

TELEPHONIC SPECIAL MEETING OF THE BOARD OF DIRECTORS
SANTEE COOPER HEADQUARTERS – BOARD ROOM
MONCKS CORNER, SOUTH CAROLINA
THURSDAY, JUNE 30, 2016 – 3:00 P.M.

SPECIAL SESSION

Directors Present by Telephone: Chairman W. Leighton Lord III, Directors Merrell W. Floyd, J. Calhoun Land IV, Stephen H. Mudge, Peggy H. Pinnell, Dan J. Ray, David F. Singleton, Jack F. Wolfe and Barry D. Wynn

Director(s) Absent: William A. Finn and Alfred L. Reid

Staff Members Present: Jeffery D. Armfield, Senior Vice President and Chief Financial Officer; Pamela J. Williams, Senior Vice President, Corporate Services; Dom Maddalone, Senior Vice President, Information Systems & CIO; Elizabeth H. Warner, Vice President, Legal Services and Corporate Secretary; Richard S. Kizer, Vice President, Public Affairs; Steve Pelcher, Deputy General Counsel-Nuclear & Reg. Compliance; Mollie Gore, Manager Corporate Communications; Faith Williams, Administrator, Investor Relations and Risk Management; Nan Cline, Senior Financial Analyst; and Sandra R. Starks, Assistant Corporate Secretary; and by telephone: Lonnie N. Carter, President and Chief Executive Officer; J. Michael Baxley, Sr., Senior Vice President and General Counsel; Marc R. Tye, Executive Vice President, Competitive Markets and Generation; Suzanne Ritter, Treasurer and Vice President, Corporate Planning; and Eileen Wallace, Manager, Corporate Analysis & Energy Risk Control; Greg McCormack, Senior Advisor to the CEO; Marion Cherry, Principal Nuclear Construction; and Jason Williams, Nuclear Coordinator

Also present were Paul Trouche, Bond Counsel; Rion Foley, Counsel to Underwriters; Jim Lamb of Central Electric Cooperative; Dwayne Cartwright, Mark Gaddy and Mike Kearney of Berkeley Electric Cooperative; and Gary Stooksbury of Aiken Electric Cooperative; and by telephone: John Daniel of Barclay's Capital; Gene Devlin and Michael Mace of Public Financial Management;

An agenda, including the time, date and location of the meeting, was posted on Santee Cooper's website and in the Santee Cooper lobby on Tuesday, June 28, 2016. The agenda was emailed to all outlets on the media list and to those who requested notice of the meeting on Tuesday, June 28, 2016.

Chairman Lord called the meeting to order. He presided, and Ms. Starks kept the minutes.

Ms. Warner conducted the roll call. Directors' attendance is indicated above.

Mr. Armfield reported that management is seeking approval of a bond transaction totaling \$831,355,000 comprised of \$740,050,000 new money bonds and \$91,305,000 economic refunding bonds. The all-in true interest rate for this transaction will be 3.53%. The tax-exempt bonds mature from 2031-2056 and taxable bonds mature in 2023.

Mr. Armfield introduced Mr. John Daniel of Barclays Capital, lead underwriter for the bond issue. He provided a summary of the market conditions and the transaction.

Mr. Armfield introduced Mr. Gene Devlin of Public Financial Management, Santee Cooper's financial advisor for the transaction. He stated PFM endorsed the transaction and recommended approval.

Mr. Trouche reviewed in detail the Forty-fourth Series and Supplemental Resolution, Revenue Obligation Bonds, 2016 Series B and D.

Mr. Carter stated he and Mr. Armfield endorsed the transaction and recommended approval.

Director Ray made a motion requesting approval of the Forty-fourth Series and Supplemental Resolution - Revenue Obligation Bonds, 2016 Series B and D. The Motion was seconded by Director Clark. A roll call vote was taken and the Motion to approve the Resolution passed unanimously. A copy of the Resolution is attached to the Minutes as (Exhibit SMB 6-1-16).

Chairman Lord requested an Executive Session for the Board to discuss matters subject to the attorney-client privilege relating to new nuclear construction. Upon motion by Director Land, seconded by Director Singleton, the Committee voted unanimously to enter Executive Session with the Board, Mr. Carter, Mr. Baxley, Mr. Armfield, Mr. Tye, Mr. Crosby, Ms. Williams, Ms. Warner, Mr. Pelcher, Mr. Cherry, Mr. Williams, and Mr. McCormack in attendance.

The Committee returned to Regular Session. Chairman Lord noted that no action was taken in Executive Session.

Mr. Carter made comments regarding the Nuclear Fixed Price Option for the construction of V.C. Summer Units 2 and 3 and recommended Board approval of the resolution. He noted that entering into the Option would substantially fix the cost to complete two new units at V.C. Summer Nuclear Station and that analyses undertaken by the Authority and an independent consultant demonstrated that the Owners could save several hundred million dollars by entering into the Option. Mr. Crosby provided a summary of information that had been presented to the Board for their consideration regarding the Option. He noted that the resolution provided for a \$1,100,000,000 increase in the total sum to be expended on the project for a total project cost of \$6,248,948,000. Mr. Baxley provided a summary of the factors for Board consideration regarding the best interests test.

Director Ray made a motion to approve the proposed resolution that authorizes the President & CEO to execute the Limited Agency Agreement with SCE&G to act as the Authority's agent to elect the Fixed Price Option with respect to nuclear construction of V.C. Summer Units 2 and 3; to take such actions as are necessary to increase the total sum to be expended on the project by \$1,100,000,000 and to authorize the President & CEO to take such further actions as are necessary to consummate the transaction. The Motion was seconded by Director Land. A roll call vote was taken and the Motion to approve the Resolution passed unanimously. A copy of the Resolution "Authorization to Execute Limited Agency Agreement Option Amendment and to Expend Funds" is attached to the minutes (Exhibit SMB 6-2-16).

There being no further business and upon motion made and seconded, the meeting was adjourned.

Respectfully submitted,

Approved:



Sandra R. Starks
Assistant Corporate Secretary



W. Leighton Lord III
Chairman