

TRI-COUNTY ELECTRIC COOPERATIVE, INC.

St. Matthews, South Carolina
Minutes of the Board of Trustees Meeting
March 23, 2023

Pursuant to due notice thereof, a regular meeting of the Board of Trustees of Tri-County Electric Cooperative, Inc. (hereinafter called the "Cooperative") was held on March 23, 2023 in the Boardroom at the Headquarters Office in St. Matthews, South Carolina.

The following trustees were present: Barbara Weston, Ida L. Dixon, S. George Wilson, Gary F. Geiger, William Robinson, James R. Dantzler, Willie Jeffries, Joe Strickland, and Jacqueline S. Shaw. Also present were Chad T. Lowder, CEO, John Felder, General Council, Frank Furtick, VP of Engineering and Operations, Michael Weeks, VP of Finance and Administration, Keith Scharf, VP of Safety and Loss Control, Louis Arsenault, VP of Technology and TriCoLink Services, Kristen Zeigler, VP of Human Resources, Wilford Thompson, VP of Member Services, and Cindy Sarratt, who recorded the minutes of the meeting. In addition, Jason Peacock, CPA, of McNair, McLemore, Middlebrooks & Co., LLC attended the meeting to present the Annual Consolidated Audit and Form 990 Review.

CALL TO ORDER – INVOCATION

President Barbara Weston called the meeting to order at 12:20 p.m. Following the Call to Order, Joe Strickland gave the Invocation.

MEMBER COMMENT PERIOD

There were no members present or online during the Member Comment Period.

APPROVAL OF MINUTES OF BOARD MEETING OF February 23, 2023

On motion by Jim Dantzler, seconded by Willie Jeffries, and carried, the minutes of the Board of Trustees Meeting of February 23, 2023 were approved.

REPORTS

FINANCIAL REPORTS

The Financial Reports were approved as presented by the CEO.

NEW MEMBER REPORT

The CEO reported that 81 new members made application for service in February 2023 and those members are now actively receiving electric service from the Cooperative. On motion by Gary Geiger, seconded by Joe Strickland and carried, the following resolution was passed:

RESOLVED, that the application of new members is hereby accepted and approved.

There were 122 Final Bills sent out for the month of February. Those members are no longer receiving electric service from the Cooperative.

SAFETY REPORT

The CEO reported that there were no Lost Time Accidents, no Hours Lost, No OSHA Recordable Accidents, no Employee Injuries, no Vehicle Accidents, no Consumer Damage Claims, and no Miscellaneous Accidents reported in February 2023. Mr. Lowder presented a Five-Year Safety Performance graph. There have been no accidents so far in 2023. The Vice President of Safety and Loss Control has begun the Cooperative Safety Certification Program.

OPERATION ROUND UP REPORT

Mr. Lowder reported that the Operation Round Up Board met on March 13, 2023 and awarded grants totaling \$21,200. He then informed the board that between 2007-2022 the Operation Round Up Program has awarded \$1,422,171 in grants.

BOARD COMMITTEE REPORTS

AUDIT COMMITTEE

Barbara Weston reported that the Audit Committee met at 11:30 a.m. on March 23, 2023 to review expense accounts for February 2023. All accounts were found to be in order and the report of the Audit Committee was accepted.

ECONOMIC DEVELOPMENT COMMITTEE

An economic development report was given in executive session during old business.

CEO COMPENSATION AND BENEFITS REVIEW COMMITTEE

Jim Dantzler stated that Chad Lowder will complete his 2022 goals using the audited figures. A Committee meeting will be scheduled soon.

ETHICS AND GOVERNANCE COMMITTEE

No report.

POLICY AND BYLAWS COMMITTEE

The CEO reported that he and Mr. Felder need to review draft language from Aaron Christensen and a Committee meeting will be scheduled in April or May.

ORGANIZATIONAL UPDATES

CENTRAL UPDATE

The CEO asked to go into executive session to discuss confidential information regarding power contracts.

Executive Session

On motion by William Robinson, seconded by Jim Dantzler and carried, the board entered executive session to receive confidential information regarding Central. Then, on motion by Jim Dantzler, seconded by Willie Jeffries, and carried, the board returned to regular session after having taken no action in executive session.

STATEWIDE UPDATE

Mr. Lowder reported that the Broadband Association of South Carolina had their first meeting on March 1, 2023. They will continue with quarterly meetings.

OLD BUSINESS

Economic Development Update

Executive Session

On motion by Jim Dantzler, seconded by Joe Strickland, and carried, the board entered executive session to hear confidential information regarding economic development. Then, on motion by Willie Jeffries, seconded by Jackie Shaw, and carried, the board returned to regular session after having taken no action in executive session.

FIBER TO THE HOME PROJECT UPDATE

The Fiber to the Home Project Update was given at the TriCoLink Board Meeting, which followed the Tri-County Electric Cooperative Board Meeting.

ANNUAL CONSOLIDATED AUDIT AND FORM 990 REVIEW AND APPROVAL

Jason Peacock appeared before the board and gave a detailed explanation of the Annual Consolidated Audit and the IRS Form 990 that was performed by the Independent Accounting Firm of McNair, McLemore, Middlebrooks & Co., LLC for Year End 2022.

NEW BUSINESS

RESOLUTIONS – APPROVAL OF AMENDED 2018 and 2021 DEFERRED REVENUE PLANS

After some discussion, on motion by William Robinson, seconded by Jim Dantzler, and carried, the Resolutions to Amend the 2018 and 2021 Deferred Revenue Plans were approved. (See attached Resolutions.)

APPROVAL OF CFC LOAN PACKAGE

Mr. Lowder reported that CFC did not get the package prepared in time for the board meeting. He will review it next week. CFC allows the Executive Committee to approve, and the Full Board of Trustees to ratify, approval of the Loan Package. A meeting of the Executive Committee will be scheduled.

