

TRI-COUNTY ELECTRIC COOPERATIVE, INC.

St. Matthews, South Carolina
Minutes of the Board of Trustees Meeting
January 24, 2019

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 January 24, 2019, following an Electric Cooperatives of South Carolina information meeting at 5:00 p.m. at the Cooperative's headquarters office in St. Matthews, South Carolina.

The following trustees were present: Ida L. Dixon, Barbara F. Weston, S. George Wilson, Gary F. Geiger, F. Joe Strickland, Jr., William T. Robinson, Willie E. Jeffries, James R. Dantzler, and Jacqueline S. Shaw, these being all the trustees of the Cooperative. Also present were Chad T. Lowder, CEO, John G. Felder, Sr., General Counsel, Russell L. Bauknight, CPA, Attorney David Black, Frank Furtick, COO, Michael Weeks, CAO, and Cindy Sarratt, who recorded the minutes of the meeting.

CALL TO ORDER - INVOCATION

The meeting was called to order at 6:00 p.m. by President Barbara F. Weston. CEO, Chad T. Lowder, gave the Invocation. Mr. Lowder then announced that exactly one year ago was when he, John Felder, and Aaron Christensen met with the board in Columbia to begin discussions of how to correct the problems that had been pointed out. At that meeting was where the board first approved the new bylaws to be sent to the membership and passed new board policies.

MEMBER COMMENT PERIOD

Four Cooperative members attended to observe the Board of Trustees meeting. Two members appeared to comment. The Board President thanked the members for their comments and pledged that the board valued their input and would take their suggestions into consideration.

Approval of Minutes of Board Meeting

On a motion by Gary Geiger, seconded by Willie Jeffries, and carried, the minutes of the December 27, 2018 Board meeting were approved as corrected.

REPORTS

SYSTEM SUMMARY REPORT

The System Summary Report and the Rate Class System Report were accepted as presented by the CEO.

MONTHLY FINANCIAL STATEMENT

The Monthly Financial Statement for December 2018 was unavailable due to a pending annual audit by the Independent Auditor. The Auditor will give the annual audit review at the March board meeting.

NEW MEMBER REPORT

The CEO reported that 79 new members for December 2018 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 William Robinson, and carried, the following resolution was approved:

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

SAFETY REPORT

Mr. Lowder presented the Safety Report indicating there had been no Lost Time Accidents, no OSHA Recordable accidents, no employee injuries, no vehicle accidents, no consumer damage claims, and no miscellaneous accidents reported in December 2018.

UPDATES

CENTRAL UPDATE

Contractual information regarding Central will be discussed in Executive Session.

STATEWIDE UPDATE

Mr. Lowder reported that included in the Board Packet is a copy of House Bill H.3145 introduced by Representative Russell Ott, which is designed to encourage cooperatives to change some governance modeling and how they operate at the board level. Mr. Lowder gave an overview of the bill and stated that most of the items addressed in the bill are already being done by our Cooperative under the new bylaws.

OLD BUSINESS

UPDATE ON NEW MEMBER ENERGY PROGRAMS

The COO gave the board an update on the following member energy programs: Whole House Generators, Help My House (KW Savings on-bill financing loan program), and Solar Power.

TCEC

Minutes 01-24-2019

Page 3

NEW BUSINESS

COMMITTEE APPOINTMENTS

The Committee Appointments were distributed to the Board. The Committees are: Finance and Audit; Bylaws, Policies and Service Rules; Economic Development; and Ethics. The Finance and Audit Committee must meet quarterly: April, July, October, and January. The Committee Appointments will be published in the BoardPac Library.

MARKETING VIDEO FOR INDUSTRIAL SITE

This item was moved to the CEO Comments.

REPRESENTATIVE ON THE SC TRUSTEE ASSOCIATION ADVISORY BOARD

On motion by George Wilson, seconded by Jim Dantzler, and carried, William Robinson was appointed to the SC Trustee Association Advisory Board.

LEGISLATIVE APPRECIATION RECEPTION

Chad Lowder reminded the Board of the Legislative Appreciation Reception, scheduled for Tuesday, February 26, 2019 from 6-8 p.m. at the Columbia Metropolitan Convention Center.

ANNUAL MEETING DATE

After some discussion regarding the 2019 Annual Meeting, on motion by George Wilson, seconded by William Robinson, and carried, the following was approved: the Annual Meeting will be held on Saturday, November 16, 2019; registration and voting (if necessary) will be from 9am-2pm; the business meeting will be held at 2pm; the November Board Meeting will be moved to this date; the Registration Gift will be a \$20 bill credit; and the Grand Prize will be a used Cooperative vehicle. After further discussion, on motion by George Wilson, seconded by William Robinson, and carried, the date for the 2019 Annual Meeting was amended to November 23, 2019.

QUARTERLY DISTRICT MEETING DATES

After some discussion it was decided that the first district meeting will be held in District 1, Richland District, on March 25, 2019. On motion by Gary Geiger, seconded by Willie Jeffries, and carried, the District 1 Meeting will be on March 25th and a decision on the dates for the June and September meetings was tabled.

RESOLUTION-SANTEE COOPER INFRASTRUCTURE LOAN FOR THE INDUSTRIAL SITE

On motion by George Wilson, seconded by Joe Strickland, and carried, the board approved the following resolution:

BE IT RESOLVED, that Tri-Co Development, LLC, is hereby authorized to borrow one million nine hundred fifty thousand and no/100 (\$1,950,000.00) dollars, interest free, for a loan term of three (3) years from the Santee-Cooper Public Service Authority.

