

REGULAR MEETING OF MEMBERS OF THE BOARD

November 26, 2018

A regular meeting of the members of the Board of Trustees of Fairfield Electric Cooperative, Inc., was held on Monday, November 26, 2018, at 12:30 p.m. at the Cooperative headquarters in Blythewood, South Carolina. The following trustees were present.

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

Attorney Ken DuBose was present.

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

President Rabon introduced Mike Couick, President and Chief Executive Officer of the Electric Cooperatives of SC, who provided updates on ECSC, cooperative governance, and Santee Cooper.

Bruce G. Bacon, Interim Chief Executive Officer, reported an employee had been in a serious vehicle accident and provided an update on retired board member, **NAME OF PERSON REDACTED.**

Upon motion made by Joseph Sharpe, seconded by Tim Hopkins, motion carried, the minutes of the meeting held on October 22, 2018, were approved as presented.

Upon motion made by Tim Hopkins, seconded by Joseph Sharpe, motion carried, the 255 new consumers for the month of October 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 October 2018. She gave a presentation on 2010 – 2017 power cost comparisons between Central and Fairfield Electric, ECSC dues expenses, and the cooperative's equity levels for the same period of time.

Bruce Bacon reported the Operation Round Up board will meet on December 10 and Operation-Give-A-Turkey provided Thanksgiving meals and groceries for 70 needy families throughout the service area.

Bruce Bacon reported seven new security systems have been sold in the last month with a total of 1,009 monitored accounts.

Bruce Bacon reminded board members the Christmas Dinner will be held on Saturday, December 8.

Bruce Bacon reported the auditors were on site last week starting the annual audit and will return in January to complete their work.

Bruce Bacon provided updates on the FinTrust Study, Strategic Planning meetings, and shared CEE-US's Nominating Committee meeting report.

Bruce Bacon reported testing the market with the sale of Santee Cooper may be explored by the General Assembly. Central will submit a non-binding bid if this goes forward.

Bruce Bacon discussed the governance survey requested by ECSC to be provided to the General Assembly. Attorney DuBose discussed voting changes would require by-law changes and other issues that would need to be worked out.

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Bruce Bacon reported Robert Woodward was recognized on November 20th for fifty years of service with an employee luncheon in his honor.

A list of delinquent accounts totaling \$5,230.08 for the month of October 2018 was presented for consideration for write off as uncollectible. Upon motion made by Keith Lewis, seconded by John Bloodworth, 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 Joseph Sharpe, seconded by Kenneth Miles, motion carried, the following resolution was adopted:

The estates of 9 deceased members have requested the Board of Directors give consideration to approving the retirement of \$4,006.88 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 \$4,006.88 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 Federal Financing Bank (FFB) loan application in the amount of \$19,316,000.00 was discussed and the following resolution was adopted approving the RUS / CFC/ and CoBank loans upon motion made by Keith Lewis, seconded by John Bloodworth, motion carried:

1. **RESOLVED** that the Corporation borrow from the Federal Financing Bank ("FFB") an amount not to exceed \$19,316,000.00, to be guaranteed by the United States of America (the "Government"), acting through the Administrator of the Rural Utilities Service ("RUS"); and
2. **RESOLVED** that the corporation accept the terms and conditions which the Administrator of RUS has established for obtaining its guarantee of the FFB loan, as such terms and conditions are set forth; and
3. **RESOLVED** that the President is authorized on behalf of the Corporation to execute and deliver under its corporate seal, which the secretary is directed to affix and attest:
 - (a) as many counterparts respectively as shall be deemed advisable of an agreement with the Government, in the form of the RUS Loan Contract submitted to this meeting; and
 - (b) a note payable to FFB and guaranteed by RUS in the principal amount of \$19,316,000.00, substantially in the form of the FFB note submitted to this meeting; and
 - (c) the note payable to the Government, acting through the Administrator of RUS, substantially in the form of the Reimbursement Note submitted to this meeting; and
 - (d) as many counterparts as shall be deemed advisable of a Restated Mortgage and Security Agreement by and among the Borrower, the Government, National Rural Utilities Cooperative Finance Corporation and CoBank, ACB, which, among other things, pledges all of the Corporation's property to secure notes payable to the Government in the aggregate principal amount not to exceed \$130,000,000.00 at any one time, and a financing statement, substantially in the form of the security instruments presented to this meeting; and

