

TRI-COUNTY ELECTRIC COOPERATIVE, INC.

St. Matthews, South Carolina

Minutes of the Board of Trustees Meeting

March 24, 2022

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 24, 2022 at the Headquarters Office in St. Matthews, South Carolina. In order to comply with the Centers for Disease Control and Prevention's guidance of social distancing due to the novel coronavirus (COVID-19) outbreaks, the meeting took place in the Auditorium.

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

CALL TO ORDER – INVOCATION

The meeting was called to order by President Barbara F. Weston at 6:00 p.m. Following the Call to Order, Willie Jeffries 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 24, 2022

On motion by Jim Dantzler, seconded by Willie Jeffries, and carried, the minutes of the Board of Trustees Meeting of February 24, 2022 were approved.

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.

REPORTS

SYSTEM SUMMARY REPORTS AND MONTH FINANCIAL STATEMENTS

The System Summary Reports and Monthly Financial Statements for December 2021, January, 2022, and February 2022 were approved as presented by the CEO.

NEW MEMBER REPORT

The CEO reported that from February 1-28 95 new members made application for service and those new members are now actively receiving electric service from the Cooperative. Thereafter, on motion by Gary Geiger, seconded by Joe Strickland, and carried, the following resolution was approved:

RESOLVED, the applications of new members are hereby accepted and approved.

SAFETY REPORT

The CEO reported that there were no lost time accidents, no hours lost, no OSHA recordable accidents, no employee injuries, no consumer damage claims, no vehicle accidents, and no miscellaneous accidents filed in February 2022.

REPORT OF AUDIT COMMITTEE

Barbara Weston reported that the Audit Committee met on March 24, 2022 at 5:30 p.m. and reviewed expense accounts and credit card invoices for all board members, the CEO, and the Attorney for February 2022. All accounts were found to be in order and were approved by the Audit Committee.

OPERATION ROUND UP REPORT

The CEO provided a report of the grants awarded at the Operation Round Up Board Meeting on March 14, 2022. The next meeting of the Trust board is scheduled for June 13, 2022.

UPDATES

CENTRAL UPDATE

Mr. Lowder announced that the Central Annual Meeting was held on March 10, 2022. The G20 Meeting Summary from March 15, 2022 is posted on BoardPaq. The new Santee Cooper CEO, Jimmy Staton, attended the meeting. The Central Annual Meeting and Board Meeting Summaries are posted on BoardPaq.

In other Central business, on motion by Jim Dantzler, seconded by Willie Jeffries, and carried, the board approved the M-REC Rider, the purpose of which is to provide the Cooperative's qualifying commercial and industrial member-consumers which have a minimum demand of at least 500 kW with a source of purchasing market renewable energy attributes called Renewable Energy Credits to offset all or a portion of their energy consumption, resulting in that portion of energy consumed to be considered renewable.

STATEWIDE UPDATE

The CEO reported that the South Carolina Electric Cooperatives Lineworkers Rodeo is being held on Saturday, March 26, 2022 at Horry Electric Cooperative in Conway, South Carolina. Tri-County has one journeyman team and three apprentice linemen participating.

Mr. Lowder, Frank Furtick, and Wilford Thompson attended the South Carolina Power Team Economic Development Summit last week. While there, Mr. Lowder met with a representative from Midlands Technical College. A meeting is scheduled between Tri-County, Newberry, and Mid-Carolina Cooperatives, and Midlands Tech to discuss a lineman's program at Midlands Technical College.

The annual fundraiser for Senator Lindsey Graham will be held at Blue Ridge Electric Cooperative on May 16th. Trustees wishing to make a donation should make personal checks payable to "Team Graham."

The Cooperative received a large sum of money from the S. C. Stay Plus Program to pay on the electric bills of renters who were impacted by COVID-19. We will promote the program to our members and direct them to a website where they can complete a survey to establish eligibility to receive funds.

Mr. Lowder reported that Farm Bureau asked the cooperatives if we would be willing to host a regional forum about electrical safety for farmers. The consensus of the board was that it would be a good opportunity to educate the farmers on the requirements.

Therefore, we will move forward and get something scheduled in the next 60 to 90 days.

