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**MINUTES OF THE REGULAR BOARD MEETING
HELD TUESDAY, MARCH 16, 2021
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, March 16, 2021, 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 (via Zoom)
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

SMECO Personnel:

President and Chief Executive Officer (CEO) Sonja M. Cox
Senior Vice President of Engineering and Operations and
Chief Operating Officer (COO) Roger Schneider (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 (via Zoom)
Senior Vice President and
Chief Strategy & Innovation Officer (CSIO) Campbell Hawkins (via Zoom)
Vice President, Human Resources Cindy Rauner (via Zoom)
Executive Assistant to the President & CEO Teresa M. Barringer
Rates & Energy Procurement Vice President Eugene Bradford (via Zoom)
Government & Public Affairs Managing Director Tom Dennison (via Zoom)

Guest: Mike Steffes, President & CEO, ACES (via Zoom)

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

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

Presentation: Update on Texas Electricity Market - Mike Steffes, President & CEO, ACES shared an update on the Texas Electricity Market and the fallout of the recent Texas extreme weather event.

There were extremely cold temperatures February 13-18 and insufficient generation to meet demand, which resulted in more than 4 million people without power. Due to the record high power and natural gas prices, there was significant financial impact on market participants. Mr. Steffes discussed the economic impact this event had on the state of Texas and the fallout.

A question and answer session followed.

Mike Steffes and Eugene Bradford left immediately following.

Approval of Minutes – The minutes of the February 16, 2021 Regular Board Meeting were considered. A motion was duly made, seconded, and unanimously carried approving the minutes of the February 16, 2021 Regular Board Meeting.

February 2021 Financial Performance and Statistics Reports and Year End 2020 Financial Update– CFO Kennedy reviewed the financial highlights for the period ending February 28, 2021 and Year End 2020 Financial Update.

Committee Reports:

Board Risk Oversight Committee (BROC) – 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 hold their next meeting on Tuesday, June 15, 2021, 10:30 a.m., in the SMECO Headquarters Auditorium and/or Via Zoom.

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 their next meeting on Tuesday, May 11, 2021, 10:00 a.m., in the SMECO Headquarters Auditorium and/or Via Zoom.

Committee on Strategy and Innovation – Committee Chairman White reported that the Committee on Strategy and Innovation held a special meeting on Friday, March 12, 2021, 9:00 a.m., Via Zoom and the following report was given:

Overview and Discussion of response to the Indian Head Utility Privatization Request for Proposal – CSIO Campbell Hawkins shared a presentation on the NSF Indian Head Stump Neck (IHSN) Request for Proposal (RFP).

Committee Chairman White, on behalf of the Committee on Strategy and Innovation, recommends that SMECO submit its NSF Indian Head Stump Neck (IHSN) proposal in response to the RFP to the Defense Logistics Agency (DLA) on or before March 19, 2021. A motion was duly made and unanimously carried to approve the recommendation that SMECO submit its RFP NSF Indian Head Stump Neck (IHSN) proposal to the Defense Logistics Agency (DLA) on or before March 19, 2021.

Date of Next Committee Meeting – Committee Chairman White advised that the next scheduled meeting for the Committee on Strategy and Innovation is Tuesday, May 4, 2021, 1:00 p.m., in the SMECO Headquarters Auditorium and/or Via Zoom.

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

Date of Next Committee Meeting – Committee Chairman Cullins advised that the Personnel and Benefits Committee will hold their next meeting on Tuesday, May 18, 2021, 10:00 a.m., in the SMECO Headquarters Auditorium and/or Via Zoom.

Policy, Audit and Budget Committee – Committee Chairman Phipps reported that the Policy,

Audit and Budget Committee held a meeting on Tuesday, March 16, 2021, 9:30 a.m., in the SMECO Headquarters Auditorium and/or Via Zoom and the following report was given:

Internal Audit Report, DHG – Committee Chairman Phipps advised that Ben Sady and Robert Londeck with Dixon Hughes Goodman LLP (DHG) gave a presentation on the internal audit services they conducted for SMECO in 2020. For 2021, DHG has performed their risk assessment and the internal audit projects have been determined.

2020 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 2020 Financial Audit was successfully completed without exceptions noted, issuing an unmodified opinion.

On behalf of the Policy, Audit and Budget Committee, Committee Chairman Phipps recommended acceptance of the 2020 Financial Audit as presented. A motion was duly made and unanimously carried to accept the 2020 Financial Audit as prepared and presented by Adams, Jenkins and Cheatham.

