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**MINUTES OF THE REGULAR BOARD MEETING
HELD TUESDAY, SEPTEMBER 21, 2021
SMECO HEADQUARTERS AUDITORIUM and VIA ZOOM
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, September 21, 2021, 1:00 p.m. in the SMECO Headquarters Auditorium, 15035 Burnt Store Road, Hughesville Maryland 20637 and via Zoom.

Attendance:

Directors:

W. Rayner Blair, III (Via Zoom)
Gilbert O. Bowling
Kenneth W. Cross
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)
Senior Vice President of External Affairs and
General Counsel Mark A. MacDougall (via Zoom)
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)
Senior Vice President and Chief Human Resources Officer (CHRO) Cindy Rauner (via
Zoom)
Controller Angela Verras (via Zoom)
Executive Assistant to the President & CEO Teresa M. Barringer
Administrative Services Supervisor Nicholas Sweetman

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

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

Oath of Office – Board Attorney Joseph R. Densford administered the oath of office to the following Directors:

- Susan Hance-Wells (Calvert County)
- Kenneth W. Cross (Charles County)
- Kenneth L. Dyson (Charles County)
- W. Rayner Blair III (St. Mary's County)
- William R. Cullins III (St. Mary's County)

On behalf of the Board of Directors, Board Attorney Densford extended congratulations to these Directors.

Election of Officers – In accordance with the By-laws and Board Policy 1-11: Election and Term of Officers, Board Attorney Joseph R. Densford advised election of Board officers (Chairman, Vice Chairman, Secretary-Treasurer, Assistant Secretary-Treasurer) for a one-year term would be conducted by nomination. Mr. Densford advised that there is currently a vacancy for the position of Secretary-Treasurer due to the recent retirement of Fern G. Brown. Director Blair voted by proxy. Nominations were made for each office separately.

A nomination was called and all Directors were nominated, seconded, and then elected by acclamation to the following positions:

- Chairman of the Board: P. Scott White
- Vice Chairman of the Board: W. Michael Phipps
- Secretary-Treasurer: Nancy W. Zinn
- Assistant Secretary-Treasurer: Kenneth L. Dyson

Board Attorney Densford extended congratulations to the newly elected Board Officers.

Approval of Minutes – The minutes of the August 17, 2021 Regular Board Meeting were considered. A motion was duly made, seconded, and unanimously carried approving the minutes of the August 17, 2021 Regular Board Meeting.

August 2021 Financial Performance and Statistics Reports – Controller Angela Verras reviewed the financial highlights for the period ending August 31, 2021.

Committee Reports:

Board Risk Oversight Committee (BROC) – Committee Chairman Winkler reported that the Board Risk Oversight Committee (BROC) held a meeting on Tuesday, September 21, 9:00 a.m., in the SMECO Headquarters Auditorium and/or Via Zoom and the following report was given:

ERM Presentation - Committee Chairman Winkler advised that Reliability, Compliance & Security Managing Director Dave Viar provided the ERM presentation. Highlights included Enterprise Risk Management Purpose and Perspectives, Quarterly Risk Reporting, and Enterprise Project Risk Assessment.

Portfolio Update - Committee Chairman Winkler advised that Power Supply and Rates Planning Director Samantha May provided a presentation on the Power Portfolio Update, Hedge Plan Compliance, Credit Status, Trading Violations, Rate Comparison, and Retail Choice.

Date of Next Committee Meeting – Committee Chairman Winkler advised that the Board Risk Oversight Committee (BROC) will hold their next meeting on Tuesday, November 16, 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 held a meeting on Tuesday, September 14, 2021, 9:00 a.m. in the new Southern Region Facility Auditorium, and the following report was given:

Transmission and Substation Projects Update - Committee Chairman Blair advised that Project Management & Services Managing Director John Bredenkamp provided an update on Current Projects Under Construction, Projects Completed, Upcoming 2021 Projects, Project Budgets to Date, and Planned Interconnect Projects.

Solomons Conversion Project Update - Committee Chairman Blair advised that Project Management & Services Managing Director John Bredenkamp shared a presentation on the Solomons Conversion Project, which included updates on the project overview, highlights, status,

and project notification/coordination. A recommendation for the construction services contract will be discussed later in the meeting.

Southern Region Facility Project Update - Committee Chairman Blair advised that Project Engineer Ryan Schlotterbeck provided a project update regarding the Southern Region Facility. The presentation included Updates on Design, Construction, Owner Update, Move Update, Construction Photos, Project Risks and Hot List, Potential Change Orders, Project Budget, Schedule, and Next Steps. A tour of the new building was provided after the Capital Projects Committee Meeting.

Date of Next Committee Meeting – Committee Chairman Blair advised that the Capital Projects Committee will hold their next meeting on Tuesday, December 7, 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 did not hold a meeting; therefore, no report was given.