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4. **RESOLVED** that the officers of the Corporation be, and each of them is authorized in the name and on behalf of the Corporation, to execute all such instruments, make all such payments and do all such other acts as in the opinion of the officer or officers acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions; and

5. **RESOLVED** that Mitchell D. Rabon, President; John A. Bloodworth, Jr., Vice President; Peggy B. Jeffcoat, Secretary; and William C. Good, Treasurer and any official authorized to act in such corporate position and to perform the functions of such position are authorized on behalf of the Borrower (a) to execute and deliver from time to time advance requests, maturity extension election notices, prepayment election notices and refinancing election notices, in the form of such instruments attached to the note payable to FFB, and (b) to specify information and select options as provided in such instruments.

I FURTHER CERTIFY THAT each member of the Board of Trustees of the Corporation was furnished with notice of said meeting in compliance with the bylaws of the Corporation.

I FURTHER CERTIFY THAT the date of actual execution of the documents referred to above is November 26, 2018.

I FURTHER CERTIFY THAT the following are the names and signatures, respectively, of the officers of the Corporation identified below who validly held and occupied their respective positions on said date of actual execution of the documents.

<u>Office</u>	<u>Name</u>
President	Mitchell D. Rabon
Vice President	John A. Bloodworth, Jr.
Secretary	Peggy B. Jeffcoat
Treasurer	William C. Good

IN WITNESS WHEREOF I have hereunto set my hand and affixed the seal of the Corporation this 26th day of November 2018.

Peggy B. Jeffcoat, Secretary
Board of Trustees

Bruce Bacon reported on the Public Relations Committee meeting regarding high school scholarships. After discussion and upon motion made by Joseph Sharpe, seconded by Keith Lewis, motion carried, the following guidelines were approved:

Scholarship Program Guidelines

- Re-allocate funds in proposed budget.
- Use \$4,000 of the Touchstone Energy Matching dollars that were planned for advertising.
- Award Four \$1000 scholarships.
- Scholarships will be called **Fairfield Electric Cooperative – Touchstone Energy Scholarship**
- Students may apply if their primary residence receives electricity from Fairfield Electric Cooperative

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- The scholarship is intended to recognize students who need financial assistance, are high school seniors, have at least a solid B grade average, are active in service to others, are goal oriented with a solid educational plan for the future, and will not receive full scholarships and grants.
- Applications are due during March. Judges narrow down to semi-finalist and semi-finalist come in for interviews.

Proposed Board & Management Policy 31, Member Attendance at Board Meetings, was presented and discussed. This policy provides a mechanism for members who may request to attend a board meeting to address board concerns. Upon motion made by Tim Hopkins, seconded by John Bloodworth, motion carried, the following policy was adopted effective immediately:

Board & Management Policy 31

SUBJECT: MEMBER ATTENDANCE AT BOARD MEETINGS

I. OBJECTIVE

To encourage, and to establish appropriate procedures relating to Member Attendance at Board Meetings for any proper purpose.

II. POLICY CONTENT

Article IV, Section 1, of the Cooperative's Bylaws provides that all of the Cooperative's powers shall be exercised by the Board "except such as are by law or by the Cooperative's Articles of Incorporation or Bylaws conferred upon or reserved to the members." Notwithstanding the foregoing Bylaw provisions, it is the Cooperative's ideal and policy to encourage member attendance and observation of Board meetings. It is in their official meetings that the Board most often exercises the Cooperative's powers through Board action. By the instant Policy the Cooperative encourages and establishes appropriate procedures relating to member attendance and observation of Board meetings.

A. When one or more members request to attend a Board meeting, the following rules and procedures shall apply:

1. The request shall be submitted to the Cooperative in writing on the "Member Request to Attend Board Meeting" form attached hereto and made an integral part of this policy.
2. An attendance request may be for the sole stated purpose of observing one or more particular items on the Board Agenda, in which case (assuming the item does not require executive session consideration), the Board will make every reasonable endeavor to take up those items early on the meeting agenda for the requesting member's convenience.
3. An attendance request may be for the sole stated purpose of bringing a complaint or controversial matter before the Board, in which case the Cooperative's management shall make every reasonable effort through conference with the requesting member(s) to resolve the matter without necessity of their attending a Board meeting. If such effort fails, then the Board shall schedule a time on its meeting agenda to hear the requesting member(s) if:

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Board & Management Policy 31 Continued

