

A MEETING OF THE BOARD OF DIRECTORS OF  
SURRY-YADKIN ELECTRIC MEMBERSHIP CORPORATION  
July 28, 2021

A regular meeting of the Board of Directors of Surry-Yadkin Electric Membership Corporation was held at 9:00 A.M. July 28, 2021, at the office of the corporation in Dobson, NC.

Present were President Lee Von Speaks, Vice President Willard Swift, Secretary Karoline Overby, Director Eddie Campbell, Director Stephen Joyce, Director Brenda Hardy, Director Alvin Reid, Jr., Director Stephen Hutson, and Director David Pendry. Also, present were Executive Vice-president and General Manager, Greg Puckett and General Counsel, Raymond A. Parker.

President Speaks called the meeting to order and welcomed all to this month's Board Meeting.

CONSENT AGENDA

(Full reports of items on the Consent Agenda were sent to the Board Members prior to the meeting are on file in the Company Office.)

- The Minutes of the June 23, 2021, regular Board Meeting.
- Capital Credits proposed for refund to Estates of deceased members in the total amount of \$85,008.27, discounted to present value of \$26,305.52. In addition, there were proposed refunds to inactive accounts in the total amount of \$6,586.71, discounted to present value of \$1,722.28.
- Uncollectible Accounts totaling \$12,226.80 were proposed for write-off.
- 204 Applications for Service and 177 Cancellation of Memberships
- Operations Review and Work Summary.
- Safety Report.
- Monthly Report of Finance and Accounting Committee.

No items in the Consent Agenda were requested to be removed and discussed separately. A motion to approve the Consent Agenda items was made, seconded and unanimously approved.

MANAGER'S REPORT

Vice President and General Manager Greg Puckett presented the unaudited June 2021 financial reports to the board.

Member Meeting and ANNUAL MEETING

Mr. Puckett reviewed with the board details of the upcoming "community meeting" with the members scheduled for August 24, 2021, at the Salem Baptist Church.

Mr. Parker reviewed with the Board the meeting of the Credentials and Elections Committee and the Nominating Committee which occurred last evening. Deadline for petitions is August 10, 2021. August

19, 2021, at 7:00 PM was set for the next meeting of the Credentials and Elections Committee in the event a petition is received.

Vice President of Finance, Ms. Misty Utt joined the meeting.

### BUSINESS UPDATES

Cyber Security. Bryon Kennedy and Susan Duncan joined the meeting. Ms. Duncan led the board in a cyber security discussion. Ms. Duncan also reviewed the Cyber Insurance Coverage of SYEMC.

Collinstown Radio Tower. The new 120-foot tower has been erected. When turned up it should remedy our communications problems.

Ms. Duncan and Mr. Kennedy left the meeting.

New Form Member Application. Ms. Utt reviewed the additional information on the Member application related to "choice" of taking early payout of Capital Credits upon termination of membership.

Capital Credits. Ms. Utt reviewed with the board some capital credit issues with past due accounts and issues with deceased member's accounts. Finally, she discussed efforts about reaching out to inactive members advising them of ability to receive an early retirement of their capital credit accounts.

Purchase of Substation Transformer. Mr. Puckett recommends that we proceed with the purchase of a spare substation dual voltage transformer that is 44 and 100 KV. Price for a new transformer is a minimum of \$600K. A refurbished model is a minimum of \$250K if you can find one. After discussion, the board approved granting the General Manager the discretion to proceed with ordering a spare dual voltage transformer, either new or refurbished, in his discretion.

Materials Issue. Mr. Puckett informed the board about the price increases and lead-times required to purchase routine materials needed to stay in business. In many cases the prices have doubled.

Backlot Drainage Repairs. A quote of \$23,050.00 to fix the erosion problems in the backlot was presented from Branch Grading. After discussion, a motion was made, seconded and unanimously passed to approve contracting with Branch Grading at a cost of \$23,050.00.

Underground Boring. Director Stephen Hutson left the meeting for this discussion. Tucker Construction was contacted and has commenced doing some "back up" boring work under a negotiated price list. This is a comparable rate to that of our existing contractor. We have now learned that Tucker Construction is a family-owned business. One of the family members who owns an interest is Mary Hutson, spouse of our Director Stephen Hutson. Director Hutson is not engaged in this business. His wife is not involved with the business but does bookkeeping and tax work for the company. After discussion, the board was of a consensus that Director Hutson had no direct pecuniary interest sufficient to prevent Tucker Construction from being allowed to do occasional boring work as a local contractor at a good price.

Mr. Hutson returned to the meeting. Ms. Utt left the meeting.

OTHER BUSINESS

The next meeting of the Board of Directors is scheduled for 9:00 AM, August 25, 2021.

Mr. Speaks then called an "Executive Session" of the Board but requested the General Counsel to remain. All except board members and Mr. Parker left the meeting.

Following the "Executive Session", Mr. Puckett returned to the meeting. Mr. Speaks informed Mr. Puckett that the board had approved a "Second Amended and Re-Stated Employment Agreement" adding some clarification language concerning retirement benefits.

Mr. Speaks then asked if there was additional business to come before the meeting. There was none. The meeting was then adjourned.

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Secretary

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President