNTY (3)

Mrs. Edith M. Bell

Mr. George A. Brown

Ms. Catherine Brenda Coates

2020 Youth Tour Mixer – Chairman White advised that the 2020 Youth Tour Mixer will be held on Wednesday, May 20, 2020, 5:00 p.m., SMECO Headquarters Auditorium, Hughesville, Maryland. A sign-up sheet was circulated.

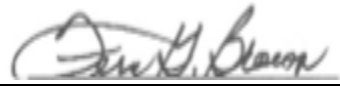
Confirm Date/Time for Next Board Meeting – The next regular meeting of the Board of Directors will be held on Tuesday, April 21, 2020, at 1:00 p.m. in the SMECO Headquarters Auditorium, Hughesville, Maryland. ¹

Executive Session – A motion was duly made, seconded, and unanimously carried to go into Executive Session at 3:02 p.m. (Acting CFO Bradford, COO Capps, General Counsel MacDougall, CIO Trentacosta, Controller Kennedy, Executive Assistant Barringer, Office Administration Supervisor Moasser, and Generalist Rich were excused from the meeting).

¹ The Nominating Committee meeting and the next Board meeting will be held by teleconference.

A motion was duly made, seconded, and unanimously carried to come out of Executive Session at 3:21 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 3:21 p.m.

A handwritten signature in cursive script, appearing to read "Fern G. Brown", is written above a horizontal line.

Fern G. Brown

Secretary-Treasurer