

REGULAR MEETING OF MEMBERS OF THE BOARD

September 24, 2018

A regular meeting of the members of the Board of Trustees of Fairfield Electric Cooperative, Inc., was held on Monday, September 24, 2018, at 12:30 p.m. at the Cooperative headquarters in Blythewood, South Carolina. The following trustees were present:

Mitchell D. Rabon	John E. Roberts, III	Timothy L. Hopkins
William C. Good	John A. Bloodworth, Jr.	Robert K. Miles
Allen L. Beer	Robert Entzminger	Donald K. Lewis
Joseph E. Sharpe	Peggy B. Jeffcoat	

Attorney Ken DuBose was present.

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

President Rabon introduced Frank Chapman who gave a presentation on a proposal for developing a Strategic Plan for the cooperative. Mr. Chapman explained the development process and how the plan works. Suggestions were made to not only include senior leadership employees and board members but to include some members of the Member Advisory Committee for consumer insight on service, outage response times, etc.

Upon motion made by Robert Entzminger, seconded by Keith Lewis, motion carried, the minutes of the meeting held on August 27, 2018, were approved as presented.

Upon motion made by John Bloodworth, seconded by Tim Hopkins, motion carried, the 273 new consumers for the month of August were accepted as members of Fairfield Electric Cooperative, Inc.

Vicky H. Melvin, Controller, presented and discussed the financial and statistical reports for the month of August 2018.

Bruce G. Bacon, Interim Chief Executive Officer, reported on power outages as a result of Hurricane Florence and shared several letters of appreciation from consumers for quick response times.

Bruce Bacon advised the next Round Up board meeting will be held on Monday, October 15th, at 5:00 p.m. at the cooperative's Blythewood Office.

Bruce Bacon reported five new security systems have been sold in the last month and one other system was converted from another company.

Bruce Bacon advised the CEE-US equipment show is being held on Wednesday, October 17th.

Bruce Bacon reported an email address and a dedicated phone number for contacting board members regarding board transparency, ethics, or other board related concerns are posted on the website and are being monitored. He reported the website's outage maps experienced over 1,000 views during Hurricane Florence and the newly added board information section had received 94 views.

Bruce Bacon presented information on proposed changes to the NRECA Retirement Plan for onboarding employees for the board's information. After lengthy discussion, upon motion made by John Bloodworth, seconded by John Roberts, motion carried, President Rabon was authorized to pursue a firm proposal from consultant Chip Hardy. The proposal should include the in-depth comparable analyses of retirement plans and the specific expectations of services.

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Travel packages were distributed to those attending the upcoming NRECA Regional Meeting in Atlanta.

Bruce Bacon advised the proposed 2019 budget will be available on board tablets on October 22nd for their review prior to the budget committee meetings in November.

Bruce Bacon distributed information regarding the costs of the upcoming ECSC building renovations and discussed this with the board. Directors Sharpe and Bloodworth are to request additional information and report back to the board.

Bruce Bacon provided updates on Central and advised the Santee Cooper hearings are being held on September 26th.

Bruce Bacon discussed an opportunity to purchase excess SEPA capacity through Central Electric. Central will require a Letter of Interest from each member cooperative. This matter will be an agenda item at the next board meeting with additional information being provided prior to that meeting.

A list of delinquent accounts totaling \$12,213.45 for the month of August 2018 was presented for consideration for write off as uncollectible. Upon motion made by William Good, seconded by Robert Entzminger, 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 Robert Entzminger, seconded by Joseph Sharpe, motion carried, the following resolution was adopted:

The estates of 12 deceased member accounts have requested the Board of Directors to give consideration to approving the retirement of \$6,203.73 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, Management recommends capital credits totaling \$6,203.73 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.

The 2019 budget process was discussed. President Rabon appointed Joseph Sharpe to the Budget & Finance Committee and appointed Mr. Sharpe as Chairman of that committee. Upon motion made by William Good, seconded by Joseph Sharpe, motion carried, budget committee meetings were scheduled as follows:

Tuesday, November 13, 2018 -	Audit & Planning Committee	- 11:00 a.m.
	Budget & Finance Committee	- 11:30 a.m.
	Policy & Operations Committee	- 1:00 p.m.
	Public Relations Committee	- 1:30 p.m.