The next Statewide Board Meeting is scheduled for April 7th. The CEEUS Trade Show is scheduled for March 30th from 1pm until 4pm. The dinner and raffle will be from 4:30 pm until 6:00 pm.

OLD BUSINESS

ECONOMIC DEVELOPMENT UPDATE

Mr. Lowder reported that Project Circus (Premium Peanut): a team from Tri-County is going to visit their facility in Douglas, GA on April 7th. Phase I is expected to be completed either the later part of 2022 or early 2023 and the shelling plant load is expected to be completed in 2024.

FIBER TO THE HOME PROJECT UPDATE

The Fiber Project update was given at the TriCoLink Board Meeting following the Tri-County Electric Cooperative board meeting.

MONTHLY OUTAGE REPORT

Frank Furtick, VP of Engineering and Operations, gave the Monthly Outage Report.

NEW BUSINESS

RESOLUTION – DEFERRED REVENUE

After some discussion, on motion by William Robinson, seconded by Joe Strickland, and carried, the following Resolution was approved:

BE IT RESOLVED, that the Board of Trustees of Tri-County Electric Cooperative, Inc. approve the 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>
2021	\$1,000,000

The deferral would be recognized based on the following schedule:

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

<u>Account Number</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
	(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	
131.11	Cash		XXX

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

(3)

131.11	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.

RESOLUTION – BOARD ATTENDANCE TO NRECA DIRECTORS CONFERENCE

On motion by George Wilson, seconded by Gary Geiger, and carried, the following resolution was approved:

WHEREAS, the Cooperative Trustees are encouraged to attend and represent the Cooperative at regional, national, and statewide meetings;

AND WHEREAS, the following Trustees have requested permission to attend the 2022 NRECA Directors Conference April 2-5, 2022 in Austin, Texas: Ida Dixon, George Wilson, and Willie Jeffries;

THEREFORE, BE IT RESOLVED, the Board of Trustees hereby approves the Trustees' request to attend the 2022 NRECA Directors Conference.

RESOLUTION – BOARD ATTENDANCE TO TRUSTEE ASSOCIATION CONFERENCE

On motion by George Wilson, seconded by Gary Geiger, and carried, the following resolution was approved:

WHEREAS, the Cooperative Trustees are encouraged to attend and represent the Cooperative at regional, national, and statewide meetings;

AND WHEREAS, the following Trustees have requested permission to attend the 2022 Trustee Association Conference April 18-20, 2022 in Myrtle Beach, S. C.: Ida Dixon, George Wilson, Jim Dantzler, Jacqueline Shaw, and Willie Jeffries;

THEREFORE, BE IT RESOLVED, the Board of Trustees hereby approves the Trustees' request to attend the 2022 Trustee Association Conference.

RESOLUTION – BOARD ATTENDANCE TO NRECA LEGISLATIVE CONFERENCE

WHEREAS, the Cooperative Trustees are encouraged to attend and represent the Cooperative at regional, national, and statewide meetings;

AND WHEREAS, the following Trustees have requested permission to attend the 2022 NRECA Legislative Conference, May 1-3, 2022 in Washington, DC: Ida Dixon, George Wilson, Barbara Weston, Willie Jeffries, Gary Geiger;

THEREFORE, BE IT RESOLVED, the Board of Trustees hereby approves the Trustees' request to attend the 2022 NRECA Legislative Conference.

CEO COMMENTS

The CEO reported that Dr. Shuler is interested in purchasing the Santee property; however, he is waiting on the economy to stabilize first.

Mr. Lowder gave a presentation about the Cooperative's Involvement in the Community.

Mr. Lowder reported that there is a link on our website about EV charging and electric vehicles.

EXECUTIVE SESSION

On motion by Gary Geiger, seconded by George Wilson, and carried, the board entered executive session to receive legal advice. Then, on motion by Gary, seconded by Willie Jeffries, and carried, the board returned to regular session after having taken no action in executive session.

EXECUTIVE SESSION

On motion by Gary Geiger, seconded by George Wilson, and carried, the board entered executive session again to receive additional legal advice. Then, on motion duly made, seconded, 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 Gary Geiger, seconded by Willie Jeffries, and carried, the board adjourned by 8:55 p.m.

Jacqueline S. Shaw, Secretary

APPROVED:

Barbara F. Weston, President