

**TRI-COUNTY ELECTRIC COOPERATIVE, INC.**  
**MINUTES OF THE REGULAR BOARD OF TRUSTEES MEETING**  
**June 21, 2018**

A regular meeting of the Board of Trustees of Tri-County Electric Cooperative, Inc. (hereinafter called the Cooperative) was held at the office of the Cooperative on Thursday, June 21, 2018, pursuant to notice to all the Trustees of the Cooperative.

The following Trustees were present: H. Heath Hill, W. Kenneth Davis, Jr., Barbara R. Heape, Mary A. W. Brown, Maurice P. Etheredge, Jr., and F. Doug Shuler, Sr. Also present were Attorney John G. Felder, CEO Chad Lowder, and Cindy Sarratt, who recorded the minutes of the meeting. Guests attending the meeting were Attorney David Black, Attorney Jahue Moore, Members of the Cooperative who requested to attend the board meeting, and several employees who assisted the members in attendance.

**MEMBER COMMENT PERIOD**

**Carol Goodson**

After stating her name and address, Ms. Goodson stated that the Tri-County citizens want the board to step down and she stated that if the board steps down, she thinks the CEO should, too. Ms. Goodson asked if the board has stolen any money from the Cooperative. Ms. Goodson also asked who sets the rates. As to the first statement about the board and the CEO stepping down, President Heath Hill said, "that's kind of a question for, I guess I would say the people." As to the second question of whether the board has stolen any money, President Heath Hill answered, "No ma'am we do not sign checks." Ms. Goodson then asked who signs checks, to which Mr. Hill replied, "the CEO Mr. Lowder and everything was done, that we have done in open meetings was with Mr. Lowder and our attorney Mr. Felder." As to the question about who sets the rates, Mr. Hill replied that the board has to approve the rates, but the "rates are done through a study along with Mr. Lowder. He brings it to the meeting and he does a rate study and when it comes up to having the rate increase he'll have to get the studies done and we see where he had to have a rate increase, he brings it to the board and the board has to approve it once he's got all the studies done."

Ms. Goodson stated that the question of who sets the rates was brought up at the Eastover Park meeting and she that Mr. Lowder stated that the board does. Mr. Hill then said, "No Ma'am."

Chad Lowder gave the following explanation of the answer given at the Eastover Park Meeting as to who sets the rates: "I did say the board sets the rates and the reason why I said that is because at the end of the day the board has to vote on it. I did not elaborate just because of the crowd and time limits that were pressing on the thing. The board votes on the rates for approval and it is all done through engineering studies and then once the engineering studies are brought to the board, it is done with the consultation of the CEO and Engineering Staff of what the rates are and then the board votes on the rates for approval." "So, I would say Yes, the board does set the rates, but the board sets the rates through consultation with the Engineering firms and Staff, and that is absolutely correct." Ms. Goodson: "So, in other words, you are the main person that sets the rates then you pass it to the board." The CEO replied: "The rates are set through an engineering study in consultation with staff and then the board approves the rates by vote." Ms. Goodson then stated that it sounds like Mr. Lowder doesn't want to answer the question directly.

**Barbara Weston**

"Operation Broken Trust is what I call it," Ms. Weston began. "We, the co-op members trusted you to look out for our best interest, not your own. You all have deceived us for much too long. Most boards meet quarterly or monthly. That, we would understand, but you have all taken advantage of us and we find that inexcusable. To have a meeting to boost your per diem is unacceptable. Fifty meetings a year in 2016 alone is too many when there are only 52 weeks in a year. Why not do what we need you to do and resign? Some of you earned \$50,000 plus a year, others made \$45,000, and 19 other co-op boards average about \$15,000 to \$28,000. The board Chair made \$79,000 in 2016. Outrageous! May 25<sup>th</sup> [correct date was May

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17<sup>th</sup>] voting was tainted, with some family members and board members handing out and saying to the members to vote No on the bylaws. Bylaws are to be reviewed yearly. This is the first year membership has been asked to vote on bylaws in more than 50 years that I am aware of and it was so small, you couldn't read it. These are things that we have to take care of. It's stated that the printing was small. Well, I'm here to tell you that I am a shareholder with SCANA. They send out a book. They send out you can vote electronically, you can vote by telephone, and you can vote by proxy. We are not, since we are doing 15 percent kilowatt rate *[correct all in rate is 15 cents per kilowatt hour]*, we have the money to make sure that we are able to read it. If we are more than furious, we are disappointed beyond measure and willingly accept your resignations before our members oust you from your positions. We don't trust you to govern. Our trust in you has been broken and we need people we trust to be on the board. I don't have any questions, except my question would be, When? Thank you."

**Betty Campbell**

"Monthly minutes should be published in the Tri-County magazines so members are aware of the activities of the Board of Trustees. These new bylaws should have been published in the magazine or explained before the Annual Meeting so the questions could have been asked before a vote. It was very deceiving for friends of the board of trustees to go up and down the line telling people to vote No. And the bylaws were printed so small you could not read them. We have put our trust in our present board of trustees and we expected them to be honest. There should be guidelines for emergency meetings because all business should be carried out at the scheduled monthly meeting; therefore, there should be no reason for the board to make \$450 every time they ride down the road. The board of trustees should only be paid the average board compensation across the country, which is \$15,080 and mileage, not \$450 per meeting. This is excess if it is coming out of our pockets as the membership. When the board of trustees goes out of town at educational conferences or meetings, [inaudible],

mileage, transportation are necessary expenses, not an additional daily rate of \$450. This is not a paid vacation for family and friends. This is for education to improve Tri-County. Only send the necessary trustees, not everybody. It seems the board of trustees is concerned about the expenses of legal fees. This is a great way to cut expenses. My last question is, what present and past board of trustees get lifetime health insurance?"

President Heath Hill said, "I've been on the board for 22 years and when I got on the board I was told I had insurance. After February of this year, everything was fine, and then it came up in February that it was wrong for us to have insurance. We no longer have any type of insurance. We don't have any."

