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**MINUTES OF THE REGULAR BOARD MEETING
HELD TUESDAY, NOVEMBER 16, 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, November 16, 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
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 (absent)

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 Financial Services and
Chief Financial Officer (CFO) Beth Kennedy (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)
Executive Assistant to the President & CEO Teresa M. Barringer
Vice President of Rates & Energy Procurement Eugene Bradford
Director of Community & Public Affairs Natalie Cotton
Generalist of Strategy & Innovation Gergana Martelle (via Zoom)
Administrative Services Supervisor Nicholas Sweetman

Guests:

Travis Rahill (CoBank “No Barriers Program” Nominee)

Andrew Hall (Executive Director of Portfolio Strategy, ACES)

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

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

Presentation: CoBank “No Barriers” Program – Director of Community and Public Affairs Natalie Cotton gave a brief background of the CoBank “No Barriers” Program and introduced Mr. Travis Rahill, CoBank “No Barriers” Program Nominee. Mr. Rahill shared photos taken at the No Barriers Retreat in Colorado and explained the program in detail. At the conclusion of the presentation, Travis Rahill and Natalie Cotton left the meeting.

Presentation: Director Gold Certificate – Chairman White presented Director Richards with the Director Gold Certificate for his commitment to continuing education through National Rural Electric Cooperative Associations’ (NRECA) programs.

Approval of Minutes – The minutes of the October 19, 2021 Regular Board Meeting were considered. A motion was duly made, seconded, and unanimously carried approving the minutes of the October 19, 2021 Regular Board Meeting.

October 2021 Financial Performance and Statistics Reports – Senior Vice President of Financial Services and Chief Financial Officer (CFO) Beth Kennedy reviewed the financial highlights for the period ending October 31, 2021.

Committee Reports:

Board Risk Oversight Committee (BROC) – Committee Chairman Winkler reported that the Board Risk Oversight Committee (BROC) held a meeting on November 16, 2021 at 10:30 A.M. in the SMECO Headquarters Auditorium and 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.

SMECO Winter Readiness Presentation – Committee Chairman Winkler introduced Andrew Hall, Executive Director of Portfolio Strategy, ACES, who shared a presentation recapping ACES position on Winter Readiness for SMECO's portfolio hedging and gave highlights of the original presentation that was presented at the SMECO Semi Annual Meeting held on November 15, 2021. Additional winter energy hedges will be put in place to mitigate portfolio risk.

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, December 7, 2021, 10:00 A.M., in the SMECO Headquarters Auditorium and via Zoom.

Committee on Strategy and Innovation – Committee Chairman White reported that the Committee on Strategy and Innovation (COSI) held a meeting on November 5, 2021 at 1:00 P.M. in the SMECO Headquarters Auditorium and via Zoom. Board Risk Oversight Committee members were also invited to participate. The following report was given:

NetZero Plan Presentation – Committee Chairman White shared that Andrew Hall, Vice President of Portfolio Strategy – East Region, ACES, shared a presentation on Net Zero. Mr. Hall advised that from 2006 to 2020, SMECO's power portfolio experienced a 36% decrease in carbon emissions. Other topics explored were Net Zero as related in the context of PJM and SMECO's Net Zero Study Objectives, Model Net Zero Scenarios, and other topics relating to Net Zero.

Update on Environmental Social Governance (ESG) and Key Performance Indicators (KPIs)

– Committee Chairman White shared that Annette Brocks, ACES, Senior Resource Planning Analyst, Katie Barrera, ACES, Senior Environmental Policy Specialist shared an update on the ESG program and KPI's. The presentation included information on the explanation of ESG, ESG in Finance, ESG in Utilities' Strategy and Communications, and SMECO's ESG journey, ESG and Stakeholders. The Key Performance Indicators were presented.

Proposed Corporate Statements & Five Pillars – Committee Chairman White advised that a presentation on the strategy pillars and corporate statements was shared and discussed.

A motion was duly made and unanimously approved to adopt the five pillars and the corporate statements as outlined as the framework to build the strategic plan for SMECO moving forward.