Board Governance Discussion – Committee Chairman Phipps advised there was a discussion held with our external auditors regarding whether any additional Board governance was necessary to comply with rules and regulations. After the discussion, it was determined that since the current board committees cover all risks, they are in compliance and there is no need for any additional committees or governance at this time.

Date of Next Committee Meeting – Committee Chairman Phipps advised that the Policy, Audit and Budget Committee will hold their next meeting on Tuesday, September 21, 2021, 11:00 a.m., in the SMECO Headquarters Auditorium 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.

Date of Next Committee Meeting – Committee Chairman Frederick advised that the Public Relations Committee will hold their next meeting on Tuesday, April 20, 2021, 12:00 p.m., in the SMECO Headquarters Auditorium and/or Via Zoom.

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

Board Policy of the Month – Board Policy 3-13: Equal Opportunity and Affirmative Action Plan. 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.

Unfinished Business:

Report on 2021 NRECA PowerXchange – Chairman White advised Directors Brown, Phipps, and Zinn attended the 2021 NRECA PowerXchange Virtual Meeting, held February 24 and March 2-4, 2021, and the following reports were uploaded to BoardPaq:

- National Rural Telecommunications Cooperative (NRTC)
Report by Voting Delegate W. Michael Phipps
- National Rural Electric Cooperative Association (NRECA)
Report by Voting Delegate Nancy W. Zinn & Alternate Voting Delegate Fern G. Brown
- ACRE Annual Meeting
Report by Director Fern G. Brown

New Business:

ACES 2021 Members Conference - Chairman White advised the ACES 2021 Members Conference will be held as a hybrid event, both in-person and virtually on June 3-4, 2021 at the Marriott Indianapolis Downtown. Directors Blair, White, Winkler, CSIO Hawkins, and CEO Cox are scheduled to attend.

2021 SMECO Annual Members' Meeting – Chairman White advised the 2021 Annual Members' Meeting will be held on Thursday, August 26, 2021, 6 p.m., location to be determined. The

Nominating Committee meeting will be held on Wednesday, May 12, 2021, 3:00 p.m., SMECO Hughesville Headquarters Auditorium.

A motion was duly made, seconded, and unanimously carried to appoint the SMECO 2021 Nominating Committee, as follows:

CALVERT COUNTY (2)

Mr. Terence N. Gibson
Mrs. Kimberly Freeland

PRINCE GEORGE'S COUNTY (2)

Mr. Charles Edward Clagett
Mr. Ernest H. Riess

CHARLES COUNTY (3)

Mr. Joseph L. Gardiner, Jr.
Mr. Edward Holland, III
Mr. William B. Young, Jr.

ST. MARY'S COUNTY (3)

Mrs. Edith M. Bell
Mr. George A. Brown
Ms. Catherine Brenda Coates

2021 NRECA Directors Conference – Chairman White advised the 2021 NRECA Directors Conference will be held virtually March 23-24, 2021. Directors Frederick, Purnell, and Winkler are scheduled to attend.

Appoint Voting Delegate for Cooperative Response Center (CRC) - Chairman White advised that CRC, who is SMECO's overflow call center, is requesting SMECO designate a representative (and alternate) to vote in the affairs of CRC at their annual meeting. The voting delegate form is due to CRC no later than May 1, 2021. The election ballots will be mailed in their annual meeting packet on May 7, 2021, at which time the date of the CRC Annual Meeting will be provided.

A motion was duly made, seconded, and unanimously carried to appoint P. Scott White as the Voting Delegate and Sonja M. Cox as the Alternate Voting Delegate for the CRC Annual Meeting.

RELIEF Act – Order No. 89745 – PC53 – General Counsel MacDougall along with Government & Public Affairs Managing Director Dennison shared information on the RELIEF Act. The

name "RELIEF Act" stands for "Recovery for the Economy, Livelihoods, Industries, Entrepreneurs and Families. Governor Hogan's pandemic relief plan proposal has multiple parts, which were explained in detail as well as additional information which was provided in BoardPaq.

Confirm Date/Time for Next Board Meeting – The next regular meeting of the Board of Directors will be held on Tuesday, April 20, 2021, 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 3:17 p.m. (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, Senior Vice President of Engineering and Operations and Chief Operating Officer (COO) Roger Schneider, Vice President, Human Resources Cindy Rauner, and Government & Public Affairs Managing Director Tom Dennison were excused from the meeting).

A motion was duly made, seconded, and unanimously carried to come out of Executive Session at 3:40 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 3:40 p.m.



Fern G. Brown

Secretary-Treasurer