Mrs. Campbell asked, "So no past board member retired has lifetime health insurance?" Chad Lowder answered, "Mr. Hill is correct, the active board right now, the six members in front of you right now no longer have health insurance benefits through the Cooperative. That changed this year." Lowder said, "There are two [past] active board members that have insurance benefits because when they left the board they had benefits. Essentially, that was still going on. There's two other board members that had the option to have the benefits, but they opted not to receive any financial benefit from the Cooperative. So actively right now, we only have two former directors that have insurance benefits, and two other inactive have chosen not to receive any benefits from the Cooperative in an inactive state."

Ms. Campbell: "In other words, if they retired they should be on Medicare and they should .... [inaudible] they're own secondary insurance like everybody else."

Mr. Lowder: "So this board here no longer receives any health insurance benefits starting this year. There are two past directors that receive benefits because when they left the board that was still an approved item. Two other board members that have left have chosen not to receive any benefits and they don't receive any subsidized benefits from the co-op at this time."

Ms. Campbell closed by thanking all the employees of Tri-County for day and night service that they all have enjoyed, and also the staff at the Eastover Branch. "I think the problem is we have an issue with the board and some of the stuff going on. Thank you."

Madalyn Nunn

Ms. Nunn pointed out the article in the paper concerning SCANA today said a lot of that relates to Tri-County today about the high salaries the board is paid and all the meetings that they have had; 50 last year at \$450 a clip. Ms. Nunn said, "I feel like they're enriching themselves behind our backs and if we had not had the new bylaws to be voted on at the Annual Meeting we probably still wouldn't know what is going on. At the Annual Meeting Mrs. Brown asked about the lawyer fees and all. What we need to do, we need to cut back, we got to save money." Ms. Nunn told the board, "Well first of all you can reduce your salary and put it more in line with what the other 19 co-op board members make. And also, you can cut back on the number of meetings that you have and consolidate all the business in one or two meetings a month. I don't understand how you can justify 50 meetings a year. There's 52 weeks in a year. That's almost a meeting every week." "I just want to know, what did ya'll expect to accomplish by telling me personally to vote no on the bylaws when ya'll had all agreed at the first of the year at your board meetings to go along with what was recommended by the consultant and the lawyer to accept these new bylaws?"

Heath Hill responded that the board has talked back and forth. "I don't know how anyone else voted. A lot of people didn't ever vote. A lot of people did vote. A lot of people that were in line to vote left the line because it was so congested." "So, I can't really tell you how, but No votes won by 30 votes. At the end of the meeting there were 250 people at least that did not get to vote. So, it very easily could have been a Yes vote."

Ms. Nunn stated that people were working the lines telling people to vote No, explaining that if you do not vote No, you're not going to have any say so in what is going on. They were giving out flyers to vote No. She said she personally was told to vote No.

Heath Hill stated that he personally heard people say vote Yes.

Minnie Green

Ms. Green thanked the board for allowing her speak today to voice her concerns. She expressed her disappointment at how the annual meeting this past May was handled. "We as members were notified that they would be voting on bylaws, but the content and detail regarding the election process was not adequately communicated to the members. Yes, you did send out copies of the bylaws; however, the script was so small that no one could read it. Most of the members did not understand what the Yes or No vote actually meant. Sometimes having a simple explanation would help and we could do that by coming up with a Snack and Chat monthly or quarterly so that the members can voice our concerns and suggestions. We should not have to at the annual meetings find out things that we need to know that they are voting on have no idea about. Throughout the year leading up to the annual meeting, any type of election or decisions that has to be made, we as members would have been made aware if Snack and Chats were scheduled." Ms. Green also wanted to learn what can be done to lower the members' electric bills. "The members are concerned about the high rates, who determines these rates, how they are determined, and what members can do to lower our rates. Secondly, when members got to the meeting, the parking was horrible. Some members waited hours and hours just to get parking. There were members who arrived at 5:00 only to find out that they were not allowed to get in line. Also, the elderly senior members should not have been expected to wait in long lines without some type of accommodation. There were also seniors who were not physically able to attend the meetings but their family members who had their credentials were disputed and denied their gifts. Thirdly, speaking of the grills, there were people on the highway, yes, we come to the meeting but we also come for the gift that

we are told we would be given. We waited out there on the highway to find out we couldn't come into the meeting first of all, and secondly, we weren't given the opportunity to receive our gifts. That is a concern because I am thinking for every little card the Cooperative sent out, a gift was purchased. But I was told that you average it based on the year before." She did not have a problem with the parking last year, even with all the people here, and she received her gift. But this year she didn't and hundreds of others didn't. In closing, Ms. Green expressed her disgust and disappointment in how insensitive Tri-County and its executive board treated the members as it relates to this year's annual meeting and the issues that arose with the financial handling of funds that have appeared in the media. Finally, Ms. Green stated that her prayer for the board members and Mr. Lowder is to search within themselves and ask themselves if handling the business of Tri-County and its members, are they doing it in integrity and with honesty that they are proud to represent the members and Tri-County.

**E. C. Nelson**

Mr. Nelson stated that he is very, very disappointed in the board. "Every member received a letter that you had changed the bylaws and to Vote Yes, yet I myself was told to Vote No." He stated that he is a person that investigates things so he inquired as to what was the best thing to do and he found out that the best thing was to Vote Yes. Mr. Nelson then stated, "The biggest room in the world is room for improvement, not downing people or doing it your way. A lot of politicians are fast talkers and slow walkers, they will talk fast to you and walk away. But when it all boils down, it's what they want, not what the people want." He stated he has been a member of the Cooperative since 1986 and he has seen some very good things, but right now he is very disappointed. And when it comes down to the members having to sign Petitions, it is sad. "When you promise people one thing, do what you promised. Keep your promise. Don't say one thing and do another because it will come back to haunt you. What goes around, comes around."

**Recess**

The board took a 5-minute recess.

**Representative Russell Ott**

Russell Ott stated that he is not a member of the Cooperative, rather, he lives at the end of the line of Aiken Electric Cooperative. He stated he came to the meeting today on behalf of the people he represents in House District 93. He stated he wanted to come and express some of the things he has heard from the people he represents that they also represent and that they have all been elected by the same people. Representative Ott continued. "I heard some of the questions and I think that a lot of the previous folks that have already talked hit a lot on the concerns that I've heard, but I just do believe, ladies and gentlemen, that the board owes the members of Tri-County somewhat more of an explanation. I guess the biggest issue that bothers me is just simply the lack of transparency that I think has existed for quite some time. So, when a lot of these issues have come out, it really did catch a lot of people off guard, and all I can try to do is express to you what I've been told and what the concerns are. And, Mr. Chairman, I guess I heard the explanation of your answer for how close the vote was and that it was a compressed amount of time for people to be able to vote, and I would agree with that. I have a hard time understanding why that amount of time could not have been expanded to allow more time for people to vote, but nevertheless, the question truly is, at least in my mind, and a lot of the folks I've talked with is, were these bylaw changes not supported and voted on and approved by each of you, and was that the case?"

