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**MINUTES OF THE REGULAR BOARD MEETING
HELD TUESDAY, APRIL 20, 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, April 20, 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
Gilbert O. Bowling
Fern G. Brown
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
P. Scott White
Richard A. Winkler
Nancy W. Zinn

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
Economic Services Director Lezael Rorie (via Zoom)
Government & Public Affairs Managing Director Tom Dennison (via Zoom)
Enterprise Risk Management Managing Director Dave Viar
Project Management & Services Managing Director John Bredenkamp (via Zoom)

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

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

Presentation – Time of Use (TOU) Rates (Eugene Bradford and Lezael Rorie) shared a presentation on TOU Rates that included information on TOU Objectives, SMECO Load Shapes, Diurnal (Daily Cost Patterns) Options, TOU Rate Example, Potential Savings to both Customers and SMECO, Study Findings & Recommendations, and Next Steps.

A motion was duly made, seconded, and unanimously carried authorizing staff to file Proposed TOU Rates. Option 2, as outlined below, with the Maryland Public Service Commission.

TOU Rate Example (Diurnal Option 2)

Res Class (\$/kWh)

Period	Energy Only	Demand Costs	Recovery Balance & Other costs	Total
Summer Peak	0.0532	0.0643	0.0008	0.1183
Summer Off-Peak	0.0335	0.0107	0.0005	0.0447
Winter Peak	0.0582	0.0644	0.0009	0.1235
Winter Off-Peak	0.0409	0.0109	0.0006	0.0525

SGS Class (\$/kWh)

Period	Energy Only	Demand Costs	Recovery Balance & Other costs	Total
Summer Peak	0.0609	0.0616	0.0133	0.1359
Summer Off-Peak	0.0373	0.0099	0.0082	0.0554
Winter Peak	0.0529	0.0602	0.0111	0.1242
Winter Off-Peak	0.0372	0.0095	0.0078	0.0546

MGS Class (\$/kWh)

Period	Energy Only	Demand Costs	Recovery Balance & Other costs	Total
Summer Peak	0.0563	-	0.0022	0.0585
Summer Off-Peak	0.0343	-	0.0013	0.0356
Winter Peak	0.0555	-	0.0020	0.0576
Winter Off-Peak	0.0397	-	0.0015	0.0411

LGS Class (\$/kWh)

Period	Energy Only	Demand Costs	Recovery Balance & Other costs	Total
Summer Peak	0.0569	-	0.0014	0.0582
Summer Off-Peak	0.0346	-	0.0008	0.0355
Winter Peak	0.0553	-	0.0013	0.0566
Winter Off-Peak	0.0398	-	0.0009	0.0407

Based on these rates, the resulting peak to off-peak rate differential for SMECO's residential class is approximately 2.6 in the summer season and 2.3 in the winter season.

Presentation – Session Wrap-Up Government & Public Affairs Managing Director Dennison presented a final review of the 2021 Session of the Maryland General Assembly.

Rates & Energy Procurement Vice President Eugene Bradford left immediately following Mr. Dennison's presentation.

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

March 2021 Financial Performance and Statistics Reports– CFO Kennedy reviewed the financial highlights for the period ending March 31, 2021.

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 Leonardtown Office Auditorium and/or Via Zoom.

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.

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 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 their next meeting on Tuesday, May 18, 2021, 12:00 p.m., in the President's Conference Room, third floor Headquarters and/or Via Zoom.

Public Relations Committee – Committee Chairman Frederick reported that the Public Relations Committee held a meeting on Tuesday, April 20, 2021 12:00 p.m., in the President's Conference Room and/or Via Zoom and the following report was given:

SMECO 2021 Annual Members' Meeting – Committee Chairman Frederick provided updates on the SMECO 2021 Annual Members' Meeting election candidates, timeline, and event planning. Effective with the 2021 election, the director application process will be online only for all candidates, including incumbents. The 2021 Annual Members' Meeting will be held on Thursday, August 26, 2021 at 6 p.m. The meeting location has not yet been decided.

Outstanding Teachers Recognition Event – Committee Chairman Frederick advised this event will be held via Zoom on Wednesday, April 21, 2021 at 5:00 p.m. Any Directors who wish to attend may request the Zoom link from Executive Assistant Barringer.

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

Board Policy of the Month – Board Policy 3-14: Discrimination and Harassment. 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 Directors Conference – Chairman White advised Directors Frederick, Purnell, Winkler, and CEO Cox attended the 2021 NRECA Directors Conference held virtually March 23 and 24, 2021. Attendees commented that the Conference was excellent with top-notch speakers.

New Business:

Federated Insurance Renewals - Renewal Proposals for Property, Casualty, All Risks, Umbrella, and Liability Insurance - Reliability Compliance and Security Director Viar gave a presentation on SMECO's 2021 Federated Insurance Renewals for Property, Casualty, All Risks, Umbrella and Liability Insurance as well as an update on SMECO's 2021 balance in the Federated Member Equity Account. The total renewal premium for 2021 is \$925,952 compared to \$910,833 in 2020.

A motion was duly made, seconded, and unanimously carried approving the 2021 renewal premium as discussed.

Distribution Conversion Projects Recommendation Award - Senior Vice President of Engineering and Operations and Chief Operating Officer (COO) Roger Schneider introduced Project Management & Services Managing Director John Bredenkamp who shared a presentation on the SMECO Construction Work Plan's five overhead to underground conversion bids recommendation.

On April 8, 2021, Project Management received proposals for construction services to convert from overhead to underground five (5) Construction Work Plan distribution conversion projects. SMECO requested proposals from three pre-qualified contractors currently working on our system.

A motion was duly made, seconded, and unanimously carried to award the contract for construction services for the five Construction Work Plan overhead to underground conversion jobs to Sumter Utilities, Inc. at a cost of \$2,210,242.99.

Enterprise Risk Management Managing Director Dave Viar and Project Management & Services Managing Director John Bredenkamp left immediately following Mr. Bredenkamp's presentation.

Confirm Date/Time for Next Board Meeting – The next regular meeting of the Board of Directors will be held on Tuesday, May 18, 2021, at 1:00 p.m., SMECO Headquarters or via Zoom/Teleconference.

Executive Session – Following a short break, a motion was duly made, seconded, and unanimously carried to go into Executive Session at 3:03 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, Economic Services Director Lezael Rorie, 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 3:13 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 3:13 p.m.



Fern G. Brown
Secretary-Treasurer