

## REGULAR MEETING OF MEMBERS OF THE BOARD

February 28, 2022

A regular meeting of the members of the Board of Trustees of Fairfield Electric Cooperative, Inc., was held on Monday, February 28, 2022, 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	Robert K. Miles
Michael Good		

Attorney Ken DuBose was present.

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

President Rabon welcomed and introduced Scott McClelland and Michelle Jones with Elliott Davis who reviewed and discussed the 2021 audit with the board. The audit has a finding that the cooperative financial statements are materially correct. No internal weaknesses in internal controls were found or identified. Copies of the IRS 990 were distributed to board members for review and discussion. The 2021 audit and 2021 IRS 990 were accepted as information upon motion made by Timothy L. Hopkins, seconded by Cynthia Able motion carried.

Upon motion made by Timothy Hopkins, seconded by Donald Keith Lewis, motion carried, the minutes of the meeting held on January 24, 2022, were approved as presented.

Upon motion made by Cynthia Able, seconded by Robert Entzminger, motion carried, 218 new consumers for the month of January were accepted as members of Fairfield Electric Cooperative, Inc.

A list of delinquent accounts totaling \$2,654.28 for the month of January was presented for consideration for write off as uncollectible. Upon motion made by Derial L. Ogburn, seconded by John E. Roberts, III, motion carried, authorization was granted to write these off against the cooperative's reserve for uncollectible accounts.

Bruce Bacon, Chief Executive Officer, reviewed and discussed the monthly financial reports and provided updates on Operation Round Up and the security system sales and service. Bruce reported that we are still having some power outages due to the residual effects of the storms in January. Bruce reported that the Member Advisory Meeting will be held in-person on April 21, 2022 at 7:00 PM in the Community Room.

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Also, the annual meeting and voting week will be May 16-20, 2022 as approved by the Board. Basically, the same schedule and same format as used last year will be used this year with the Annual Meeting to be held in the Community Room of FEC at Blythewood, South Carolina via virtual on May 20, 2022 at 6:00 PM.

Bruce Bacon reported the Nominating Committee held an organizational meeting on February 14<sup>th</sup>. Lonnie Campbell was elected Chairman and Brad Douglas was elected Secretary of the Nominating Committee. Bruce reported that a meeting of the Nominating Committee is set for March 14, 2022 to meet with the candidates. Derial Ogburn asked about the electronic counting system and vote security. Bruce Bacon reported that he will contact Hal Stone with New Horizon about the cyber security system software package.

Mitch Rabon reported that he was contacted by Barbara Ball who is a member of Fairfield Electric Cooperative, Inc. Barbara Ball is also editor of The Voice, a news publication. Mitch reported that Ms. Ball has put in a request to attend the Nominating Committee as an observer. Ms. Ball will not be allowed to participate in the discussions. The Nominating Committee meeting is not a public meeting. By motion of Donald Keith Lewis, seconded by Derial L. Ogburn, motion passed: A cooperative member who follows the previously mentioned process will be allowed to observe the Nominating Committee meeting.

Bruce Bacon advised Thomas Black will present the RUS work plan at the March meeting.

Bruce Bacon reported industrial prospect activity remains strong, discussed NRECA's upcoming Annual Meeting in Nashville, and advised Vicky Melvin will retire the first week in April.

Upon motion made by Cynthia Able, seconded by Timothy L. Hopkins, the RUS 790 Overhead Labor Only Construction contract was awarded to Sumter Builders for the unit bid of \$280,523.85. Sumter Builders was the low bidder.

In accordance with Bylaws Section 3.06 Credentials and Election Committee the following members were appointed for 2022 upon motion made by Michael Good, seconded by Robert Entzminger, motion carried: William Coleman, Jim Stroman, Sarah Coleman, Jody Brazell, Joseph B. (Ben) Connell, Ronald Friday, Sheila Bracey, Willie Belton, Randy Frick, Thomas Martin, Frances Jane Wright, Willie Thompson, John Lewis, Tommy Raines, John Trapp, and J.C. Trapp. In accordance with state law, Mitch Rabon, Keith Lewis, Cynthia Able, and Timothy Hopkins recused themselves from the discussion and vote as to the appointment of the Credentials and Election Committee and all exited the room prior to discussion and vote. The Credentials and

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Election Committee as provided by the Bylaws establishes and approves the manner of conducting member registration and any ballot or other voting, registration, and election matters as fully set forth in Section 3.06.

The following members were appointed to the Member Advisory Committee for 2022 upon motion made and unanimously approved: Napoleon Moore, Derrick Stanley, Ruby Carter, Katherine Dixon, Randy Frick, Wallace Preston, Willie & Pat Belton, Norman & Iola Nelson, George & Willie Mae Harris, Floyd & Sheila Bracey, Stanley & Cathy Washington, Lloyd Qualls, Lonnie Campbell & Wanda Carnes, Tommy & Kathy Raines, Darrell Atkinson, John & Rosetta Trapp, Carl & Mary Payne, J.C. & Patricia Trapp, Wilbure & Eleanor Savage, John Hancock, Heyward & Dee Mattox, William Coleman, Dr. & Mrs. Harmon Patrick, Mr. and Mrs. Roddy Armstrong, Mr. and Mrs. Freddy Armstrong, Calvin Jay Smith, James Richardson, Glen & Nancy Smith, Robbie Powers, Jim Stroman, Sarah Coleman, Mr. and Mrs. Creighton Taylor, Jim and Linda Wheaton, Harry and Susan Goff, Bill & Dixie Schott, Joseph & Kristin Connell, Thomas & Patricia Nelson, Anthony Reynolds, Joe & Anne Melanson, Pansy Bell, Eukie & Pamela Bozard, Jody Brazell, Francis Jane Wright, Thomas & Robin Beam, James & Linda Jackson, Joseph & Lori James, Steve & Gail Rogers, Neysa Rimer, June Blume, Billy & Melissa Purvis, Ed & Gerri Cooper, Tim & Mary Beth McSwain, and Willie L. Thompson.