Heath Hill responded by saying, "Representative Ott, we had some different I would say some board members had a feeling before it ever got to the vote the month before and some people tried to rescind it. Some board members said let's see if we can't just straighten this stuff out ourselves and get it all behind us. As far as we know how other people voted, no sir, I don't know how anybody voted." Representative Ott asked if he meant he didn't know how the members of the board voted, to which Mr. Hill answered, "Yes, yes sir, the board



members." "This was in executive session, we tried to rescind some of these things and our counsel told us to let it go to the membership." Mr. Hill then corrected his statement and said that counsel told them to let it go to the membership while the board was in public session. Mr. Hill said, "Anyway, he said let it go on out and let's vote and see what it comes out, and that's the way it came out. But what I'm hearing is that so many people didn't never get to vote." Representative Ott replied, "And I understand that, Mr. Chairman, and again, I think that's why this has been the first opportunity obviously that anyone's been able to directly ask the board any types of questions, here. And so, obviously the vote is going to come out the way the vote is going to come out, but the concern is when confusion is inserted into that process and people don't have a clear understanding of what the leaders that they have elected ultimately are asking them to do. And so, you can understand, Mr. Chairman, I'm sure, when the board takes an affirmative vote on bylaw changes and then sends that to the members, but then board members are actively encouraging those members to Vote No on the Bylaws, that that could create quite a bit of confusion. And I think that is what people are upset about and that is what people don't understand, and if that's not the case I think this is an opportunity for each and every one of you to say that you did not advocate or ask anyone to Vote No. But if you did, I think that is what people don't have a clear understanding as to why that would have happened.

Barbara Heape stated, "When we first saw these bylaws they were rammed down our throats at a meeting in Columbia called by Mr. Felder with that consultant from Charlotte." We did not have a chance to even read the bylaws. There were several bullet points put on the board, not really the meat of the bylaws. Therefore, one of our directors felt intimidated and put in a Motion that we accept the bylaws and it was seconded. Two of us abstained from voting on that because we felt like we should have had the opportunity, at least overnight, to study these bylaws and we were not given that opportunity. And that's why I voted No." Representative Ott asked Mrs. Heape if she voted No at the Annual Meeting, to

which she replied, "Both, in Columbia and at the Annual Meeting." To Rep. Ott's question as to whether she voted against the Bylaw changes, Mrs. Heape replied, "Right". Rep. Ott, "so you felt then that that was a reason for you to advocate to the membership to vote No?" Mrs. Heape replied, "Exactly, because we were not given the opportunity to look at them. Once we started looking them, one of the board members, in fact the same board member that felt like he was pressured to make the motion to accept these bylaws, wanted to repeal them in our regular board meeting and he was denied that opportunity to repeal that." Rep. Ott then asked Mrs. Heape if she was talking about an internal board meeting, to which she replied, "Yes, our regular board meeting." Representative Ott, "What transpired there I think is what I'm trying to get to everyone to understand is a very big problem. None of these men and women know anything that you're talking about and that is because there is truly just a lack of transparency that has been going on for a very long time." Mrs. Heape replied, "Well it was brought up, Representative Ott, several months ago that maybe we should post our minutes online. I am totally in favor of that." Representative Ott stated that that would be a great thing, and certainly a start. Rep. Ott stated that should take place across the state with all the co-ops. Mrs. Heape agreed. Representative Ott continued by stating that the trust has been hurt. Mrs. Heape agreed. Rep. Ott said "these are people that have supported each and every one of you for quite some time and I just simply think that this is something that is going to require some more explanation. I think it's going to be something that certainly requires more openness on your behalf, the membership's behalf, so that we can move forward because obviously, whether it is the co-ops or SCANA or Santee Cooper, we've got some work to do when it comes to providing electricity to the people of South Carolina." Ott said "It was very disappointing to have been working on issues with SCANA and Santee Cooper for almost a year now and then to find out that we have issues of a similar nature right here in our very own backyard. So, I just implore each and every one of you to try to, whatever it is, put it on the table and I think that the time of doing things in the dark or doing things in executive session, Mr. Chairman, if that's

where the board is taking official action, is over." Barbara Heape commented that the board takes no action in executive session. Rep. Ott said he was just commenting on what the Chairman said earlier. "Those types of things need to be done out in the open so that the people that elect you can know who they are voting for and what they are voting on." Barbara Heape then stated that the board minutes are open to anyone to come and review anytime they want to. She told the attendees that they are welcome to come to the co-op and look at them and read them anytime they want to. "We don't hide anything." Heath Hill stated, "It is public."

Representative Ott expressed his appreciation to Mrs. Heape for helping him understand. Ott continued, "I am assuming that is an affirmative that you were advocating on behalf of the membership voting No at the Annual Meeting?" Mrs. Heape said, "That's exactly right." Representative Ott: "I don't know if there were others that were advocating that. I guess that it is safe for me to assume that there was a vote that was cast by the majority of the board members to pass the bylaws and I appreciate (Mrs. Heape said, "They did.") your fact or your statement that you felt like it was pushed down your throats, but obviously people vote for you and put you in this position not to have things pushed down your throat but to do what's best for the people that you represent. Mr. Ott then stated, "Again, I don't know if you're speaking on behalf of the entire board or if you're simply speaking on behalf of yourself", to which Mrs. Heape replied, "Me". Mr. Ott continued, "But, I do think it is troubling when the board has taken action." Ott then added, "Ms. Heape, I would just simply say also, you know sometimes I don't always get what I want, sometimes I vote a particular way but I get outvoted. And as a board member, I'm sure that's what you're telling me is happening here. But, nevertheless, I don't know if I think it's the right thing for you to do, quite frankly, to go against the wishes of what the board was when they voted to send the bylaw changes to the membership, for you to arbitrarily then go out and try to convince people that the board that you serve on had made the wrong decision and you think they should vote No. Obviously, I