- (a) The Cooperative's President and Chief Executive Officer concludes that the subject matter of such request has merit and is not improperly motivated, and that any decision that is to be made should be considered by the Board; or
 - (b) The member requests or demands the member be permitted to make such appearance with or by legal counsel for a stated bona fide purpose; or
 - (c) The Cooperative's Attorney recommends that such appearance be made for the purpose of enabling a member to exhaust his administrative remedies for an alleged wrong, even though the Attorney may be of the opinion that the subject of the member's complaint is wholly without merit or is improperly motivated; or
 - (d) The Board decides that it is otherwise in the best interests of the Cooperative to grant the request.
4. If more than one member requests to attend a meeting of the Board in connection with the same subject, the Board, even though such request, consistent with the foregoing, may be granted, may nevertheless, due to seating limitations, restrict the maximum number of those who may appear at less than the total who have joined in the request.
- B. Whenever one or more members attend a meeting of the Board, the following procedure shall apply:
- 1. Such member(s) shall be seated away from the conference table so that their physical proximity to the meeting will not impair or interfere with its conduct.
 - 2. If a member attends to present a specific matter, including complaints, or to make specific inquiries, the Board will hear such presentation totally, including asking any questions that it deems appropriate, but it will not discuss or respond to or take any action with respect to such matter or inquiry until after the member has retired from the meeting room. After deliberating the matter and making a decision thereon, the Board shall cause such member to be duly informed thereof, including, if such be the case, that no action was or will be taken thereon.
- C. Regardless of the action that has already taken place or that may take place thereafter, at each meeting of the Board the President and Chief Executive Officer shall report to the Board on any such requests, how they have thus far been handled and what recommendations, if any, the President or the Chief Executive Officer or the Cooperative's General Counsel may have with respect thereto.

III. RESPONSIBILITY

The Chief Executive Officer and the Board of Trustees is responsible for the administration of this policy.

ADOPTED: 11/26/2018

EFFECTIVE: 11/26/2018

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Board & Management Policy 31 Continued

IMPORTANT NOTICE

This policy is not a contract between Fairfield Electric Cooperative, Inc. and any individual or entity and it should not be construed as such. This policy is a guide and describes the practices Fairfield Electric Cooperative will follow in most cases.

Fairfield Electric Cooperative, Inc. reserves the right to revise, vary, or modify policies. Fairfield Electric Cooperative, Inc. also reserves the right to vary policies in compelling circumstances as needed in the discretion of the Chief Executive Officer of Fairfield Electric Cooperative, Inc.

MEMBER REQUEST TO ATTEND BOARD MEETING

FULL NAME, ADDRESS, TELEPHONE NUMBER AND MEMBER ACCOUNT NUMBER AS APPEARING ON THE COOPERATIVE'S RECORDS:

(NOTE: If this request is also for and on behalf of other members of the Cooperative, state their full names, addresses, telephone numbers and member account numbers on a separate sheet and attach it hereto.)

THE SPECIFIC PURPOSE FOR REQUESTING SUCH ATTENDANCE IS:

STATE NAMES, ADDRESSES AND TELEPHONE NUMBERS OF ANY PERSON(S) YOU DESIRE TO ATTEND THE BOARD MEETING WITH YOU AND WHY, AND DESCRIBE THEIR STATUS - - WHETHER THEY ARE COOPERATIVE MEMBERS, YOUR ATTORNEY OR OTHER:

Date this request form executed: _____, 20__.

SIGNED: _____

ACTION ON REQUEST

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Board & Management Policy 31 Continued

DATE OF ACTION: _____

SIGNED: _____

TITLE: _____

***TO BE FILLED OUT BY COOPERATIVE**

The 2019 consolidated budget having been previously provided to trustees and previously reviewed and approved by the appropriate board committees was presented and discussed. Upon motion made by Joseph Sharpe, seconded by Robert Entzminger, motion carried, the 2019 budget was approved as presented.

President Rabon requested information on the fleet management program to include vehicle assignment and replacement schedule. He appointed and authorized Kenny Miles and John Bloodworth to request and review the information, to report back to the board, and make recommendations if changes were needed.

There was no Trustee Association activity to report.

There was no old business to come before the board.

There was no new business to come before the board.

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

Signed: _____
Peggy B. Jeffcoat, Secretary

ATTEST: _____
Mitchell D. Rabon, President