

## REGULAR MEETING OF MEMBERS OF THE BOARD

January 22, 2018

A regular meeting of the members of the Board of Trustees of Fairfield Electric Cooperative, Inc., was held on Monday, January 22, 2018, at 12:30 p.m. at the Cooperative headquarters in Blythewood, South Carolina. The following board members were present:

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

Attorney John DuBose was also present in the absence of Attorney J. Kennedy DuBose.

At the request of President Joseph Sharpe, Vice President Mitch Rabon presided at the meeting. Mr. Sharpe was unable to preside due to a minor medical issue.

Vice President Mitch Rabon called the meeting to order and the invocation was given by Robert Entzminger.

Upon motion made by John Bloodworth, seconded by Allen Beer, motion carried, the minutes of the meeting held on December 18, 2017, were approved as presented and the minutes from the meeting of December 19, 2017, were amended with the following correction: "Doug Shehorn of Columbia accompanied Mr. Larson."

### **PERSONNEL ISSUE REDACTED**

Upon motion made by William Good, seconded by Tim Hopkins, motion carried, the 202 new consumers for the month of December 2017 were accepted as members of Fairfield Electric Cooperative, Inc.

Mark Connor, Vice President, Finance, presented and discussed the financial and statistical reports for the month of December 2017.

William L. Hart, Chief Executive Officer, reported Central reached a new peak load of 188 megawatts which surpassed the old record by 8 megawatts during the recent cold weather extremes.

William Hart reported the Board of Trustees for Fairfield Electric Trust / Operation Round Up will hold its next meeting on Monday, February 19<sup>th</sup>.

William Hart reported three new security systems were sold in the last month and one system was converted from another company.

William Hart advised the Member Advisory and the Credentials & Election Committees will need to be appointed at the February meeting. He also reported the Nominating Committee will meet on Monday, March 19<sup>th</sup> at 11:00 a.m., at the cooperative headquarters in Blythewood and the following board members are up for re-election at the 2018 annual meeting:

District 1	-	John E. Roberts, III
District 2	-	Joseph E. Sharpe
District 3	-	William C. Good

William Hart reported a "75" meeting is being held on January 26<sup>th</sup> at Mid-Carolina to discuss possible board resolutions from each cooperative supporting the legislative effort.

## REGULAR MEETING OF MEMBERS OF THE BOARD CONTINUED

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William Hart reminded board members the legislative reception is being held on Tuesday, February 13, at the Columbia Convention Center from 6 – 8 p.m.

William Hart reported the auditors are back onsite this week completing the 2017 audit.

William Hart reported RUS completed their five-year previous loan audit the first of January with no exceptions and no corrections being made. Loan documents are pending in Washington and may be delayed as a result of the government shut down.

### **INDUSTRIAL PROSPECT – PROPRIETARY & REDACTED**

William Hart advised Misc. Income 1099 forms have been distributed to each board member.

William Hart reminded board members the Kershaw County RDA funds will be presented at the County Council meeting on Tuesday, January 23.

William Hart provided a legislative update regarding Santee Cooper and reported most of the legislative session so far has been spent on the proposed merger of SCANA and Dominion. There remain many complex issues including the Toshiba money for both SCANA and Santee Cooper, an evaluation of Santee Cooper is needed to know what it is worth to evaluate any offers for purchase, and Judge Hayes has made no decision or given any time table on the law suit perhaps waiting for the legislature to act.

A list of delinquent accounts totaling \$924.39 for the month of December 2017 was presented for consideration for write off as uncollectible. Upon motion made by John Roberts, seconded by Tim Hopkins, 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 Allen Beer, seconded by Keith Lewis, motion carried, the following resolution was adopted:

The estates of 12 deceased members have requested the Board of Directors give consideration to approving the retirement of \$6,391.83 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 \$6,391.83 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 2018 Annual Meeting was discussed. Upon motion made by John Bloodworth, seconded by Robert Entzminger, motion carried, the annual meeting was scheduled for Tuesday, May 15, 2018, at the Fairfield Central High School gymnasium with registration from 5:00 - 6:30 p.m. followed by the business meeting at 6:30 p.m.

In accordance with Section 4.05 of the By-Laws, Trustee Districts, the Trustee District Map was reviewed. Upon motion made by John Bloodworth, seconded by John Roberts, motion carried, the Trustee District Map will remain unchanged, as there are no substantial inequitable factors regarding the residents or members or the geographic locations or districts.