think you can see how this creates quite a bit of confusion amongst the people that are sitting behind me." Mrs. Heape said, "I think, though, once everybody started looking at these things once the Columbia ordeal was over, that's why the motion was made in the board room to repeal them. Everybody realized that it was an error to vote on that." Rep. Ott asked Mrs. Heape if she thought the bylaw changes were not a good thing for this co-op. Mrs. Heape replied, "That's exactly what I'm saying." Ott said, "Well I think most people would disagree with you because I have had an opportunity to read the bylaws." Mrs. Heape stated, "Well our attorney says you know, you know, let them go. I'm not talking about Mr. Felder, I'm talking about the board's attorney." Rep. Ott said, "I think now that there has been quite a bit of time to further review, I think everyone that I have talked to does believe that the bylaw changes would have been a very positive change for this co-op because it would have brought the board, with its compensation and its benefits, in line with the State average. And so, if you didn't think that they were good, I was under the impression that the board had voted in favor overwhelmingly to send them to the membership, but if you don't think they were good changes then I also think that is something that you need to explain why you don't think they would have been a positive for the membership."

Mrs. Heape stated, "I'd like to reply first to this thing of the State average of the compensation. \$450 is the State average. Mr. Lowder every year does a survey of the other 19 co-ops. He and his staff compile that and bring it back to the board. He said this is the state average. We accept that at whatever it is as being the state average. You would naturally think if you are drawing the state average on per diem that you are right in the middle of the state average on compensation, which we later found out wasn't the truth."

Representative Ott thanked the board for the opportunity to talk. Representative Ott said, "The per diem, I don't think anyone is saying was out of line, but I think people are concerned about the number of meetings, which when you add that per diem up is somewhat troubling to a lot of people that I represent that work very hard and don't even make that

amount of money, much less sitting on a part-time board. Nevertheless, this discussion seriously needs to continue and I certainly hope that the board would truly be able to gauge the wishes of the people that they are elected by and try to make some changes as we move forward that I think would satisfy the co-op members who, as you know, own Tri-County Electric Cooperative."

Mrs. Heape continued by saying, "In March, Mr. Lowder came to us with over a \$100 increase in our per diem. I don't know where it came from. Last month that was voted down. We went back to the \$450 that we had originally been getting because that just wasn't right."

Mr. Lowder gave the following explanation as to how that figure came about, "They chose to go to the Statewide average of the per diem, so they set their, essentially for the year \$28,500. So, what the Staff and I did in order for them to receive the statewide average total at the year which is \$28,500 you were essentially saying you're dividing those amount of meetings up by the \$28,500 to get the monthly. Once they hit the \$28,500, they were capped, they would not receive any more money past that statewide average. That is what was decided in the board room and that was what was voted on by the board, and Yes, I did bring that to the board as a complete package in order for each board member to be compensated at the statewide average and capped at the statewide average. So, they would be limited and their benefit would not exceed the statewide average. That was done by the consultant at the time who developed the bylaws and developed the compensation cap. That was developed with him in order for everyone to be at that compensation cap of \$28,500 and then they would not exceed it, they would stop. So even though they had additional meetings that would have caused them to exceed \$28,500, they would not receive anything over \$28,500. It was capped at \$28,500. So, that's why that number that Mrs. Heape referred to was there; it put them at the cap."

Mr. Hill thanked Representative Ott for his sincere comments and informed him that the board will be working on the policies and that he would like for Representative Ott to look at

the policies. Representative Ott expressed appreciation for that, but said that, "a policy can be changed one day and changed again the next, but a bylaw change gives the membership the opportunity to truly make decisions, and that's why I hate that we missed an opportunity to truly bring Tri-County Co-op to the forefront of how they conduct business." Representative Ott concluded by saying, "the co-op has a lot of wonderful employees from top to bottom that are serving you and also serving all of us, and we owe it to them to make sure we're doing right by them, also."

**Attorney Jahue (Jake) Moore**

The Board President then recognized Attorney Jahue Moore. Mr. Moore introduced himself and stated, "I had planned to say nothing here today, but I have had just about enough of innuendo and accusations against the people on this board. I represent the six people who are up here on this board and I have watched this thing progress for about the last four months. Everyone talks about what a great job Tri-County has done, how wonderful it is, how great it is, and it is. Walk back in that back hallway and there's certificates of excellence where this cooperative has been reviewed and found to be operated on an excellence performance rating for about the last 20 years. Why is that? It's because of the job this board does. Now, it is true there have been a lot of meetings over the years, or the last several years. The reason why is because this board does a lot of things in other co-ops employees do. The board is actually integrally involved in the operation of the co-op and one of the reasons it runs as well as it does is because of the job they do. Quite frankly, if they get paid what the state says they're supposed to get paid per meeting, I don't see how anybody has a whole lot of complaint with it. It's been talked about we need more transparency, by golly we need more transparency. Every meeting they have is open to the public. The only time they have a meeting that's not open to the public is when they go into executive session in accord with the laws of South Carolina. The meetings are posted, the meetings are publicized, and anybody that wants to come can come. The minutes of the meeting are available to any member, anywhere, any time. Now, if you