REPORT OF NRECA POWERXCHANGE CONFERENCE

Those who attended the NRECA PowerXchange Conference reported that they enjoyed the education courses and the topics covered in the sessions.

CEO COMMENTS

STRATEGIC OBJECTIVES

Facility Expansion and Improvement Plan

Mr. Lowder reported that there was a Project Kick off Meeting on February 9, 2023 and a Project Development Meeting on March 20, 2023. Jonathan Binnicker is the Project Manager. Mr. Binnicker and his team are working with a consultant, Mike Metz. The Plan will consist of developing a cost/benefit model for the district offices, developing a construction timeline, and incorporating the project into the 2024 budget.

Federal Grant Program for System Improvements

Mr. Lowder briefed the board on a \$3.8 million grant for grid automation that the Engineering group applied for.

Financial Analysis

Central is in the process of conducting a financial analysis for the cooperative.

EXECUTIVE SESSION

On motion by William Robinson, seconded by Joe Strickland, and carried, the board entered executive session to receive legal advice. Then, on motion by Jim Dantzler, seconded by George Wilson, and carried, the board returned to regular session after having taken no action in executive session.

ADJOURNMENT

There being no further business, on motion by Jim Dantzler, seconded by Jackie Shaw, and carried, the meeting adjourned at 2:57 p.m.

Jacqueline S. Shaw, Secretary

Approved:

Barbara F. Weston, President

BOARD RESOLUTION

AMMENDING THE 2018 DEFERRED REVENUE PLAN FOR TRI-COUNTY ELECTRIC COOPERATIVE, INC.

BE IT RESOLVED, that the Board of Trustees of Tri-County Electric Cooperative, Inc. approve the Deferred Revenue Plan.

TRI-COUNTY ELECTRIC COOPERATIVE, INC. DEFERRED REVENUE PLAN

General

Tri-County Electric Cooperative, Inc., as part of its overall approach to establishing rates for electric energy, has established a "Deferred Revenue Plan." Due to the potential of increasing power cost, Tri-County Electric Cooperative, Inc. recognizes the possibility of having to increase rates more rapidly than its members desire. Accordingly, the plan is based on the desire to provide adequate cash flow and margins during periods that would otherwise be adversely affected by increased cost of power.

Under the plan, deferrals will be as follows:

<u>Year</u>	<u>Amount Deferred</u>
2018	\$500,000

The **original** deferral plan would be recognized based on the following schedule:

<u>Year</u>	<u>Amount Recognized</u>
2019	\$ 0

2020	0
2021	0
2022	250,000
2023	250,000

The **amended** deferral plan would be recognized based on the following schedule:

<u>Year</u>	<u>Amount Recognized</u>
2019	\$ 0
2020	0
2021	0
2022	0
2023	500,000

Escrow of Funds

The board of directors specified the deferred funds be held in a special fund or the Central Electric Power Cooperative, Inc line of credit program until such time as a like amount is subsequently amortized into revenue.

Tax Status

Tri-County Electric Cooperative, Inc. operates as a tax-exempt entity under Section 501(c)12 of the Internal Revenue Service Code. The board of directors of Tri County Electric Cooperative, Inc. is aware of the potential impact of revenue deferral on its tax-exempt and cooperative statuses and, accordingly, intends to assign capital credits resulting from deferred margins to those members who paid them without regard to period of recognition as revenue.

Accounting

The plan is based on Accounting Standards Codification (ASC) 980 - Regulated Operations, which allows current period costs or revenues to be passed on to future customers with the assumption that such costs or revenues will be included in future rates.

The specific accounting entries relating to the plan are:

Account Number	Description	Debit	Credit
	(1)		
451.05	Miscellaneous Service Revenues	XXX	
254.01	Other Regulatory Liabilities-Revenue Deferral		XXX

To record revenue deferral.

	(2)		
128.02	Other Special Funds-Deferred Revenue	XXX	
131.10	Cash		XXX

To record deposit of deferred revenue in a special account until recognized as revenue.

(3)

131.10	Cash	XXX	
254.01	Other Regulatory Liabilities-Revenue Deferral	XXX	
451.05	Miscellaneous Service Revenues		XXX
128.02	Other Special Funds-Deferred Revenue		XXX

To record recognition of deferred revenue and related transfer of funds.

The deferral amounts will be disclosed in the financial statement as follows:

- Opening balance by year.
- Amount deferred by year.
- Amount returned to revenue because of an increase in cost of power.
- Balance at end of year by years remaining for recognition.

If the rate of deferral changes, a new board resolution would be prepared.

Other

The plan has given consideration to Internal Revenue Service Regulations, ASC 980 and 18CFR 101. The plan was developed to comply with all above referenced documents.

BOARD RESOLUTION
AMENDING THE DEFERRED REVENUE PLAN
FOR TRI-COUNTY ELECTRIC COOPERATIVE, INC.

BE IT RESOLVED, that the Board of Trustees of Tri-County Electric Cooperative, Inc. approve the Deferred Revenue Plan.

TRI-COUNTY ELECTRIC COOPERATIVE, INC.
DEFERRED REVENUE PLAN

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Under the plan, deferrals will be as follows:

<u>Year</u>	<u>Amount Deferred</u>
2021	\$1,000,000

The **original** deferral would be recognized based on the following schedule:

<u>Year</u>	<u>Amount Recognized</u>
2022	\$500,000
2023	\$500,000

The **amended** deferral would be recognized based on the following schedule:

Year	Amount Recognized
2022	\$ 0
2023	1,000,000

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451.05	Miscellaneous Service Revenues		XXX
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