**REGULAR MEETING OF MEMBERS OF THE BOARD CONTINUED**

**January 22, 2018**

Upon motion made by Tim Hopkins, seconded by William Good, motion carried, in accordance with Section 4.06 of the By-Laws, Nominations of Trustees, the following members were appointed to the Nominating Committee for 2018 to nominate trustees for each of Districts 1, 2, and 3:

Lonnie M. Campbell	by	W. C. Good
Cathy Montgomery	by	John A. Bloodworth, Jr.
Charles Davis	by	Robert K. Miles
Cathi Gladden	by	Mitchell D. Rabon
Keith McDonald	by	Allen L. Beer
Ruby McNinch	by	John E. Roberts, III
King David Murphy	by	Timothy L. Hopkins
Carlton Payne	by	Robert Entzminger
Neysa Rimer	by	Peggy B. Jeffcoat
Randolph Frick	by	Joseph E. Sharpe
Brad Douglas	by	Donald K. Lewis

The general retirement of capital credits was presented and the following resolution was adopted upon motion made by John Bloodworth, seconded by Keith Lewis, motion carried;

WHEREAS, The cooperative believes in the principle of refunding capital credits;

WHEREAS, The financial condition of the cooperative will not be impaired by refunding capital credits as outlined below:

WHEREAS, The long-established fifteen-year rotation for the refund of general retirement of capital credits for 2002 and additional retirements for more recent years are as follows:

2002	100%	\$ 613,381.77
2015	15%	\$ 132,532.09 Discounted
2016	40%	\$ 210,234.27 Discounted
Total		<u>\$ 956,155.13</u>
2017 Early Retirement Deceased Patrons		\$ 100,000.00 Estimate
Total Refund		<u>\$1,056,155.13</u>

NOW THEREFORE BE IT RESOLVED, The Cooperative is in compliance with RUS and CFC mortgage requirements in making these refunds. Upon motion made, seconded, and unanimously carried, the refunds of capital credits as shown above are approved.

Certification of Delegates to the Board of Trustees for Central Electric Power Cooperative for 2018 was presented for consideration. Upon motion made by John Bloodworth, seconded by Keith Lewis, motion carried, William Hart and Joseph Sharpe were appointed delegates and the secretary authorized to sign the certification.

Trustees and voting delegates for CFC for 2018 were presented for consideration. Upon motion made by John Bloodworth, seconded by Keith Lewis, motion carried, William Hart and Joseph Sharpe were appointed trustees with William Hart being the voting delegate and Joseph Sharpe being the alternate.

NRECA's Legislative Conference to be held April 8 – 11 in Washington was discussed. Upon motion made by Allen Beer, seconded by John Roberts, motion carried, the following were authorized to attend: Robert Entzminger, John Bloodworth, Mitch Rabon, Kenny Miles, Keith Lewis, and Tim Hopkins.

## REGULAR MEETING OF MEMBERS OF THE BOARD CONTINUED

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John Bloodworth reported a planning meeting to finalize the details for the Spring Trustee Association meeting will be held on January 31<sup>st</sup> and he will provide an update at the February meeting.

Under old business, **PERSONNEL ISSUE REDACTED**

Under new business Keith Lewis inquired if board meetings could be video recorded in the future. Bill Hart will defer this question to the cooperative's attorney for a decision.

William Hart advised the I.T. Director asks that board members leave their tablets at the end of the next meeting to update and perform any needed software maintenance.

Mitch Rabon discussed finding a consultant for the retirement plans and addressed Andy Larson's positions in his presentation. He discussed Mr. Larson's qualifications and reiterated Mr. Larson has no financial gain by making the recommendations he made.

Mitch Rabon advised Scott McClelland, a highly recommended CPA of Elliott Davis, is willing to do an independent audit of the Pension Restoration Plan at a cost of \$225.00 per hour. Upon motion made by Keith Lewis, seconded by Tim Hopkins, motion carried, hiring Mr. McClelland was approved for this audit. John Bloodworth abstained from voting.

Upon motion made by Mitch Rabon, seconded by Tim Hopkins, motion carried, the following resolution was submitted and adopted:

Whereas, the Board of Directors of Fairfield Electric Cooperative recognizes its fiduciary duty to provide oversight of employee retirement plans, the following policy of full review shall be established for the year 2018:

The Defined Benefit and Defined Compensation Plan must be reviewed and approved on an annual basis and prior to any restatement or amendment. All prior resolutions authorizing management to execute any related contracts, restatements, and amendments are hereby rescinded.

Upon motion made by Mitch Rabon, seconded by John Bloodworth, the following resolution was submitted for adoption:

Whereas, the Board of Directors of Fairfield Electric Cooperative seeks to promote full transparency of the total direct and indirect compensation of its Officers and Directors, the following policy of full disclosure shall be adopted for the year 2017 and shall be reported annually for each year thereafter on the cooperative Form 990 and open to public inspection.

All forms of compensation including but not limited to per diems, wages, salaries, commissions, consulting fees, etc. will be disclosed with the individual totals listed from all sources of related or unrelated individuals or organizations on the cooperative Form 990 Federal General Footnotes.

Form 990 for the year 2011 through 2016 shall be amended to reflect these full disclosures.

Upon motion made by Keith Lewis, seconded by John Roberts, the motion and Resolution were tabled until the next board meeting in February when Attorney Ken DuBose will be in attendance.

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**January 22, 2018**

Upon motion made by Tim Hopkins, seconded by Robert Entzminger, motion carried, the board entered an executive session to discuss personnel matters.

Upon motion made by John Bloodworth, seconded by Allen Beer, motion carried, the board returned to its regular session.

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: \_\_\_\_\_  
Joseph E. Sharpe, President