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want transparency and you want to know what's going on, then come, show up, it's all right, but don't come and say these people are not being transparent and are stealing money in a back room because it is not true. Let's talk about these bylaws. What happened is this, South Carolina Electric and Gas did some things that were really stupid and electric rates started being looked at in a big, big way, as they should. What basically happened is, certain people began pointing fingers at each other and somebody in Columbia, South Carolina, part of one of the associations says that you need to hire a hot shot expert in Charlotte, North Carolina to come get Calhoun County in the business. Now you've got one of the best lawyers in the state, who's John Felder, who's represented this association for years. Everything that this board has done has been approved by that attorney, that CEO, and the accountants. Not one thing has been done wrong. What happens is, the big shots from Columbia sent the big shot from Charlotte down to tell these people what they gotta do; you gotta do this, you gotta do that, you gotta do the other. They try to scare them and bully them and basically make them do things that they don't fully understand. And I watched this process and I didn't trust the man either. And I don't blame them for not trusting him. And they didn't like the way they were pressured to make changes that they weren't sure what they meant and weren't sure they were good for the association. What they wanted to do was to fire the man and then come back and review the bylaws and policies with somebody they did trust and come up with a new set of bylaws which made sense to them and which they could read and understand. I'm gonna tell you, I tried to read the new bylaws and I'm not sure I understood them either. These people are honest, hardworking citizens. You placed your trust in them and you got a good day's work and a good product for what you have. The electric rates were set in accordance with South Carolina law, the per diem is paid in accordance with South Carolina law, but when the accusations started flying, these people basically said, look, we've gotten all these payments. Well some of the payments aren't really payments. If you understand what the benefits are, they really aren't payments. They're payments on paper, but they're not payments. And the co-op gets benefits

itself from those payments. You've got to understand that what basically has happened here is the accusations started flying, they met and passed a resolution immediately when it first came to their attention that there was a question. They voted, without anybody telling them to, to reduce their pay, or their per diem, so they would never receive more than the state average, even though they're working more than the state average. They reduced their pay to the state average and that's what they're receiving now, maximum. When it came to a question of should they have insurance, they stopped the insurance. Now I believe they could still continue it, but they stopped it even they are probably entitled to it. I've got in my hand a letter from the Electric Cooperatives of South Carolina signed by Christopher R. Koon, Senior Vice-President and General Counsel. This is the man who basically came out and made a statement that his great organization from Columbia wanted everybody to resign. Well I wrote him a letter and I said, Hey, Mr. Christopher R. Koon, Senior Vice-President and General Counsel, what facts did you rely on in disparaging the good name of these people. I want to read you what he wrote. You asked the source for the reference to report that Tri-County's remaining board members directly spread misinformation to members designed to defeat these reforms. Please see the attached newspaper articles. They basically said that your friends and neighbors, these honorable people, did something wrong based on what they read in The State newspaper. By a show of hands, how many of you believe everything you read in The State newspaper? Before they came back and chastised these people, basically accused them of lying, and non-transparency, and stealing, and corruption, all kinds of stuff, they didn't even bother to bodily come down here to ask these folks, hey, what's going on. Not one person was asked. You talk about transparency, where is it, it ain't there. We pay these people to be in their association. They're supposed to be helping us. Instead of coming down and saying can we do you some good, can we help you, what do they do? They read the newspaper and then tell everybody that's a member these people are trash. That is nonsense. You have good people representing you. Are there some legitimate questions about the amount of compensation? You bet. But if



you come in thinking that these folks are crooks, no amount of rational conversation and no amount of rational information is going to change your mind, and you might as well do what you're going to do. But these people aren't crooks. Look at your power bill. Look at the way this organization is run top to bottom. Every single body that came in here today has said that it is run very, very well. What's happened is, everybody's getting on a witch hunt. Everybody's going to whip somebody. Everybody thinks somebody is crooked. You look at Miss Mary up there. Does she look like a crook to you? I've known Mr. Hill and his family for 40 years. My 3 minutes is up, this lady is correct. I thank you for letting me talk. I've said my peace now, and if I've done something that I shouldn't have, I apologize, but I couldn't sit there any longer."

**Chad Lowder**

CEO, Chad Lowder, asked the Chairman if he could make some rebuttals to Mr. Moore. Mr. Lowder explained, "there is some misinformation that he referred to of being led by some statewide or Columbia organization. This process started with this board, so I'll give them the credit for it. It started with the board itself. We meet at a Strategic Planning session once a year to go over work plans. We develop work plans three and five years out. Typically, we have somebody speak at that organization. The board made a request to me last year and in order to investigate that request, I had to get higher expertise. In doing that I contacted NRECA, who is our National Rural Electric Cooperative Association out of D. C. They handle our insurance, they handle benefits. Everything you can think of, that's what goes through this organization. That group sent down a specialist, who specializes in board governance, board policy, board action, the whole nine yards. She came and gave a great presentation to this board. They listened to her. For a day they sat there with this lady discussing a lot of issues that were not easy to talk about. I commended this board for doing that. It was tough for them to sit there and do that. At the end of the day, they realized that we need to do something. We need to correct some things that maybe were overlooked in the past. There maybe was something there in the past that needed to be corrected. Maybe there

was too many meetings that Mr. Moore referred to, and what he is also referring to on the certifications, those are safety certifications, not operational certifications. That's safety. And this board has taken a strong leadership in safety. They usually support everything we do with safety. I commend them for that, as well. So, Miss Monica, in this process, identified the problems. The board looked at me and said, we need to fix these issues. I said, thank you, you're exactly right, we need to fix these issues. And these issues aren't issues that started three years ago. Some of these board members probably weren't even on the board when these issues started, but we need to fix them. They took that stance and I was proud of them. We need to find an expert. There's not a whole lot of experts when it comes to co-op policy, co-op governance. A co-op is a strange animal. You can talk to any accountant. Our financials are opposite of everything you'll ever see, and that's because we do government accounting, because at the end of the day, we were formed by the government. F. D. R. formed the co-ops. So, the expert that was recommended was a firm out of Charlotte, Aaron Christensen, who is pretty much the regional expert in co-ops. And I don't know of anybody that can say anything about that. That is his role and he did come down here and it was about a month-long process we worked through getting him information. He excluded me, really. He excluded Mr. Felder besides some communications. He wanted to look at it from an outside perspective that compares Tri-County to every co-op in the country, compares to the state of South Carolina. And he did that. He found where we needed to make improvements. He found that, hey, there's some items here that we've gotta get cleaned up. The best way to clean up a co-op is the bylaws. The bylaws are our constitution. That is what we live by. You can't change the bylaws. The only way to change the bylaws is like you had in May, is a vote. That's the only way you can change them, the same as the Constitution of the United States. You can't change them, it just does not happen. So, when those bylaws were drafted, the board did meet. We met for two days. We went over board policies, we went over the bylaws, and yes, it was a lot of information in two days. Mrs. Barbara is absolutely correct, it was a lot of information. We