Date of Next Committee Meeting – Committee Chairman White advised that the Committee on Strategy and Innovation will hold their next meeting on Friday, November 5, 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, December 21, 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, September 21, 2021, 11:00 a.m., in the SMECO Headquarters Auditorium and/or Via Zoom, and the following report was given:

Form 990 Presentation (or Review of Form 990 for Filing) - Committee Chairman Phipps reported that Steve Gilliam, Adams, Jenkins, and Cheatham presented the 2020 IRS Forms 990 and 990-T. The Policy, Audit and Budget Committee reviewed and approved for recommendation to the full Board. A motion was duly made and unanimously carried approving the 2020 IRS Form 990 and Form 990-T for filing.

Audit Communications - Committee Chairman Phipps advised that John Cheatham, Adams, Jenkins, and Cheatham, presented required year-end audit communications, and reported that audit field work is scheduled to be done remotely sometime in the next month or so. Final audit procedure will be completed on-site (tentatively) in February 2022 and will be reported back to the committee in March or April of 2022.

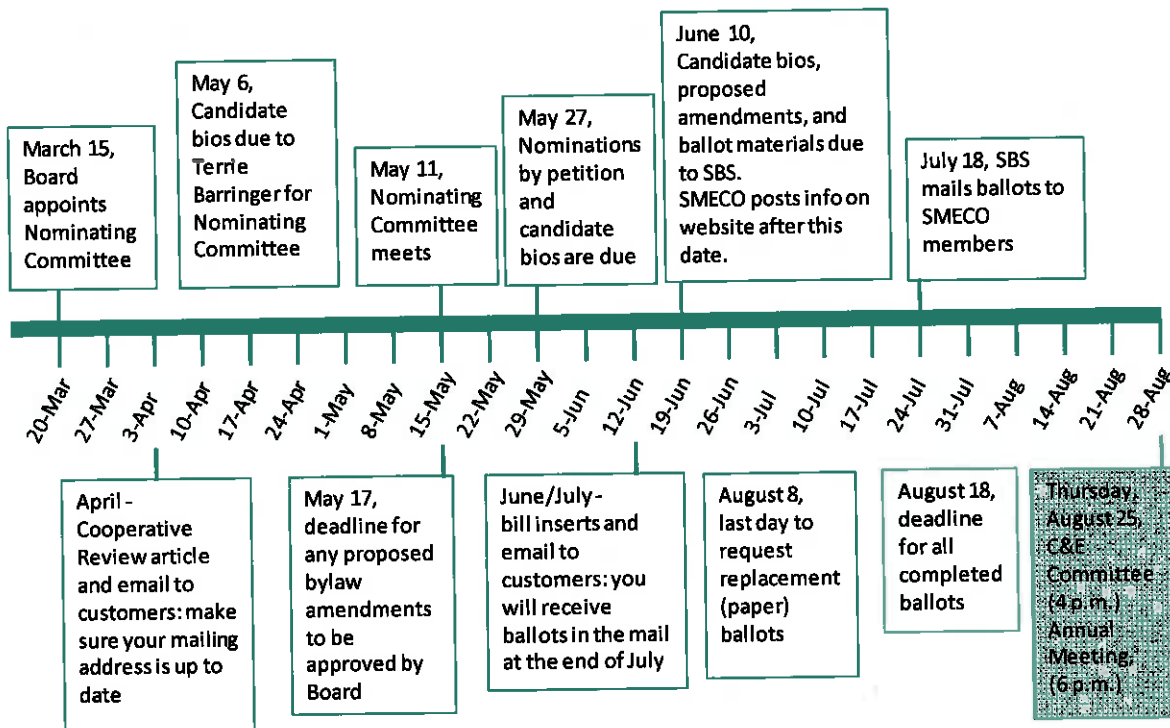
Internal Audit Update – Committee Chairman Phipps advised that Controller Angie Verras gave an update on the Internal Audit progress so far. The first phase of the internal audit is complete and covered accounts payables and disbursements. The final report is in and being reviewed. The next phase began last week and involves a review of SMECO's policies and procedures as well as meeting with SMECO employees to go over that material. Lastly, the inventory internal audit is scheduled to begin in mid-October for the new barcoding system, and will only cover the Hughesville warehouse 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 Monday, November 22, 2021, 9:00 a.m., in the SMECO Headquarters Auditorium and/or Via Zoom.

Public Relations Committee – Committee Chairman Frederick reported that the Public Relations Committee held a meeting on Monday, September 20, 2021, 10:00 a.m., in the SMECO Headquarters Auditorium and/or Via Zoom, and the following report was given:

Review SMECO 2021 Annual Members' Meeting - Committee Chairman Frederick reported that Corporate Communications Managing Director Terry Ressler provided a recap of the 2021 SMECO Annual Members' Meeting held on Thursday, August 26, 2021, Mechanicsville Volunteer Fire Department, Mechanicsville, Maryland, 6:00 p.m. The review included discussion on mail-in ballots, online voting, attendance, candidates, and bylaw revisions.

