

## **TRI-COUNTY ELECTRIC COOPERATIVE, INC.**

St. Matthews, South Carolina  
Minutes of the Board of Trustees Meeting  
November 17, 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 November 17, 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, Keith Scharf, VP of Safety and Loss Control, Wilford Thompson, VP of Member Services, Tina Turnage, the new VP of Finance, Kristen Zeigler, VP of Human Resources, and Cindy Sarratt, who recorded the minutes of the meeting.

### **CALL TO ORDER – INVOCATION**

President Barbara Weston called the meeting to order at 2:07 p.m. Following the Call to Order, George Wilson 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 October 26, 2023**

On motion by Jim Dantzler, seconded by Willie Jeffries, and carried, the minutes of the Board of Trustees Meeting of October 26, 2023 were approved.

### **REPORTS**

#### **FINANCIAL REPORTS**

The Financial Reports for October will be presented at the December Board Meeting.

#### **NEW MEMBER REPORT**

The CEO reported that 100 new members made application for service in October 2023 and 41 new members made application from November 1-November 17, 2023. Those members are now actively receiving electric service from the Cooperative. On motion by Gary Geiger, seconded by William Robinson and carried, the following resolution was passed:

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

There were 126 Final Bills sent out for the month of October. 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 October 2023.

#### **BOARD COMMITTEE REPORTS**

##### **AUDIT COMMITTEE**

No report. The Audit Committee will review expenses for October and November at the December board meeting.

##### **ECONOMIC DEVELOPMENT COMMITTEE**

No report; however, Chad Lowder announced that he may call an impromptu meeting soon.

##### **CEO COMPENSATION AND BENEFITS REVIEW COMMITTEE**

Jim Dantzler distributed the CEO Leadership Forms and asked the board members to return them at the December board meeting.

##### **ETHICS AND GOVERNANCE COMMITTEE**

No report.

##### **POLICY AND BYLAWS COMMITTEE**

No report.

#### **ORGANIZATIONAL UPDATES**

##### **CENTRAL UPDATE**

Mr. Lowder asked to go in executive session to receive a confidential Central report. On motion by William Robinson, seconded by Willie Jeffries, and carried, the board entered executive session to receive confidential information. Then, on motion by Jim Dantzler, seconded by Gary Geiger, and carried, the board returned to regular session after having taken no action in executive session

##### **STATEWIDE UPDATE**

The CEO reported that he and William Robinson had a recent meeting with Mike Couick. The Staff of Statewide will attend our January board meeting to brief the board on the services

TCEC

November 17, 2023

Page 3

Statewide provides to the cooperatives. Mr. Lowder then gave a presentation on the cost of the new training center. The Statewide board will vote on it in December.

### **OLD BUSINESS**

#### **ECONOMIC DEVELOPMENT UPDATE**

Mr. Lowder reported on five active industrial prospects.

#### **FIBER TO THE HOME PROJECT UPDATE**

The Fiber to the Home Project Update was given during the TriCoLink Board of Trustees Meeting held immediately following the Tri-County Electric Cooperative board meeting.

#### **MONTHLY OUTAGE REPORT**

The CEO reported on two recent outages; one in Richland County and the other on the Ellore circuit.

### **NEW BUSINESS**

#### **REVIEW OF 2024 BUDGET**

Mr. Lowder reviewed the proposed 2024 Operating Budget. The Board will pass the Budget at the December board meeting.

#### **DATE OF DECEMBER BOARD MEETING**

The December board meeting will be held on Thursday, December 14, 2023. The Audit Committee will meet at 1:30 pm to review expenses for October and November 2023. The TriCoLink Board will meet immediately following the Cooperative board meeting.

#### **RETIREMENT OF CAPITAL CREDITS**

On motion by William Robinson, seconded by Joe Strickland, and carried, the board voted to retire Capital Credits in the approximate amount of \$350,000.

#### **RESOLUTION OF INTENT TO PARTICIPATE IN SECURITIZATION**

After much discussion, on motion by Jim Dantzler, seconded by William Robinson, and carried, the following Resolution was approved:

**WHEREAS**, Tri-County Electric Cooperative, Inc. (the “Cooperative”) is a member-owner of Central Electric Power Cooperative, Inc. (“Central”), a generation and transmission cooperative which supplies the wholesale energy requirements of twenty member-owned distribution cooperatives located in South Carolina, including the Cooperative (collectively, “Central’s Members”); and

**WHEREAS**, Central purchases power on a “cost of service” basis from the South Carolina Public Service Authority (“Santee Cooper”), pursuant to the terms of a Power Systems Coordination and Integration Agreement, originally entered into effective December 31, 1980 (as amended and supplemented, the “Coordination Agreement”), for delivery to fifteen of Central’s Members and from Duke Energy Carolinas, LLC for delivery to the remaining five of Central’s Members; and

**WHEREAS**, the costs of these purchases together with all of Central's other costs are combined and allocated to Central's Members in accordance with their capacity and energy loads; and

**WHEREAS**, Santee Cooper has incurred costs (i) arising from financing of costs associated with the termination of construction and abandonment of the V.C. Summer Units 2 and 3 nuclear plant project, in an amount of approximately \$3.7 billion (the "V.C. Summer Units 2 & 3 Debt Costs"), and (ii) that it has been temporarily prohibited from recovering in rates under the terms of the settlement entered into by Santee Cooper with respect to the claims asserted in the *Cook v. Santee Cooper* case (the "*Cook Settlement*"), in an amount to be finally approved by the court administering the *Cook Settlement* (the "*Cook Exceptions Costs*" and, together with the V.C. Summer Units 2 & 3 Debt Costs, collectively, the "Costs to be Mitigated"); and