were worn out. I felt like I had been run through the ringer and come back out. And at that meeting, and it's in our minutes so it's public information, those bylaws were passed by the board. And there were two abstentions from the vote. And that is their right as a Board of Directors, they can abstain if they want to, they can vote No if they want to. After that vote the bylaws were taken home. They were reviewed by the board. They had ample time to review those bylaws. They voted on them again in February, I think it was February, to approve them, but there were some changes that needed to be made. The board had some changes, a lot of it was clerical changes, some language changes, but the core of them were still there. In April they did go again to the board in April, so from January to April. The week after the board meeting in April was when they had to be mailed out, and they were mailed out. At that board meeting in April there was a motion to rescind it and there was a discussion held about rescindment of it. John and myself, both made recommendations, we don't feel like those need to be rescinded. That is my recommendation as CEO and it is still my recommendation as CEO. They then decided and went forward with the bylaws, let them stand, and they went out in the mailing. And that is the process that happened. And I don't think there's anything that needed to be changed in that process. There was ample time for everybody to review those bylaws. I don't make apologies for that. When you have January to April, you can review bylaws. These bylaws are good bylaws. Ya'll know that, you've read them and I don't really know how else to explain that, those are good bylaws. The other items I talked about, that Ms. Barbara talked about, and some of the other board members about per diem, Representative Ott is correct, the per diem is the average. There's nothing wrong with the per diem. These board members deserve a per diem. They spend hours, just like today, out of their job, taking away from their job and their daily duties to work here at a co-op. This a working utility. We are a \$120 million operation per year. That's our assets on the book. You've got to have some board members that want to spend a little bit of time working. I totally agree with that, you have to. That \$450, there was nothing wrong with that \$450. What moved the pendulum that you're arguing about

or are concerned about, yes, is the amount of meetings, because that's how they receive their per diem is the amount of meetings. It is what it is, ya'll understand that. I don't need to explain the amount of meetings, the amount of meetings are the amount of meetings. So, at the end of the day, what this board voted to do, by their own will they did, during the whole process we were abiding by the new bylaws. We were working under our new bylaws in January. They voted to do that, by motion. Even though they weren't acted as the membership, they acted to work under these bylaws and we did that. And it worked well. The bylaws got defeated, and that hurt. It hurt me, it hurt a lot of people that had worked a lot of hours, Cindy, myself, a lot of employees worked a lot of hours on that, but they got defeated. The board did come back in and took the measure to pass a policy, by recommendation of counsel, to hold their per diem to the statewide average. And they do not receive any insurance benefits moving forward. And they actually were paying for their insurance from February through now. They are paying for those out of their per diem. So, when they got their per diem, it got deducted from their per diem, and that's how it was coming out. They went through all those measures. At the end of the day, all I want to convey is the process was put in. It was not a statewide effort that Mr. Moore is saying, and I'm not going to argue with that situation. This was an internal process of Tri-County's own will, of the board's will, with guidance by John Felder and myself and the outside counsel, Aaron Christensen, that went through this process. And that is how we are at where we are at today."

**Barbara Weston**

Barbara Weston asked if Mr. David Black is the legal representative for the membership. Mr. Lowder explained that David Black is the legal representative of the co-op assigned by Federated during our legal proceedings, the two legal proceedings that in process right now.

**CALL TO ORDER**

President Heath Hill called the meeting to order.

**Minutes from the meeting of May 17, 2018**

On motion by Kenneth Davis, seconded by Maurice Etheredge, and carried, the minutes from the meeting of May 17, 2018 were approved as follows:

RESOLVED, that the minutes of the Regular Board of Trustees Meeting of May 17, 2018 were approved with two corrections made to the minutes mailed to the Trustees.

**Minutes from the Special Called Board meeting of May 24, 2018**

Approval of the minutes from the Special Called Board meeting of May 24, 2018 were postponed until the board reviews the audio recording in order to clarify a motion made.

**REPORTS**

**The Operating Report**

The Operating Report for May 2018 was accepted as presented by the CEO.

**Bad Debts**

The bad debt list for April 2018 was reviewed and discussed.

**New Members**

On motion by Doug Shuler, seconded by Mary Brown, and carried, those consumers who paid membership fees from May 18-May 31, 2018 were accepted as members.

**Safety Report**

The CEO reported that there were no lost time accidents, no hours lost, no OSHA Recordable accidents, no employee injuries, and no vehicle accidents reported in May 2018. The CEO gave an explanation for two consumer damage claims and 1 miscellaneous accident.

### **Operation Round Up**

Chad Lowder reported that \$7,828.95 was rounded up in May 2018. Grants totaling \$24,615 were awarded at the meeting on June 14, 2018. The next meeting is scheduled for September 13, 2018.

### **Attorney's Legal Report**

John Felder reported that two lawsuits have been filed against the cooperative. The first, Smith vs. The Cooperative, is a Federal Class Action Lawsuit. David Black of the Nexsen Pruet Law Firm, represents the Cooperative in that lawsuit. Another lawsuit, the Lorick lawsuit, has been filed in State court. David Black represents the Cooperative in that lawsuit, as well. Mr. Felder then reported that he received a letter from Attorney Jahue (Jake) Moore informing him that Mr. Moore represents the board members that are remaining in office in their individual capacity.

David Black reported that he is a partner with the Nexsen Pruet and has been practicing law for eighteen years. He explained that his client is the electric cooperative itself and he is not representing anyone in an individual capacity. The electric cooperative is owned by the members and his duty is to the electric cooperative. Regarding the lawsuits, the answer to be filed in the Lorick case will be on behalf of the cooperative itself. The individual trustees will have separate counsel.

### **UPDATES**

#### **Central Update**

The CEO reported that Judge Hays has not yet named a hearing date in the matter of the cross-claim suit filed against Santee Cooper. The next meeting of the Central board is scheduled for July 11, 2018.

#### **Statewide Update**

The CEO reported that the Statewide board met on June 5, 2018 and covered training center renovations, the 2019 Lineman's Rodeo, a certificate program for staking engineers, and

Statewide building renovations. There will be no impact to our Statewide dues. Budget Committee meetings will begin in September.

The CEO also reported that CEE-US approved a patronage return to the Cooperative in the amount of \$66,000, of which \$16,000 was in the form of a check.

#### **OLD BUSINESS**

##### **AMR Change Out**

Chad Lowder reported that there are still 900 meters left to change out in the Santee District and 2,700 left in the Richland District.

