

REGULAR MEETING OF MEMBERS OF THE BOARD

December 13, 2021

A regular meeting of the members of the Board of Trustees of Fairfield Electric Cooperative, Inc., was held on Monday, December 13, 2021, at 12:30 p.m. at the cooperative headquarters in Blythewood, South Carolina. The following board members were present:

Mitchell D. Rabon	Robert Entzminger	Peggy D. Swearingen
Timothy L. Hopkins	Cynthia Able	Derial L. Ogburn
John E. Roberts, III	Donald Keith Lewis	

Attorney Ken DuBose was present. Robert K. Miles and Michael Good were not present due to illness.

President Mitch Rabon called the meeting to order. Robert Entzminger gave the invocation.

Stacy Shull with CEEUS made a presentation as to supply and demand. Mr. Shull reported that he foresees raw material prices increasing. He Reported that inflation in 2021 has been the highest since 1990. Mr. Shull reported that due to labor shortage, and increased demand, supply is trying to catch up with the demand. He reported that CEEUS is purchasing from all sources to provide inventory to its member cooperatives.

Upon motion made by Derial L. Ogburn, seconded by Robert Entzminger, motion carried, the minutes of the meeting held on November 22, 2021, were approved as presented.

Upon motion made by Robert Entzminger, seconded by Donald Keith Lewis, motion carried, 251 new consumers for the month of November were accepted as members of Fairfield Electric Cooperative, Inc.

A list of delinquent accounts totaling \$3,172.78 for the month of November was presented for consideration for write off as uncollectible. Upon motion made by Cynthia Able, seconded by John E. Roberts, III, motion carried, authorization was granted to write these off against the cooperative's reserve for uncollectible accounts.

A list of deceased patron's estates requesting payment of their capital credits was presented for consideration. After discussion and upon motion made by John E. Roberts, III, seconded by Cynthia Able, motion carried, the following resolution was adopted:

The estates of 8 deceased members have requested the Board of Directors give consideration to approving the retirement of \$3,301.69 as an administrative convenience to the estates. After reviewing the Cooperative's financial statements and determining such retirement will not adversely impact the Cooperative's financial condition,

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Management recommends capital credits totaling \$3,301.69 be approved for payment. In addition, it should be noted that such approval does not obligate this Board or any future Board to retire the capital credits of the estates of deceased members presented at any future date.

Bruce Bacon, Chief Executive Officer, reviewed and discussed the monthly financial reports with the board.

Bruce Bacon provided updates on Operation Round Up, security system activity, the 2022 Strategic Plan and copies of the plan were distributed to board members.

Bruce Bacon reported the cooperative has received \$1,061,686.09 in SC Stay Funds for utility assistance for members as part of the state’s COVID relief package. These funds are being held pending clear and concise instructions from the state as to how these funds are to be distributed to member accounts. Bruce reported that the funds will be allocated to FEC members and are restricted to rental assistance. Bruce also reported that FEC will be receiving a list from SC Stay Funds as to how the funds will be allocated.

Bruce Bacon presented an initial draft letter as to the single-member district election process to the FEC members. The letter reflects membership according to districts as dictated in the bylaws approved by the members, the single-member district voting process, and at-large representatives. The draft letter will be further defined.

Information for NRECA’s Annual Meeting / Power XChange to be held March 6 – 9, 2022, in Nashville was discussed. Upon motion made, and seconded, motion carried, attendance was approved for the following to attend:

Mitchell D. Rabon	Robert Entzminger	Peggy D. Swearingen
Timothy L. Hopkins	Cynthia Able	Derial L. Ogburn
Robert K. Miles	Michael Good	Donald Keith Lewis

Cynthia Able provided an update on behalf of the Benefit Review Committee and reported enrollment of employee medical plan choices and cost sharing will be implemented January 1, 2022. Bruce Bacon reported that the savings as a result of employee contributions for 2022 will be around \$252,588. Bruce reported that this is partly due to employees making changes to their coverage and removing dependents from the coverage. Employees contribute to the plan with FEC paying 90%.