**WHEREAS**, Central and Santee Cooper have been participating in ongoing discussions regarding the use of securitization financing, in an amount of up to \$3.7 billion plus financing costs, to mitigate the annual rate impact to the retail customers of Santee Cooper and Central's Members of the Costs to be Mitigated; and

**WHEREAS**, securitization financing involves the creation and imposition of a securitization charge billed directly to retail customers and used exclusively to pay debt service on securitization bonds or other securities and associated financing costs, which typically yields AAA ratings on the bonds or other securities and therefore savings on the debt service costs of the bonds or other securities when compared with traditional utility financing methods; and

**WHEREAS**, the securitization financing structure under discussion between Central and Santee Cooper would involve the collection of securitization charges directly from the retail customers of Santee Cooper and Central's Members to pay one or more issuances of securitization bonds or other securities, with the proceeds of such bonds or other securities used by Santee Cooper and Central's Members (through Central) to mitigate the annual rate impact of the Costs to be Mitigated by, among other things, reducing or delaying debt service through the financing or refinancing at AAA rates (compared to at Santee Cooper's current or future bond rating) (i) certain of Santee Cooper's existing debt, (ii) certain of its future capital expenditures for shared resources, and (iii) the reimbursement to it of the amount of the *Cook Exceptions Costs*; and

**WHEREAS**, Central and Santee Cooper have been negotiating an agreement regarding the allocation of the securitization charges and associated savings of the proposed securitization financing between the retail customers of Santee Cooper and the retail customers of Central's Members, as well as agreement over several other material issues including (i) the amount of the *Cook Exceptions Costs*, which amount Santee Cooper can recover starting in 2025, (ii) accounting treatment for produced and purchased gypsum, (iii) how the regulatory asset arising from the termination of construction and abandonment of the V.C. Summer Units 2 and 3 nuclear plant project will be treated for Central's cost of service purposes under the Coordination Agreement, and (iv) various other outstanding audit and business issues (the agreement as to such other material issues, collectively, the "Global Mutual Resolution"); and

**WHEREAS**, Central and Santee Cooper are preparing a Memorandum of Understanding and Agreement ("MOU&A") to memorialize the overall understandings and agreements regarding the proposed securitization financing and the Global Mutual Resolution, which MOU&A will provide upon completion of negotiations to the Central Board of Trustee for approval; and

**WHEREAS**, the Cooperative's realization of the financial and other benefits of the securitization financing is dependent on the Cooperative's participation in the securitization financing; and

**WHEREAS**, because the continued pursuit of securitization financing will, within a short timeframe, require significant effort from and coordination among Santee Cooper, Central, the Cooperative, and any other of Central's Members participating in the securitization in order to realize the projected financing and other benefits, and uncertainty about which of Central's Members are participating could jeopardize execution of a securitization financing within the required timeframe, Central has requested that each of Central's Members, including the Cooperative, adopt a resolution expressing its intent to participate in the securitization financing; and

**WHEREAS**, the stated support and intention of the Cooperative to pursue such securitization financing, together with the stated support and intention of the substantial majority of the other of Central's Members, is an important touchpoint to validate Central's continued investment of time and effort to pursue the securitization financing and to facilitate coordination among Santee Cooper, Central, the Cooperative and the other of Central's Members participating in the securitization financing in a timely manner.

**NOW THEREFORE BE IT RESOLVED BY THE BOARD OF TRUSTEES  
OF TRI-COUNTY ELECTRIC COOPERATIVE, INC. THAT:**

The Cooperative hereby expresses its present intention to participate in the securitization financing described above and to support continued investment by Central of time and effort to pursue the securitization financing, *provided* that the intention and support of the Cooperative evidenced by the adoption of this resolution are conditioned upon the securitization financing occurring on substantially the terms to be contemplated in the MOU&A and the implementation of the Global Mutual Resolution on the terms to be set forth in the MOU&A, or on other satisfactory terms.

**ELECTION OF OFFICERS**

The following officers were elected by secret written ballot:

President	-	Barbara F. Weston
Vice-President	-	Ida L. Dixon
Secretary	-	Jacqueline S. Shaw
Treasurer	-	Gary F. Geiger

**CEO COMMENTS**

**PRESENTATION OF BOARD CERTIFICATE**

The CEO announced that Barbara Weston and Jackie Shaw have completed the necessary requirements to earn the Board Leadership Certification from NRECA. Mrs. Weston and Mrs. Shaw were then presented with the Board Leadership Certificate.

**STRATEGIC PROJECTS/GOALS**

The CEO presented his Strategic Projects and Goals for 2024.

**ANNUAL EMPLOYEE SURVEY RESULTS**

Mr. Lowder presented the results of the annual Employee Survey to the board.

**EXECUTIVE SESSION**

On motion by William Robinson, seconded by Jim Dantzler, and carried, the board entered executive session to receive legal advice. Then, on motion by Gary Geiger, seconded by Jackie Shaw, 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 William Robinson, seconded by Willie Jeffries, and carried, the meeting adjourned at 4:15 p.m.

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Jacqueline S. Shaw, Secretary

Approved:

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Barbara F. Weston, President