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**MINUTES OF THE REGULAR BOARD MEETING
HELD TUESDAY, DECEMBER 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, December 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 (via Zoom)
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
Senior Vice President of Customer & Enterprise Services and
Chief Information Officer (CIO) Joseph Trentacosta (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
Vice President of Distributed Energy & Sustainability Jeff Shaw
Administrative Services Supervisor Nicholas Sweetman
Accounting & Budgeting Director Belinda Anderson (via Zoom)

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

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

Presentation: SMECO Online Store & My Energy Target Update – Vice President of Distributed Energy & Sustainability Jeff Shaw demonstrated SMECO’s Online Store and discussed how members can benefit from instant discounts, rebates, and complimentary energy efficiency kits.

Next, Mr. Shaw introduced an EmPOWER Maryland program called “My Energy Target.” The program encourages a group of randomly selected SMECO households to reduce energy costs and receive a reward from SMECO. Participating households that reach their energy savings targets will receive an incentive payment of up to \$150.

Vice President Shaw left the meeting after his presentation.

Presentation: Engineering Recruiting Video – Chairman White shared SMECO’s new recruitment video for electrical engineers. At the conclusion of the video, Directors offered their comments and congratulations to the SMECO staff for their work.

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

November 2021 Financial Performance and Statistics Reports – Senior Vice President of Financial Services and Chief Financial Officer (CFO) Beth Kennedy reported that due to a software upgrade, November’s financial reports will be emailed to Directors as soon as they are available. November’s reports will be reviewed along with December’s reports at the January 18, 2022 Regular Board Meeting.

Committee Reports:

Board Risk Oversight Committee (BROC) – Committee Chairman Winkler reported that the Board Risk Oversight Committee 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, February 15, 2022, 10:30 A.M., in the SMECO Headquarters Auditorium and via Zoom.

Capital Projects Committee – Committee Chairman Blair reported that the Capital Projects Committee held a meeting on December 7, 2021 at 10:00 A.M. in the SMECO Headquarters Auditorium and via Zoom and the following report was given:

Transmission and Substation Projects Update – The Committee heard a report from Transmission, Engineering, & Construction Director Hugh Voehl concerning Transmission and Substation Projects including photos of projects under construction. The Committee reviewed upcoming plans, budgets, and interconnection projects.

Solomons Overhead to Underground Conversion Project Update – The Committee reviewed a presentation from Project Management & Services Managing Director John Bredenkamp concerning the Solomons Overhead to Underground Conversion Project. The presentation included an overview, project status and pictures, and current focuses.

Southern Region Facility Project Update – The Committee reviewed a presentation from Project Manager Ryan Schlotterbeck concerning the Southern Region Facility Project. The presentation included updates on design, construction, and budget; construction photos; and next steps.

Dates for 2022 Capital Projects Committee Meetings - Committee Chairman Blair advised the following dates for the 2022 Capital Projects Committee Meetings were approved; therefore, the committee will meet at 10:00 A.M. on the following dates in 2022: February 1, May 11, September 14, and December 14.

Date of Next Committee Meeting – Committee Chairman Blair advised that the Capital Projects Committee will hold their next meeting on Tuesday, February 1, 2022, 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) 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 (COSI) will hold their next meeting on Wednesday, March 2, 2022, 1:00 P.M., in the SMECO Headquarters Auditorium and via Zoom.

Personnel and Benefits Committee – Committee Chairman Cullins reported that the Personnel and Benefits Committee held a meeting on December 21, 2021 at 10:00 A.M. in the SMECO Headquarters Auditorium and via Zoom and the following report was given:

Third Quarter Investment Review - The Committee heard reports from Morgan Stanley and Prudential representatives about SMECO’s Defined Benefit Plan, Defined Contribution Plans, and Retirement Plan Employee Engagement.

Discretionary Supplement for Retirees - Committee Chairman Cullins, on behalf of the Personnel & Benefits Committee, recommended that the Board issue a one-time lump sum Discretionary Supplement for 2022, for a maximum total payout of \$278,000. The disbursement will be allocated to participants as outlined in revised Table 3 below.

TABLE 3	
Year of Retirement	% of Benefit
prior to 1994	7.5%
1994-2000	5.5%
2001-2007	4.5%
2008-2014	3.0%
2015+	2.5%
Total Payment	\$278,000
Average Payment	\$890
Average Percentage	3.6%

A motion was duly made and unanimously carried to issue a one-time lump sum Discretionary Supplement for 2022, for a maximum total payout of \$278,000.

Date of Next Committee Meeting – Committee Chairman Cullins advised that the Personnel and Benefits Committee will hold their next meeting on Tuesday, May 17, 2022, 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 held a meeting on November 22, 2021 at 9:00 A.M. in the SMECO Headquarters Auditorium and via Zoom and the following report was given:

2022 Capital & Operating Budget Overview – Per Committee Chairman Phipps' request, Accounting & Budgeting Director Belinda Anderson presented a summary review of the proposed 2022 capital and operating budget. A motion was duly made and unanimously carried approving the 2022 budget as presented.

