



1-888-440-3311
P.O. Box 1937, Hughesville, MD 20637
www.smeco.coop

People. Power. Progress.

**MINUTES OF THE REGULAR BOARD MEETING
HELD TUESDAY, NOVEMBER 17, 2020
SMECO HEADQUARTERS AUDITORIUM
15035 BURNT STORE ROAD
HUGHESVILLE, MD 20637
And via Zoom/Teleconference**

The regular meeting of the Board of Directors of Southern Maryland Electric Cooperative, Inc. (SMECO) was held on Tuesday, November 17, 2020, 1:00 p.m. in the SMECO Headquarters Auditorium, 15035 Burnt Store Road, Hughesville Maryland 20637, and via Zoom/Teleconference.

Attendance:

Directors:

W. Rayner Blair, III
Gilbert O. Bowling
Fern G. Brown (via Zoom)
William R. Cullins, III
Daniel W. Dyer
Kenneth L. Dyson
J. Douglas Frederick
Susan Hance-Wells

Joseph Gilbert Murphy
W. Michael Phipps
William L. Purnell
James A. Richards (via Zoom)
P. Scott White
Richard A. Winkler
Nancy W. Zinn (via Zoom)

Board Attorney: Joseph R. Densford

Guest Speaker: Annette Brocks, Policy Origination Specialist, ACES with Chamroeun Kong, Vice President of Origination, ACES (via Zoom)

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 (via Zoom)
Vice President of Financial Services and
Chief Financial Officer (CFO) Beth Kennedy (via Zoom)
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
Senior Vice President and
Chief Strategy & Innovation Officer (CSIO) Campbell Hawkins
Vice President, Human Resources Cindy Rauner (via Zoom)
Rates & Energy Procurement Vice President Eugene Bradford
Economic Services Director Lezael Rorie
Enterprise Risk Management Managing Director Dave Viar

Project Engineer Ryan Schlotterbeck (via Zoom)
Facilities Management & Operations Director George Allan Hayden (via Zoom)
Project Coordinator Keith Ulrich (via Zoom)
Executive Assistant to the President & CEO Teresa M. Barringer
Generalist Felicita Rich (via Zoom)

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

Minute for Safety – Director Bowling gave the minute for safety.

Presentation: Environmental, Social, and Governance (ESG) – Annette Brocks, Policy Origination Specialist shared a presentation on ESG. The presentation defined ESG and ESG in Utilities and detailed the Drivers, Definition, Benchmark, Motivations, and the Process of ESG.

Ms. Brocks and Mr. Kong left the Zoom call immediately following the presentation.

Approval of Minutes – The minutes of the October 20, 2020 Regular Board Meeting were considered. A motion was duly made, seconded, and unanimously carried approving the minutes of the October 20, 2020 Regular Board Meeting.

NRECA Governance Video: “Effective Member Advisory Groups” - Chairman White shared a video on member advisory groups and how they can be a great tool for cooperatives to use to get member feedback on high-impact issues.

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

A five-minute break was called to address technical difficulties.

Committee Reports:

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

Enterprise Risk Management (ERM) - Committee Chairman Winkler introduced Reliability, Compliance & Security Managing Director Dave Viar who provided a synopsis of the ERM presentation shown at the BROCC Meeting. Highlights included Enterprise Risk Management Update, Risk Model and Reporting, Cyber Security Awareness, Physical Security – Risk Assessment Update, and Annual Red Flag Rules Annual Report.

Portfolio Update – Chairman Winkler introduced Vice President of Rates & Energy Procurement Eugene Bradford who provided a synopsis of the presentation shown at the BROCC Meeting. Mr. Bradford provided an overview of his presentation on the Power Portfolio, Hedge Plan Compliance, Credit Status, Trading Violations, Rate Comparison, Retail Choice, and Net Metering.

Chairman Winkler advised that the Board Risk Oversight Committee requests that SMECO staff, in conjunction with ACES, evaluate potential long-term products for up to a ten-year period starting in 2022 or 2023 including annual energy blocks, a long-term four to ten year strip, or a costless collar, negotiate with potential counterparties, and report back to the full Board at the December meeting.

A motion was duly made and unanimously carried to recommend to the Board approving the Portfolio Request as outlined above.

ACES Board Meeting – Committee Chairman Winkler gave a brief report on the ACES Quarterly Board Meeting held November 12-13, 2020, in Indianapolis, Indiana. Both Chairman Winkler and CEO Cox attended the meeting virtually.

SMECO Solar LLC Annual Meeting – Committee Chairman Winkler reported that the SMECO Solar LLC Board held a meeting on Tuesday, November 17, 2020 immediately following the BROCC Meeting and provided a brief update regarding this meeting.

Capital Projects Committee – Committee Chairman Blair reported that the Capital Projects Committee held a meeting on Monday, November 9, 2020, at 10:00 a.m. in the SMECO Headquarters

Auditorium, SMECO Headquarters, Hughesville, Maryland or via Zoom/Teleconference and the following report was given:

Transmission and Substation Projects – Committee Chairman Blair advised that John Bredenkamp and Hugh Voehl provided an update on current projects under construction, project budgets to date, and planned interconnect projects. CEO Cox gave a brief update on PJM Solar Interconnect Projects and advised the following:

- Ripley – we presented a counter offer and have not heard back.
- Shugart- has been canceled.

Solomons Streetscape Update – Committee Chairman Blair advised that Project Coordinator Keith Ulrich provided an update on the Solomons Streetscape project. Mr. Ulrich presented a different option that would enable SMECO to proceed with this project. After discussing the option in detail, a motion was duly made and passed with 14 votes in favor and one opposed to proceed with Phase 2A and Phase 2B of the Solomons Streetscape project.

