

REGULAR MEETING OF MEMBERS OF THE BOARD

December 16, 2024

A regular meeting of the members of the Board of Trustees of Fairfield Electric Cooperative, Inc., was held on Monday, December 16, 2024, at 12:30 p.m. at the cooperative headquarters in Blythewood, South Carolina. The following board members were present in person:

Timothy L. Hopkins	Mitchell D. Rabon	Peggy D. Swearingen
William Michael Good	Donald Keith Lewis	
Bruce E. Honeycutt	Derial L. Ogburn	

The following board members attended the meeting via a Teams Meeting:

Cynthia E. Able Robert Entzminger Ronald L. Friday Robert K. Miles

Attorney John DuBose was present.

Chairman Mitchell Rabon called the meeting to order. Derial Ogburn gave the invocation.

Erik Marsha, Chief Financial Officer of Fairfield Electric discussed the revenue requirements for the Fairfield Electric Cooperative, Inc. 2025 Budget and discussed a CFC Loan.

- Mr. Marsha reported on the budgetary impact of the Den kai facility closure in Camden, SC. The Den kai closure will impact revenue margins by approximately \$140,000.00
- Central Electric Power Company (CEPC) rate changes will impact the budget and will ultimately result in member rates increase.
- The current plan for January 2025 through August 25, 2025, will be to address increased power costs from CEPC/SCPSA by using minor WPC adjustments and deferred revenue of \$1.8 million.
- On or about September 25, 2025, a rate increase to membership will be presented to the Board for review and approval.
- Mr. Marsha reported that the consultants are recommending an increase in the base facilities charge.
- Mr. Marsha and FEC staff cut controllable costs by approximately \$850,000 in the budget.
- Mr. Marsha reported that approximately 4,000 homes are expected to be built to house employees of the Scout plant, those projected new homes will impact the budget in coming years.

- Mr. Marsha discussed the line of credit with CFC and the desire to increase the letter of credit limits for capital project cash flow.
- CFC has approved an increase in FEC's line of credit limits. Interest rates are coming down, so it is a good time to refinance with CFC/RUS.

Upon motion made by Timothy Hopkins, seconded by Derial Ogburn, motion carried, subject to corrections of identified typos, the **minutes of the meeting held on November 25, 2024**, were approved.

Upon motion made by Bruce Honeycutt, seconded by Donald Keith Lewis, motion carried, **230 new consumers** for the month of September were accepted as members of Fairfield Electric Cooperative, Inc.

A list of **delinquent accounts totaling \$5,183.25** for the month of November was presented for consideration to write off as uncollectible. Upon motion made by Michael Good, seconded by Bruce Honeycutt, 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 Peggy D. Swearingen, seconded by Timothy L. Hopkins, motion carried, the following resolution was adopted:

The estates of 15 deceased members have requested the Board of Directors consider approving the retirement of \$6,306.61 as an administrative convenience to the estates. After reviewing the Cooperative's financial statements and determining whether such retirement will not adversely impact the Cooperative's financial condition; management recommends capital credits totaling \$6,306.61 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, updated and discussed the following:

- Monthly financial report
 - The gate at the Winnsboro office had issues and there were some minor sewer issues at the Winnsboro office, those costs are reflected in maintenance.
 - Revenue decreased slightly and powers costs were down.
 - The Cooperative recognized revenue for pole attachments in the amount of \$263,000.
 - Line 7 is over budget due to substation preventative maintenance.
 - November weather is unpredictable, so it is a difficult month to project.
 - There were \$600,000 in unexpected expenditures due to Hurricane Helene.
 - For the year the budget is in good shape even accounting for storm expenses.

- Operation Roundup Meeting – The Operation Round Up Board held a meeting last week. The next meeting will be on February 17, 2025.
- Mr. Bacon discussed the closure of the Denka America facility in Kershaw
- Strategic Plan Update:
 - The next planning session will be set for September 2025.
 - This last strategic planning iteration focused on rates and EV policies.
 - GDS consultants continue to help with the rate study.
 - Mr. Bacon discussed that Distributive Energy Technology is on the horizon and will be studied by FEC as the technology continues to evolve.
- Rate Recommendations Timeline:
 - Bruce Bacon hopes to have some suggestions on rate structures to present and discuss with the Board at the January 2025 meeting. The review of rate structures and recommendations is probably a 2-3 meeting review and discussion process.
- The Nominating Committee will be put in place at the January 2025 meeting.
- Michael Good had to depart at 1:45 PM.

Mitch Rabon presented the 2025 Bylaw Changes as presented by Attorney Jay Bender at the November 2024 meeting for consideration and discussion.

Section 4.02 – Qualifications was reviewed and the suggested amendment was discussed.

- Change parallels the necessary period applied to FEC employees in current Bylaws.

Section 4.06 (e) – Statement of Economic Interest was reviewed and discussed.

- Proposed limitations on campaign contributions
- One edit – statement of Economic Interest footnote 1 added to (e)(2).

Section 5.04 – Notice of Trustee Meetings were reviewed and discussed.

- Comports with state statute.

Section 4.06 (f)(4) – Campaign Practices were reviewed and discussed.

- One edit – “media advertising” shall be inserted in Section 4 as to advertising.

Upon motion made by Peggy Swearingen, seconded by Derial Ogburn, motion carried, the Bylaw amendments, with the edits discussed, were approved for recommendation to membership for approval at the next Annual Member Meeting.

Mitch Rabon presented the proposed **2025 Operating Budget** for further consideration and discussion. Upon motion made by Bruce Honeycutt, seconded by Keith Lewis, motion carried, the 2025 Operating Budget was approved as presented.

Mitch Rabon provided an update on Central Electric Power Cooperative (CEPC).

- CEPC is reviewing projects to add capacity. One small project was considered and approved.
 - Different membership class structures were discussed as a theoretical possibility, there are lots of moving parts to explore and resolve.
 - Data Center power needs are a significant policy matter that needs to be studied and resolved.
- Ronald Friday would like to attend a CEPC meeting as a guest to observe.

Derial Ogburn provided an update on **The Electric Cooperatives of SC**.

- Derial Oburn stated his belief that ECSC is not member driven and there is a lack of transparency as is evident by the reluctance to disclose CEO compensation. His motion made at the last meeting for ECSC to require CEO compensation disclosures was not seconded and did not receive a roll call vote.

Robert Entzminger provided an update on **CEEUS**.

- Nothing to report.

Tim Hopkins provided an update on the **Trustee Association**.

- The Youth Summit and Tour in Washington are the primary budget drivers on the horizon.
- May 7-9, 2025 Spring Meeting scheduled
 - \$2,500 in FEC funding will be provided for dinners at the Spring Meeting
- January 14, 2025 is the next meeting at ECSC headquarters.

OLD BUSINESS: NONE.

NEW BUSINESS:

- Compensation for overtime work for salaried employees
 - Trey Boone, consultant, to study mechanisms for a fair compensation for extra ordinary work during times of hazard.

- Peggy Swearingen discussed:
 - Members have liked the Line Item newsletter.
 - Reported on seminar presentation on risk management planning for the Cooperatives.
 - Timothy Hopkins commended Cynthia Able for her positive performance on the discussion panel at the ECSC Winter meeting in Asheville, North Carolina.

There being no further business to come before the Board, a motion was made by Peggy Swearingen, seconded by Timothy L. Hopkins, motion carried and approved, the meeting was adjourned.

Signed: _____
Robert K. Miles, Secretary
APPROVED

ATTEST: _____
Mitchell D. Rabon, President