Accounting & Budgeting Director Belinda Anderson left the meeting immediately following the presentation.

Revisions to Board Policy 11-2 – Committee Chairman Phipps advised the committee reviewed changes to Board Policy 11-2 "SMECO Trading Authority". The first change gives the authorities of Electric Power and Transmission purchases and Financial Transmission Rights to the Senior Vice President of External Affairs & General Counsel or his designated appointee, and removes the same authorities from the CFO. The second change allows the Board Risk Oversight Committee (BROC) and the CEO to purchase Renewable Energy Credits at 100% of the Statutory Compliance Price. The committee approved a recommendation to the Board to adopt these revisions to Board Policy 11-2.

A motion was duly made and unanimously approved to change Board Policy 11-2 "SMECO Trading Authority" as recommended.

Date of Next Committee Meeting – Committee Chairman Phipps advised that the Policy, Audit and Budget Committee will hold their next meeting on Tuesday, April 19, 2022, 9:30 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.

Date of Next Committee Meeting – Committee Chairman Frederick advised that the Public Relations Committee will hold their next meeting on Tuesday, April 19, 2022, 12:30 P.M., in the President's Conference Room and via Zoom.

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

Board Policy of the Month – Board Policy 5-3: Internal Control. 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:

Base SOS Rate Restatement – Vice President of Rates & Energy Procurement Eugene Bradford presented an SOS Rate Restatement for Area Lights and Street Lights LED Light Rates. In November, the Board approved the SOS filing; however, the presentation omitted the LED lighting rates. Therefore, a motion was duly made, seconded, and unanimously approved to accept the new proposed SOS rates to include LED Lighting rates that were filed with the Maryland Public Service Commission.

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

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 at The Inn at the Chesapeake Bay Beach Club at 180 Pier Road, Stevensville, MD 21666.

Report on 2021 NRECA Winter School for Directors – Directors Cross, Cullins, Hance-Wells, Murphy, and White described their NRECA Winter School educational experiences.

New Business:

2022 NRECA PowerXchange Proposed Voting Delegates – Chairman White proposed voting delegates for the 2022 NRECA PowerXchange, which will be held March 4-9, 2022 in Nashville, Tennessee. Directors Bowling, Dyer, Frederick, Phipps, and Zinn will attend.

Chairman White advised that Director Bowling will represent SMECO at the ACRE Breakfast on Tuesday, March 8, 2022 at 7:00 A.M.

A motion was duly made, seconded, and unanimously approved to appoint the following Voting Delegates and Alternate Voting Delegates as proposed:

For the National Rural Telecommunications Cooperative (NRTC) Annual Meeting on Sunday, March 6, 2022 at 2:00 P.M., Chairman White proposed that Director Phipps be appointed as the Voting Delegate and Director Zinn be appointed as an Alternate Voting Delegate.

For the National Rural Electric Cooperative Association (NRECA) Business Meeting on Tuesday, March 8, 2022 at 9:00 A.M., Chairman White proposed that Director Frederick be appointed as the Voting Delegate and Director Dyer be appointed as an Alternate Voting Delegate.

SMECO Company Party – Chairman White advised the Board that the SMECO Company Party will be held Saturday, March 19, 2022 at 6:00 P.M at the Hollywood Firehouse at 24801 Three Notch Road, Hollywood, MD 20636.

Prince George's County Permitting Authorization – COO Schneider advised that Prince George's County Public Works requires SMECO to submit written proof of indemnification each time

we apply for a permit to construct or maintain our electric distribution system. A motion was duly made, seconded, and unanimously carried to approve the Authorization Certificate as presented.

ACRE Membership Renewal – Chairman White referred the Board to the ACRE Memo in board materials. Directors are asked to support ACRE by maintaining membership at the Century Club level, and spouse's membership at the Regular level.

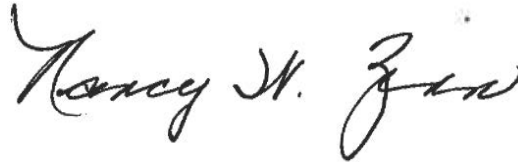
MBA 15th Annual "First Friday" Economic Outlook Forum – Chairman White advised the Board that the MBA 15th Annual "First Friday" Economic Outlook Forum will be held Friday, January 7, 2022 at 10:00 A.M at the Renaissance Harborplace Hotel at 202 East Pratt Street, Baltimore, MD 21202. A sign-up sheet was circulated.

Confirm Date/Time for Next Board Meeting – The next regular meeting of the Board of Directors will be held on Tuesday, January 18, 2022, 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 2:45 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 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, 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 3:05 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 3:05 P.M.

A handwritten signature in black ink that reads "Nancy W. Zinn". The signature is written in a cursive style with a large initial 'N' and a long, sweeping tail on the 'Z'.

Nancy W. Zinn

Secretary-Treasurer