#### **NEW BUSINESS**

##### **Community Meeting at Eastover Park**

The CEO reported that he attended a community meeting at Eastover Park on June 19, 2018. Representative Wendy Brawley held the meeting. Representatives from SCANA, Dominion, and Tri-County attended to address questions from the attendees.

##### **Member Petitions**

Chad Lowder reported that the members are currently circulating a Petition. The total number of signatures submitted to date is 956, with 705 confirmed. An office employee will continue to verify signatures as they are submitted.

##### **Economic Development Report**

The CEO gave a detailed progress report on the Tri-County Industrial Site located at I-26 and Hwy. 601. He then explained the importance of attracting industry to our area, to take pressure off of the residential rates. Tri-County is currently about 90% residential, whereas other utilities are approximately 50%-60% residential. The more industry we can have on the system, the better the rates are. The board has taken the initiative to move forward and try to get more industrial growth, so the Cooperative purchased land at I-26 and Hwy. 601 and developed that as an industrial site. It is a prime site that has Norfolk Southern rail service. We are working with DPU in Orangeburg to bring water, sewer, and gas across the Interstate to

that side of Orangeburg and possibly into Calhoun County. We are working with Orangeburg County and Calhoun County in sharing some of the cost of that infrastructure. We are working with the South Carolina Power Team on a marketing plan for the park in order to market the site worldwide through the use of SCEDIF Category C Funds.

Mr. Lowder then reported that Project Hunter is considering locating either in the Matthews Industrial Park or a site in North Carolina. We are actively working to try and get that plant to locate here. The initial load would be 600 kW up to 1.2 Megawatts in five years. The company would have a \$15 million investment and provide 85 jobs.

The CEO then explained that Tri-County Electric Cooperative has put in a bid to take over the Fort Jackson maintenance and their facilities on the base. The proposals have been turned in to the U. S. Government and we are still waiting to hear about that. The deadline is June 30, 2018. As soon as we are notified, we will let the board know.

President Heath Hill commented that the Cooperative is working with Richland, Calhoun, and Orangeburg Counties to try to bring businesses and announced that the Agenda was completed.

#### **Additional Member Comments and Questions**

Barbara Weston asked how the churches served by the Cooperative sign up since they are members, as well. They wouldn't have a "name" but would have a representative. Chad Lowder answered by saying they would put the church's name with the representatives' name on there. Ms. Weston then asked if the Round Up board and the G&T board are paid, too. Chad Lowder replied that the Round Up board is not paid. Mr. Lowder replied that the G&T board received a per diem, but it is paid by the G&T, not individual cooperatives. Mrs. Weston asked who the attorney for the membership is. Mr. Lowder replied that the membership is the Cooperative and deferred further explanation to the legal team. John Felder explained that he is General Counsel and under corporate structure for South Carolina, the highest authority is



the owner/members of the Cooperative; therefore, he would represent the Cooperative and owner/members.

Joe Henry Smith stated that he has been a member of the Cooperative for over 65 years. Mr. Smith continued by saying, "I believe the members have lost confidence in this board. You've got a big job ahead of you to restore confidence in this board. I, myself, have lost confidence in this board. I think the biggest question the members have is why did you need 50 meetings last year and why were you drawing such a tremendous salary. I think you are to blame for the people being here today and you are to blame for me being here today. I trusted this board and felt like it was being run like a smooth sewing machine. There has been some miscommunication and there has been a lot of things going on at this co-op that I have trouble overlooking. I would be in favor of relieving the whole board and starting over. That is a pretty brash statement, but I believe the membership is on my side. I think if you are going to stay on this board and not resign, you've got the biggest job you've ever had working with this co-op. Why are Tri-County's rates the highest in the state. It seems we don't get answers unless there's a big big thunderstorm on the horizon, and you're about to get a hurricane, and that's what happened here. This thing has been brewing for many many years. I've had friends on the board, I know a lot of the ones on the board here now. Jeff Reeves and Barry Hutto, I know them personally. I had the utmost confidence in those two guys and that they had a legitimate reason for resigning. They didn't like what was going on with the board. I personally don't think we need nine members on the board. I think five members would be a plenty, one from each district and two at large. That would cut the board in half and cut the expenses down. Every time you spend a dollar, it costs me, and I'm tired of you spending my money like you're spending it. I would like to see you either shape up or ship out." The audience applauded at the conclusion of Mr. Joe Henry Smith's comments.

Carol Goodson then addressed some comments to Chad Lowder. "You said that there were 210 people in attendance at the meeting at Eastover Park. Mr. Lowder responded that

that number was given to him and that he did not know the number in attendance until the number was given to him. Ms. Goodson asked if the 956 signatures were how many signatures were turned in or if that was how many people signed in at the Eastover Park meeting. Mr. Lowder replied, "the numbers I gave for Petitions are Petitions that have been turned in around the whole system, not just what was there that night. Not everybody there signed a Petition. I don't know who signed it, but they were turned in to the Cooperative the day after the meeting. I think only about 100-120 signed out of that meeting. So when I said 956, those are actual signatures we have in our office. We've only confirmed 705. It takes an employee pretty much all day to go through these signatures and make sure they're actual members because it has to be a member that signs the paper, not anybody that doesn't have a membership."

Chad Lowder then gave the following explanation of the rate structure of the Cooperative. "It is a hard thing to understand, and that's why we have consultants to do this. Tri-County does not have the highest rates in the state or the lowest rates in the state. When a newspaper advertises rates, there is an issue there. They ask for the rates for 1,000 kilowatt hours. For us, it is probably a little higher than what other utilities are because we front load. What that means is that we try to capture as much of the revenue as we need to operate in that first 1,000 to 1,200 kilowatt hours. Once you get over 1,500 to 1,800 kilowatt hours and you start getting into 1,800 to 2,000 kilowatt hours, that cost comes down. The reason for this is that we serve a high poverty area, we serve a lot of mobile homes, and we serve a lot of homes built in the 1970's and 1980's. These homes use a lot of electricity. If we had a rate structure that increased as you use more power, which a lot of utilities do, we would be penalizing the basic members that we are trying to help. So, in order to compensate for that we have our rate structure set up so that our energy cost is 11.2 cents per kilowatt hour flat. It doesn't change. The only way the energy cost can be changed is by a vote from the board. The members would be notified of a rate change. We have a facilities charge, which is a flat charge