The Electric Cooperatives of South Carolina's winter board meeting scheduled for December 2 – 5 in Asheville was discussed. Upon motion made by John Bloodworth, seconded by Keith Lewis, motion carried, the following were authorized to attend: John Bloodworth, John Roberts, Allen Beer, Joseph Sharpe, Kenny Miles, Keith Lewis, Robert Entzminger, Tim Hopkins, and Mitch Rabon.

Voting delegates for CFC for 2018 - 2019 were discussed. Upon motion made by John Bloodworth, seconded by John Roberts, motion carried, Bruce Bacon and Mitch Rabon were appointed delegates with Bruce Bacon being the voting delegate and Mitch Rabon being the alternate.

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With the upcoming retirement of Daniel M. Connor, V.P Finance, the need to update authorized signatures with banking institutions was discussed. CFC's Resolution to update Paying Agent Services for authorized signatures and First Citizens Corporate Resolution for deposit accounts and other relationships were approved upon motion made by John Bloodworth, seconded by Keith Lewis, motion carried.

Mark Connor presented an extension of the cooperative's Deferred Revenue Plan. After discussion and upon motion made by John Bloodworth, seconded by Tim Hopkins, motion carried, the following resolution was adopted:

BOARD RESOLUTION

AUTHORIZING THE AMENDMENT OF THE DEFERRED REVENUE PLAN FOR FAIRFIELD ELECTRIC COOPERATIVE, INC.

BE IT RESOLVED, that the Board of Trustees of Fairfield Electric Cooperative, Inc. approves the Amended Deferred Revenue Plan.

FAIRFIELD ELECTRIC COOPERATIVE, INC. DEFERRED REVENUE PLAN AMENDED

General

Fairfield Electric Cooperative, Inc., as part of its overall approach to establishing rates for electric energy, has established an "Amended Deferred Revenue Plan" to extend Year 2019 to the calendar year 2020. Due to the potential of increasing power cost, Fairfield Electric Cooperative, Inc. recognizes the possibility of having to increase rates more rapidly than its members desire. Accordingly, the plan is based on the desire to provide adequate cash flow and margins during periods that would otherwise be adversely affected by increased cost of power. The Deferred Revenue Plan was originally approved by Rural Utilities Service on February 22, 2016.

Under the original Deferred Revenue Plan \$2,200,000 would be recognized as follows:

<u>Year</u>	<u>Amount</u>
2018	\$1,100,000
2019	\$1,100,000

Year 2018 would remain the same as approved by RUS and extend Year 2019 to recognize \$1,100,000 during the 2020 calendar year.

A discussion was held regarding board members disclosing and providing their 1099 Misc. Income information from affiliated organizations to the cooperative for preparation of the annual IRS 990. The board consensus being that in conjunction with the Board's Transparency Policy, this is expected if serving on boards of affiliated organizations.

The IRS Form 990, Return of Organization Exempt from Income Tax for 2017 was reviewed and discussed with board members by Mark Connor. He advised this return was prepared by McNair, McLemore, Middlebrooks & Company in conjunction with their annual audit and the 990 will now be filed with the IRS with the Interim CEO signing the form on behalf of the cooperative.

John Roberts and John Bloodworth discussed the Trustee Association and advised a meeting will be held during the ECSC winter conference in December.

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There was no old business to come before the board.

Under new business, Bruce Bacon discussed the Strategic Planning proposal presented earlier during the board meeting and inquired if this was a plan the board wishes to pursue. Upon motion made by Joseph Sharpe, seconded by Tim Hopkins, the Strategic Planning proposal at a cost of \$5,000.00 was authorized.

There being no further business to come before the Board, upon motion made, seconded, and carried, the meeting was adjourned.

Signed: _____
Peggy B. Jeffcoat, Secretary

ATTEST: _____
Mitchell D. Rabon, President