

A MEETING OF THE BOARD OF DIRECTORS OF  
SURRY-YADKIN ELECTRIC MEMBERSHIP CORPORATION  
September 22, 2021

A regular meeting of the Board of Directors of Surry-Yadkin Electric Membership Corporation was held at 9:00 A.M. September 22, 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, Director David Miller 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 August 25, 2021, regular Board Meeting.
- Capital Credits proposed for refund to Estates of deceased members, discounted to present value of \$13,838.40. In addition, there were proposed refunds to inactive accounts, discounted to present value of \$866.99.
- Uncollectible Accounts totaling \$18,320.42 were proposed for write-off.
- Applications for Service and 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.

General Manager Greg Puckett gave the board a financial report for the period ending August 31, 2021, a copy of which is on file in the company office.

BUSINESS UPDATES

Mr. Puckett presented an update on Strategic Planning. The next strategic planning meeting will be scheduled and held after the first of 2022.

The board discussed the 2022 budget preliminary numbers. The board reviewed the preliminary budget figures for the board members, management and legal.

Mr. Caleb Harris, Mr. Ricky Bowman and Mr. Bryon Kennedy joined the meeting.

Mr. Harris led a discussion on the Davie Resource Group inspections of our substations and the amount of copper remaining in each substation. Inspection of eight of our substations has been completed. The estimate of the costs that would be involved in replacing all the copper in these eight of our 18 substations is \$33 Million. Replacement of the copper in these substations would result in fewer outages and less line loss. Mr. Puckett estimates that total cost of copper replacement in all 18 substations would be \$75 Million at today's prices. The company does not have the financial ability to do this quickly. He does foresee that the company could get this substantially completed over the next 15-18 years. Mr. Harris left the meeting.

The board received an update from Mr. Bowman and Mr. Puckett on the supply chain delays. Normal replacement and new materials are still in short supply and the prices are up with little negotiations. The company is currently absorbing the additional costs, but that is not a sustainable strategy. Mr. Bowman left the meeting.

Mr. Puckett updated the board on the "pre-pay arrangements" with members. After a year, there are still 219 arrangements still outstanding for a total of \$57,930.62. These accounts are currently being paid by the pre-pay customer by applying 16% of the amount of each pre-payment made to the amount due. These customers had been told that it could be up to 25%. The consensus of the board was to increase the deduction to 25% of each pre-payment made.

The board received a report on the Double Creek substation load growth.

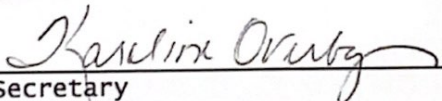
Mr. Puckett updated the board on the upcoming annual meeting of the members scheduled for October 26, 2021, at 7:00 PM in the assembly room. Ballots have been sent and voting has begun.

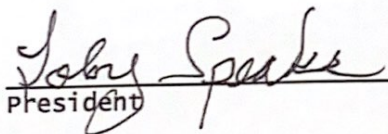
The board received a COVID-19 update and its effects on company operations.

#### OTHER BUSINESS

The next meeting of the Board of Directors has been re-scheduled to be held at 3:00 PM on October 26, 2021, just before the Annual Meeting of the members.

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

  
Secretary

  
President