Bruce Bacon and Keith Lewis provided updates on construction plans for the new Winnsboro Office building. Keith Lewis reported that Glenn Brothers, an Engineering Company,

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surveyed the land for the new Winnsboro Office building and that groundbreaking will begin in a month or two. It was suggested that the groundbreaking ceremony for the new Winnsboro Office building should be publicized. Mitch Rabon Rabon reported that they are attempting to negotiate with a builder because the preliminary bids received are high.

Mitch Rabon and Bruce Bacon provided updates on Central Electric and EnerVision's continuing analysis of the cooperative's options as to Central's 10-Year Evolution Plan. The two major decisions that will need to be made are: 1) construction of a gas fired turbine; and 2) status of the Duke contract. The cooperative continues to propose additional due diligence and will explore options as to Central's Evolution Plan, including Opt out options, and will continue reviews with consultants. The board discussed after the update that Central appears nonresponsive to concerns of FEC and is dismissive of options and concerns brought before Central by FEC.

Derial Ogburn provided an update on The Electric Cooperatives of SC and their recent annual meeting. Mr. Ogburn stated that there nothing to report.

Robert Entzminger provided an update on CEEUS and reported on the discussions held with management in regards to the concerns raised with CEEUS.

Tim Hopkins reported on the recent Trustee Association meeting during the ECSC Winter Conference. Tim reported that the next conference will take place at the Kinston Plantation at Myrtle Beach April 18-21, 2021. Tim reported Youth Summit is scheduled to take place in Columbia and Washington.

Old Business:

Derial L. Ogburn reported that he has asked Coastal to assist in funding the Revolutionary War Visitor Center in Kershaw County.

New Business:

Upon motion made by Timothy L. Hopkins, seconded by Derial L. Ogburn, motion carried, the board moved into executive session. At the conclusion of executive session, a motion was made by Derial L. Ogburn, seconded unanimously, motion carried, the Board came out of executive session and into the regular Board meeting.

Attorney DuBose provided an update as to filing a Declaratory Judgment action against Central Electric in court as to issues of fiduciary responsibility for members of the Central Board that are also CEOs of Co-Ops and Co-Op Board members and fiduciaries. Concern was discussed

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as to Central's lack of transparency and consideration of options available as well as the fiduciary issues of Central Board members and Central's non-responsiveness to FEC's concerns and requests for due diligence.

Motion made by Derial L. Ogburn: I move to authorize the filing of a Summons and Complaint for a Declaratory Judgment and any related motions or documents in the South Carolina Court of Common Pleas denominated Fairfield Electric Cooperative, Inc. versus Central Electric Power Cooperative, Inc. The Declaratory Judgment is to interpret and define the fiduciary role of the CEOs and managers of the distribution cooperatives and the trustees and members of the distribution cooperatives serving on the board of Central and also acting as fiduciary trustees of Central while at the same time employed as CEOs and managers of the distribution cooperatives and serving as fiduciary trustees of the distribution cooperatives. The legal action will request a declaratory judgment as to Central's governance structure and will request relief as to governance matters and contractual matters which are impacted by the Central fiduciary governance conflicts of interest.

A discussion of the Motion indicated what Fairfield Electric Cooperative believes to be an inherent conflict of fiduciary obligations between distribution CEOs and distribution cooperative trustees exercising fiduciary responsibility to Central as members of its board of trustees. A proposed Summons and Complaint was discussed by the Cooperative attorney. It was agreed that the President of the Cooperative should direct such legal action as is necessary and the board should be briefed as necessary.

Upon motion made by Derial L. Ogburn, seconded by Donald Keith Lewis, the Motion to authorize the filing of a Summons and Complaint for a Declaratory Judgment and any related motions or documents in the South Carolina Court of Common Pleas denominated Fairfield Electric Cooperative, Inc. versus Central Electric Power Cooperative, Inc. be approved.

There being no further business to come before the Board, upon motion made by Derial L. Ogburn, seconded and was unanimously approved, the meeting was adjourned.

Signed: _____

Robert K. Miles, Secretary
APPROVED

ATTEST: _____
Mitchell D. Rabon, President