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, construction, project risks and hot list, furniture package recommendation, change order #05, financial review, schedule, and next steps.

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.

Next Committee Meeting – Committee Chairman White advised the Committee on Strategy and Innovation will hold a meeting on Friday, December 4, 2020, at 10:00 a.m. in the SMECO Headquarters Auditorium, SMECO Headquarters, Hughesville, Maryland or via Zoom/Teleconference.

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

Next Committee Meeting – Committee Chairman Cullins advised that the Personnel and Benefits Committee will hold a meeting on Tuesday, December 15, 2020, at 10:00 a.m. in the SMECO Headquarters Auditorium, SMECO Headquarters, Hughesville, Maryland or via Zoom/Teleconference.

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 hold a meeting on Friday, November 20, 2020, 9:00 a.m., in the SMECO Headquarters Auditorium, SMECO Headquarters, Hughesville, Maryland and/or via Zoom.

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 3-8: Cooperative-owned Transportation Equipment. 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 as well as the following:

Bargaining Unit Contract (Agreement Between SMECO and Local 1718 (I.B.E.W)) – CEO Cox shared that the current contract is in effect May 1, 2016 through April 30, 2021. Due to the restrictions with COVID-19, the union and management representatives are unable to meet in-person. Therefore, the union and management discussed a one-year extension of the current contract. Under the terms of the current contract, it will continue from year to year after midnight April 30, 2021 unless terminated or amended by either party by giving at least ninety (90) calendar days' notice in writing prior to the expiration date.

The Board agreed that in light of the pandemic, it was prudent to agree to a one-year extension of the Bargaining Unit Contract.

Directors' Comments - There were no Director's comments.

Unfinished Business:

Indian Head NSWC Privatization - Senior Vice President of Engineering and Operations and Chief Operating Officer (COO) Kenneth M. Capps (via Zoom) and Senior Vice President and Chief Strategy & Innovation Officer (CSIO) Campbell Hawkins shared a presentation on Naval Support Facility (NSF) Indian Head, which included the recent utility privatization opportunity for SMECO. Management is seeking Board approval to prepare a response to the Indian Head Privatization Request for Proposal. Management will seek Board approval of SMECO response prior to submitting proposal to the Department of Defense for official consideration.

A motion was duly made, seconded, and unanimously carried granting Management approval to prepare a response to the Indian Head Privatization Request for Proposal.

2021 Industry Meetings & Director Training Selections - Chairman White advised that the approved selections were emailed individually to each Director on Monday, November 16, 2020. If any Directors have any questions or concerns, please discuss with Chairman White.

New Business:

Mount Victoria Substation Construction Recommendation - COO Capps advised that on October 9, 2020, proposals were received and opened for the new Mount Victoria Substation. SMECO requested proposals from four pre-qualified contractors and the lowest bidder was New River Electric (NREC) for \$1,511,739.98.

It is therefore recommended that a contract for \$1,511,739.98 be executed with NREC for station construction for the new Mount Victoria Substation.

A motion was duly made, seconded, and unanimously carried awarding the contract to NREC for \$1,511,739.98 for the station construction for the new Mount Victoria Substation.

Secretary-Treasurer Fern G. Brown will sign the corresponding board resolution.

Proposed Update to Line Extension Charges and Tariff - Rates & Energy Procurement Vice President Eugene Bradford introduced Economic Services Director Lezael Rorie who shared a presentation on proposed changes to Part V of SMECO's Tariff regarding proposed line extension charges. The presentation included an analysis of Line Extension Costs for Detached Single Family Homes, an Analysis of Line Extension Costs: Townhomes and the Proposed Tariff Changes. Pending PSC approval, the updates would become effective February 1, 2021.

A motion was duly made, seconded, and unanimously carried approving the proposed changes to Part V of SMECO's Tariff regarding line extension charges.

Street Lighting & Area Lighting Tariff Updates - Rates & Energy Procurement Vice President Eugene Bradford shared that in order to simplify tariffs SMECO is proposing to replace individual listing of multiple styles with broader categories. LED lighting will be added to the tariffs and language changes are proposed to clarify several sections of the tariff. Pending PSC approval, the updates would become effective February 1, 2021

A motion was duly made, seconded, and unanimously carried to accept the proposed street lighting and area lighting tariff changes as presented.

Confirm Date/Time for Next Board Meeting – The next regular meeting of the Board of Directors will be held on Tuesday, December 15, 2020, at 1:00 p.m., SMECO Headquarters or via Zoom/Teleconference.

Executive Session – A motion was duly made, seconded, and unanimously carried to go into Executive Session at 4:09 p.m. (Senior Vice President of Engineering and Operations and Chief Operating Officer (COO) Kenneth M. Capps, Vice President of Financial Services and Chief

Financial Officer (CFO) Beth Kennedy, Senior Vice President of Customer & Enterprise Services and Chief Information Officer (CIO) Joseph Trentacosta, Senior Vice President of External Affairs and General Counsel Mark A. MacDougall, Senior Vice President, Chief Strategy & Innovation Officer (CSIO) Campbell Hawkins, and Vice President, Human Resources Cindy Rauner, Rates & Energy Procurement Vice President Eugene Bradford, Economic Services Director Lezael Rorie Enterprise Risk Management Managing Director Dave Viar, Project Engineer Ryan Schlotterbeck Facilities Management & Operations Director George Allan Hayden, Project Coordinator Keith Ulrich, and Generalist Felicita Rich were excused from the meeting).

President and CEO Sonja M. Cox and Executive Assistant Teresa M. Barringer left Executive Session at 4:11 p.m.

A motion was duly made, seconded, and unanimously carried to come out of Executive Session at 4:21 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 4:21 p.m.



Fern G. Brown
Secretary-Treasurer