SMECO 2022 Annual Members' Meeting - Committee Chairman Frederick reported that the committee recommended Thursday, August 25, 2022. 6:00 p.m., as the date and time to hold the 2022 Annual Members' Meeting. A recommendation was made to approve the following schedule:



A motion was duly made and unanimously carried to approve the location of the 2022 Annual Members' Meeting remain at Mechanicsville VFD and also the aforementioned schedule be approved.

Proposals for 2022 – Committee Chairman Frederick advised the following recommendations were discussed for the 2022 SMECO Annual Members' Meeting:

- **Reminder emails:**
 - From SBS to include login credentials
 - From SMECO, generic reminders
- The committee recommended that both a reminder from SBS with login credentials and generic reminder emails from SMECO would be a good idea.
- Include statement on ballot: You may vote for directors in all counties.
- Candidate biographies: several members provided survey responses about wanting more info about candidates, such as why they are running for the Board.
- The committee agreed that it would be a good idea to include the question “Why are you running for the SMECO Board” in each candidate’s biographical material, but not to include it in the actual online application. After discussion, it was agreed that this question would be sent to all nominated persons after the nominating committee meeting so that responses could be included in the Annual Meeting Notices and online materials.

Although we have seen positive changes and an increase in voting since moving to a business-meeting format, the committee is considering ways to increase voter participation and member engagement. Terry Ressler will be looking into the possibility of running ads prior to the mailing of the ballots as well as during the first week of the election period.

Review SBS Voting Summary - Committee Chairman Frederick advised that Committee members discussed, analyzed, and interpreted the data contained in the SBS Voting Summary Report. There were many positive comments on the voting process. A few of the recurring themes were diversity on the board, timing-out issues with the online ballot, and separating bylaw amendments on the ballot.

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

Board Policy of the Month – Board Policy 4-1: Organizational 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 Regions I & IV Meeting & Director Training – Chairman White advised that Directors Dyer, Frederick, Murphy, Phipps, Richards, and Zinn (attended online) attended the 2021 NRECA Regions I & IV Meeting & Director Training held September 8-10, 2021, National Harbor, Maryland. All attendees shared reports and advised it was a productive meeting.

Board Strategic Planning Retreat - Chairman White advised that the Board Strategic Planning Retreat will be held Monday and Tuesday, October 18-19, 2021 at the Engineering and Operations Center, Hughesville, Maryland.

New Business:

New Board Committee Assignments – Chairman White referred the Board to the proposed Board Committee Assignments posted in Boardpaq. A motion was duly made, seconded, and unanimously carried approving the new Board Committee Assignments effective September 21, 2021.

Solomons Conversion Project Contract Approval - RESOLUTION – COO Roger Schneider advised that on July 23, 2021, Project Management received proposals for construction services to convert Solomons Island overhead facilities to underground. This is Phase Two of Two of the conversion project. SMECO requested proposals from four pre-qualified contractors currently working on our system. The lowest bid was from Sumter/SMC in the amount of \$1,723,531.23.

A recommendation was made from the Capital Projects Committee to approve the award for the construction services contract to Sumter/Southern Maryland Cable Team in the amount of \$1,723,531.23

A motion was duly made and approved, with two Directors abstaining, to award the bid for construction services to Sumter/Southern Maryland Cable Team in the amount of \$1,723,531.23.

SMECO Match – 2022 United Way Campaign – CHRO Cindy Rauner reported that last year SMECO employees pledged over \$16,000 to the three chapters in 2020, including the corporate match of \$10,000, for a total contribution of over \$26,000 for the 2020 United Way Campaign. The campaign will be open October 1-15, 2021, during which time employees will be able to submit pledges via the Intranet.

A motion was duly made, seconded, and unanimously carried to authorize a corporate match of up to \$10,000 for the 2022 United Way Campaign.

Confirm Date/Time for Next Board Meeting – The next regular meeting of the Board of Directors will be held on Tuesday, October 19, 2021, at 1:00 p.m., Engineering and Operations Center.

Executive Session – A motion was duly made, seconded, and unanimously carried to go into Executive Session at 2:53 p.m. (Senior Vice President of Engineering and Operations and Chief Operating Officer (COO) Roger Schneider, 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 Human Resources Officer (CHRO) Cindy Rauner, Senior Vice President and Chief Strategy and Innovation Officer (CSIO) Campbell Hawkins, Controller Angela Verras, and Administrative Services Supervisor Nicholas Sweetman were excused from the meeting).

A motion was duly made, seconded, and unanimously carried to come out of Executive Session at 3:16 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 3:16 p.m.

A handwritten signature in cursive script, reading "Nancy W. Zinn", written over a horizontal line.

Nancy W. Zinn
Secretary-Treasurer