BE IT RESOLVED, that the Cooperative being the sole member of Tri-Co Development, LLC, does hereby designate Chad T. Lowder, CEO of the Cooperative and registered agent and CEO of Tri-Co Development, LLC, to sign all loan documents in regard to the loan to Tri-Co Development, LLC by Santee-Cooper Public Service Authority.

BE IT RESOLVED, that the Cooperative hereby pledges that it will guarantee payment of the loan to Tri-Co Development, LLC from Santee-Cooper Public Service Authority from its general annual revenue funds, if Tri-Co Development, LLC cannot pay the balance when the loan comes due.

NOW THEREFORE, BE IT RESOLVED, that the Board of the Cooperative unanimously approves and adopts the above resolution.

CEO COMMENTS

WAGE AND SALARY STUDY

Chad Lowder announced that a Wage & Salary Study will be performed on all positions by a consultant January 28-31, 2019. A report will be obtained for the board.

MEMBER INFORMATION PANEL ON WEBSITE

Chad Lowder gave a demonstration of the Member Information Panel that all members will now have access to on the Cooperative's website.

TOUCHSTONE ENERGY

Chad Lowder informed the board that the agreement has been signed with Touchstone Energy, a marketing and member relations program for the members.

COMMUNITY SPONSORSHIPS

Chad Lowder reported that the following community sponsorships are in the budget for 2019: Purple Martin Festival-\$500, Calhoun County Recreation Department-\$750, Annual Ruritan Scholarship-\$1,000, and Fishing for Friends Banquet-\$500. Additional sponsorships that involve the community in other parts of our system will be funded when we receive requests. These donations will count toward our Touchstone Energy advertising dollars.

ECONOMIC DEVELOPMENT

Chad Lowder reported that site work on the Tri-County Global Industrial Site will be completed at the end of February. There will be a marketing roll out on April 25th. More information will be shared about this at a later time. The wastewater, gas, and water infrastructure should be complete by the Summer of 2020. The total project cost is \$8.8 million. The Site can handle a 30-50-megawatt load, which ends up being \$20 million of additional revenue to the Cooperative over a ten-year period. Getting large industrial customers takes the pressure off the residential customers and provides jobs. Mr. Lowder then showed the Marketing Video for the Site.

FRANCHISE FEES

Chad Lowder reported that the Cooperative pays the following annual franchise fees:

Ellore	\$1,000
Eastover	\$4,000
Santee	\$24,195.37
Vance	<u>\$2,585.68</u>
	\$31,781.05

NEW LOGO DEVELOPMENT

After much discussion, the board approved the development of a new brand, a new vision, and a new logo for the Cooperative. Mr. Lowder will get assistance from Central.

EXECUTIVE SESSION

On motion by William Robinson, seconded by Gary Geiger, and carried, the board entered Executive Session to receive legal advice and discuss Central contractual

matters. Then, on motion duly made, seconded, and carried, the Board returned to regular session after having taken no action in Executive Session.

TCEC

Minutes 01-24-2019

Page 6

RESOLUTION APPROVING AND ADOPTING THE LORICK SETTLEMENT AGREEMENT

On motion by William Robinson, seconded by Willie Jeffries, and carried, the following resolution was adopted:

WHEREAS, a derivative lawsuit (lawsuit) entitled *Lorick v. Tri-County Electric Cooperative, Inc.*, 2018-CP-09-00083 was filed against the Cooperative in the Court of Common Pleas in the County of Calhoun on June 13, 2018; and

WHEREAS, the Cooperative settled the derivative lawsuit on August 20, 2018; and such settlement was preliminarily approved by the Court on August 21, 2018; and approved by final order of the Court on October 23, 2018; and

WHEREAS, the Board believes that such Settlement Agreement advances the interests of the Cooperative by conserving its assets, avoiding the risks and expense of uncertain litigation, and enables it to focus on its core mission, which is itself a material and substantial benefit to the Cooperative and its membership; and

WHEREAS, the board believes that the Settlement Agreement provides additional benefit to the Cooperative, as the Settlement Agreement requires the prior Defendant Trustees to resign and to never again seek reelection or seek to elect their spouse or family member to the Cooperative's Board of Trustees; the prior Defendant Trustees also agree not to challenge any actions of a special membership meeting held on August 18, 2018; not to interfere with the ongoing operations of the Cooperative; and not to take any action on behalf of the Cooperative prior to resigning.

NOW THEREFORE, BE IT RESOLVED, that the Board unanimously approves and adopts the Lorick Settlement Agreement.

NEXT BOARD MEETING

The next board meeting will be held on Thursday, February 28, 2019 at 6:00 p.m. Representatives from Central Electric Power Cooperative will meet with the board members at 5:00 p.m. for an information session.

ADJOURNMENT

On motion by Gary Geiger, seconded by Willie Jeffries, and carried, there being no further business, the meeting adjourned at 10:03 p.m.

Jacqueline S. Shaw
Jacqueline S. Shaw, Secretary

APPROVED:

Barbara F. Weston
Barbara F. Weston, President

Minutes were approved at the Regular Board Meeting on February 28, 2019.