Tim Hopkins reviewed and discussed the Fairfield Fuel Purchasing Policy Recommendation Study prepared by Elliott Davis which is attached. Tim Hopkins reported that the Index Pricing Policy would be more beneficial long term. FEC would request fuel vendors to submit a bid for an Index-Based Price with a negotiated price for delivery and possibly a deduction for larger quantities and/or a longer contract. Upon motion made by Michael Good, seconded by John E. Roberts, III, the Fairfield Fuel Purchasing Policy Recommendation attached as Exhibit A was approved.

Upon motion made by Robert Entzminger, seconded by Peggy D. Swearingen, motion carried, William M. Good was authorized to attend Director's School in Nashville on March 3 – 5 prior to the NRECA Annual Meeting.

Cynthia Able reported there was nothing to report by the Benefit Committee.

Keith Lewis provided updates on site work for the new Winnsboro Office building. Keith Lewis reported that Great Southern Homes submitted an estimate of \$995,660.00 for the construction of the building only. This estimate does not include site work such as storm drainage, sprinkler system, landscaping, etc. Board members would like more information and details from Great Southern Homes. Keith Lewis, Mitch Rabon, and Bruce Bacon will continue to negotiate to work towards refining the proposal.

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Mitch Rabon and Bruce Bacon provided updates on Central Electric and their 10-Year Evolution Plan. Central's recent regional meetings were discussed and information shared among board members. The two major matters that will need to be resolved: 1) construction of a gas fired turbine generator; and 2) status of the Duke contract. Mitch Rabon reported that the declaratory judgment lawsuit against Central Electric is on-going.

Derial Ogburn provided an update on The Electric Cooperatives of SC. Derial Ogburn reported that other than the legislation as to CDL training, there was nothing new to report.

Robert Entzminger provided an update on CEEUS and reported their annual equipment show is being held on March 30th. Robert Entzminger reported that a discussion with the attorney for FEC will be needed in order to prepare a letter to the President of CEEUS as to transparency, base salary compensation, and supplemental retirement plan for CEO.

John Roberts reported the Trustee Association Spring Conference is scheduled for April 18 – 20, 2022 in Myrtle Beach. Upon motion made and unanimously approved, the following were authorized to attend: Mitchell D. Rabon, Robert Entzminger, Peggy D. Swearingen, Timothy L. Hopkins, Cynthia Able, Derial L. Ogburn, Donald Keith Lewis, Robert K. Miles, and Michael Good. Mr. Roberts reported that he has a doctor's appointment and asked that Timothy Hopkins be designated to attend and act on his behalf.

Old Business: None.

New Business: Cynthia Able reported that due to a conflict in schedule, she will only be able to attend the NRECA meeting set to take place in Nashville, TN, via virtual video conference. Ms. Able reported that the proposed Resolutions will be provided on Sunday.

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

Thereafter, all board members executed their Annual Certification of Conflicts of Interest forms.

Upon motion made by Michael Good, seconded by John E. Roberts, III, the board moved into executive session. At the conclusion of executive session, a motion was made by Michael Good, seconded by Timothy L. Hopkins, motion carried, and there being no further business to come before the Board, upon motion made, seconded and was unanimously approved, the meeting was adjourned.

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

Signed: \_\_\_\_\_

Robert K. Miles, Secretary  
APPROVED

ATTEST: \_\_\_\_\_  
Mitchell D. Rabon, President

## Fairfield Fuel Purchasing Policy Recommendation

Request fuel vendors to submit bid for an Index-Based Price with a Deduction for a guaranteed monthly delivery and long-term contract.

- Items to be agreed on with vendor(s):
  - Price Reporting Agency (PRA) / Index to serve as the cost basis
    - The PRA will serve as the cost basis for the agreement and must be defined up front (e.g., OPIS, DTN)
  - Term
    - The larger the guaranteed volume and the longer the term, the more negotiating power you will have with the discount
  - Discount
    - Discount provided based on guaranteed volumes and longevity of contract
    - The vendor is de-risking their position by guaranteeing placement of product over a term
  - Guaranteed Volume
    - Use purchase/consumption history to develop a conservative monthly volume guarantee to be purchased from the vendor (consider potential risk and benefit of guaranteeing additional volume – you will want to get to as close to your actual demand as possible)
    - The guaranteed volume will be the # of gallons to be purchased each month at the discounted price (be sure this is a practical forecast)
    - Key considerations:
      - If you do not take the guaranteed volume, you will still be charged for the guaranteed volume at the negotiated price
      - If you purchase more than the guaranteed volume, the vendor will probably require you pay market rate
- Proposal Analysis
  - Compare Index-Based Price less Deduction formula proposed by vendors against price paid for previous 6 months to analyze the potential savings
- Other Considerations
  - Request disclosure on any additional fees that will be included (e.g., delivery costs)
  - Additional discount to potentially negotiate would be for prompt payment
  - Consider the age of fleet and when and how Fairfield will be replacing fleet when determining your fuel needs (e.g., if Fairfield is planning to replace the fleet with Electric Vehicles in 3 years, Fairfield will not want to agree to a 10-year contract based on current fuel needs)