by meter. That amount is \$23 across the board, no matter how many kilowatt hours you use. The facilities charge offsets the cost of having the meters, the wire, the trucks, the linemen coming out for repairs to your service, and everything else that happens with the utility. That doesn't cover all of the cost, but it offsets some of the cost. When you combine all of that together, you get a front-loaded rate where your rate is a little higher for the first 1,000 kilowatt hours, but as you use more, that cost is spread out and the cents per kilowatt hour comes down to about 14 cents or even 13 cents per kilowatt hour, which is more into the mid-range of utilities in the area that we would be compared to. The way rates are calculated is a very unique thing and is not always apples to apples. I am the type CEO that if a person asks for our all-in rate, I am going to tell them that at the bottom line, this is what your all-in rate is. Some utilities may not provide all the costs blended in; they may only provide the energy rate. We don't do that. The average usage is about 1,800 kilowatts, which is more in the fourteen-cent range."

Carol Goodson asked why the old bylaws weren't mailed out with the new bylaws so that members could make a comparison, and who does the hiring and firing of the board and CEO. Mr. Lowder asked for clarification of her question on hiring and firing of the board. Ms. Goodson then asked who she would go to if she wanted to apply for a job at the Cooperative. Mr. Lowder responded by telling her she would go to the HR Department and make application and if there's an opening you get hired, and at the end of the day, he is over the employees and he answers to the board. The board hires and fires the CEO's position, so he is hired by the board. The employees are directly under the him. She then asked if he did the firing. He responded that he does the hiring and firing of employees below him.

Barbara Weston asked, in a household, if she signs her name, should she be signing her husband's name if the bill is in his name? Mr. Lowder informed her that if she is married, we consider she and her husband to be the same person. If a wife is signing the Petition, it would be helpful to either put the husband's name in parenthesis or put the address down just to

make it helpful for the office staff to verify the signatures as being those of legitimate members. If a wife comes to the annual meeting and the driver's license is the same as on the account and the husband is not here, she would be allowed to vote.

Vertelle Jamison stated that there have been three individuals to resign from the board, reports in the paper say that those people are talking against the performance of the board, and she asked when those three vacancies are going to be voted on. Chad Lowder replied, "three individuals have resigned, normally there is a nine-member board, there's six now, three resigned. Two resigned on their public statement by ethical reasons, that they no longer wanted to serve on the board with the existing board. The third person basically just resigned. A board member can resign at any time at their will. They do not have to serve and they are not under any type of contract. The open seats on the board can be filled in one of two ways. The existing board does have the authority to appoint a person to the open seats or they can be carried over to the next annual meeting and voted on when those seats come open. That is up to the board and legal counsel to determine what is the best practice at this time."

A member asked whether two of the board members that resigned abstained from voting for the bylaws. Mr. Lowder replied that those two individuals voted for the bylaws. John Felder further explained that, "Unfortunately because of the lawsuits that have been filed and the way that the allegations in the lawsuits are and the fact that it is very early in, I have advised the board as General Counsel and answerable to the membership, that we are going to have to wait and see how that happens. And of course the Petition activity is going on, it would be best for them to do that and at this point the board has agreed with that. Now, I'm not a board member and I can't tell them what to do, I can only advise, but so far they have followed that advice and that would be my advice again today." Barbara Weston asked what Mr. Felder's advice would be to the members. Mr. Felder replied, "to wait and see where all this goes. Right now, there are two words called status quo and doing what's best for the co-op

and the best interest for the co-op membership. The best interest of the co-op membership right now is in keeping the status quo. I'm not saying that business doesn't go on and things can't be done. Sweeping changes or things that radically change things or do things differently, with these pending lawsuits, with the situation with the Petition activity, really would not be appropriate in my judgement as a lawyer. All I can do is advise. That's just my opinion, and I've given that opinion, but I wanted to clear it up for ya'll. The reason why these seats are being held open is on my advice."

Mrs. Eddie Ruth Brawley stated that the requirements of the Petition have been satisfied; "we've gotten more than 300 signatures, you've verified 705, so how long do we have to wait for the Petition to be satisfied?" John Felder replied, "Now you understand that because the bylaws were rejected by the membership, rightly, wrongly, I'm not getting into that, just the mere fact that they were rejected, that means that the co-op's old bylaws are operating. You are correct. There are two triggers in those bylaws; one is the 300-member threshold, which I assume has been met but I have not personally looked at it. As the lawyer I have not seen the Petitions, gone through them. But I assume that trigger has been met. The next trigger is to call a meeting. Understand this, too, that even though this co-op existed before I was its lawyer, I've been here almost 40 years, I don't know of really any co-op in the State that's faced this. So, this is uncharted water for not only this co-op, but for a lot of distribution co-ops. So, this is something we'll look at. There is a larger number in the bylaws that you have to get to call the special meeting. There are two triggers. I believe that the Petitions have met the first one, that's the 300. I understand. I'm not doubting that, I'm just talking to you about giving you information. The website does have that on its website. The second figure is the one. And then once that happens, and by the way, not only are these lawsuits being handled and prosecuted, while we're doing that I will look at that because of the interest shown today, with Mr. Lowder and moving forward, and everything else. So, that's under the bylaws, and that is what we have to go by. Does that answer your question?"

TCEC

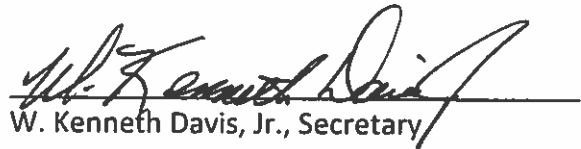
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Barbara Weston then stated, "And it's ten percent of the membership, and is it 1,360?" Mr. Lowder replied, "1,368 was the last number, that's correct."

Chad Lowder asked the President if he wanted to go in executive session. The President replied, "Let's adjourn right now and take a break, then we'll have an executive session. We'll just break right now, a bathroom break, then we'll come back."

Heath Hill closed the Meeting at 2:40 p.m.

  
W. Kenneth Davis, Jr., Secretary

Approved:

  
H. Heath Hill, President