The proposed Five Pillars are as follows:

1. Transform Member Experience
2. Empower, Engage, and Equip Our Employees
3. Build a Smarter, Digital Grid
4. Lead Sustainably in Our Community
5. Innovate and Grow

The proposed corporate statements are as follows

➤ Vision

Sustainably energize Southern Maryland

➤ Mission

Put members first by delivering safe, reliable, affordable, and sustainable electricity and related services that exceed expectations

➤ Purpose

To lead sustainably in providing reliable, competitively priced electricity and related services that enhance the quality of life in Southern Maryland

➤ Culture

SMECO champions a culture where people are valued, and the employee experience is driven by innovation, collaboration, inclusion, safety and trust

A meeting will be held with the full Board during the first Quarter of 2022 to discuss further.

Quarterly Business Review (QBR) - SVP and CSIO Campbell Hawkins shared a presentation on the Management and Bargaining Unit Scorecards for the 3rd Quarter 2021. The presentation included development and implementation of the governance framework for managing and implementing the strategic plan, QBR framework. In addition, constructing a five-year strategic plan roadmap and providing reporting and transparency to the COSI and Board on the action plans related to achieving the strategic plan.

At the conclusion of the Committee on Strategy and Innovation report, Mr. Andrew Hall left the meeting.

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 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 Monday, November 22, 2021, 9:00 A.M., in the SMECO Headquarters Auditorium and 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 5-2: Annual Work Plan and Budgets. 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:

SMECO-Choptank Meeting – Chairman White advised the Board that the SMECO-Choptank Meeting will be held Friday, January 14, 2022 at 10:00 A.M. The location will be announced by the December board meeting.

New Business:

Standard Offer Service (SOS) Rates Restatement and Presentation – Vice President of Rates & Energy Procurement Eugene Bradford shared a presentation on the SMECO SOS Rates Restatement.

A motion was duly made, seconded, and unanimously approved to file the new proposed SOS rates with the Maryland Public Service Commission.

At the conclusion of the presentation, Vice President Bradford left the meeting.

Ryceville to Chaptico Line 6758 Construction - **RESOLUTION** – COO Roger Schneider presented proposals for construction of the Ryceville to Chaptico Line. The lowest bid was \$3,344,930.85 as proposed by AUI Power. Therefore, it is recommended that the construction services contract be awarded to AUI Power in the amount of \$3,344,930.85.

A motion was duly made, seconded, and unanimously approved to award the bid for construction services to AUI Power in the amount of \$3,344,930.85.

SMECO Director/Employee Holiday Luncheons – Chairman White advised the Board that two SMECO Director/Employee Holiday Luncheons will be held this year. The first luncheon will be held Tuesday, December 7, 2021 at 11:30 a.m. at the Engineering and Operations Center (EOC) and the second luncheon will be held Friday, December 17, 2021 at 12:00 p.m. at the Southern Region Facility (SRF).

Chairman White acknowledged the Directors who have reached service milestones.

2022 Industry Meetings & Director Training Selections – Chairman White advised that Executive Assistant Barringer has emailed each Director with their training opportunities for 2022.

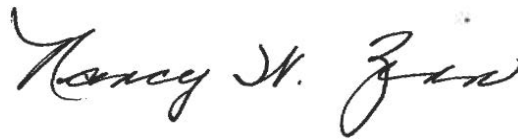
2022 NRECA PowerXchange – Chairman White advised that the 2022 NRECA Power Xchange will be held March 4-9, 2022 in Nashville, Tennessee. Directors Bowling, Dyer, Frederick Phipps, and Zinn will attend.

Confirm Date/Time for Next Board Meeting – The next regular meeting of the Board of Directors will be held on Tuesday, December 21, 2021, at 1:00 p.m. at the SMECO Headquarters Auditorium and via Zoom.

Executive Session – A motion was duly made, seconded, and unanimously carried to go into Executive Session at 2:52 p.m. (CEO Cox, Executive Assistant Barringer, 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, Vice President of Financial Services and Chief Financial Officer (CFO) Beth Kennedy, Senior Vice President and Chief Human Resources Officer (CHRO) Cindy Rauner, Senior Vice President and Chief Strategy and Innovation Officer (CSIO) Campbell Hawkins, Generalist of Strategy & Innovation Gergana Martelle, 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 3:04 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 3:10 p.m.

A handwritten signature in cursive script that reads "Nancy W. Zinn".

Nancy W. Zinn

Secretary-Treasurer