

UNION ELECTRIC MEMBERSHIP CORPORATION

Monroe, North Carolina
Minutes of Board of Directors Meeting
December 8, 2018

Pursuant to due notice thereof, a regular meeting of the Board of Directors of Union Electric Membership Corporation (hereinafter called the "Cooperative") was held on December 8, 2018 at 9:00 AM, at the Cooperative's headquarters office in Monroe, North Carolina.

All Directors were present. Also present were Greg Andress, Executive Vice President and General Manager, and Aaron Christensen, General Counsel. Additionally, Theresa Blackwell, Vice President of Finance and Accounting, and Terry Berge and Stephanie Beauregard, both of Booth & Associates, attended portions of the meeting.

With President Kirk presiding, the following proceedings were held:

Invocation

1. B.L. Starnes gave the invocation.

Approval of Minutes of Board Meeting

On MOTION by Mr. Porter, seconded by Mr. Turner, the minutes of the October 13, 2018 Board Meeting were approved.

New Member Applications

2. 1011 new members made application for service and those new members are now actively receiving electric service from the Cooperative. 772 members resigned their membership. Thereafter, on MOTION by Mr. Porter, seconded by Mr. Turner, the following resolution was approved:

RESOLVED, the resignations and/or disconnections of resigning members is hereby accepted and approved. The applications of new members are hereby accepted and approved. A list of resigning members and new members is hereby directed to be filed in the official records of the Cooperative.

Finance and Audit Committee Report

3. Mr. Kirk presented the Finance and Audit Committee Report, indicating the Committee reviewed and approved all expenses for the Executive Vice-President and General Manager. On MOTION by Mr. Starnes, seconded by Mr. Porter, the Board accepted the Expense Reports.

Cost of Service and Rate Study

4. Mr. Berge presented the Cost of Service and Rate Study, evaluating costs of service in an effort to align rates with the Cooperative's revenue requirements for maintaining

financial integrity while ensuring non-discriminatory rates for members. Mr. Berge recommended a financial position resulting in total margins of \$12,066,583.00, an operating TIER of 1.98, a TIER of 2.50 and a rate of return of 6.83%, achieved by a total rate increase of 2.10% to be effective as of April 1, 2019. Thereafter, on MOTION by Mr. Starnes, seconded by Mr. Turner, the Board approved adoption of the Cost of Service and Rate Study, including the corresponding rate adjustments.

Financial Report

5. Ms. Blackwell presented the the Financial Report, highlighting the Balance Sheet, Statement of Operations, and Key Financial Ratios, as of October 31, 2018. On MOTION by Mr. Turner, seconded by Mr. Hasty, the Board accepted the Financial Report, a copy of which is attached to the minutes.

2019 Operating Budget Presentation and Approval

6. Ms. Blackwell presented the 2019 Operating Budget, highlighting the projected Statement of Operations and other related matters. On MOTION by Mr. Porter, seconded by Mr. Caudle, the Board approved the 2019 Operating Budget.

Legal Report

7. Mr. Christensen presented the Legal Report, highlighting state and national legal issues relevant to the electric cooperative industry, commenting generally on legal demands against the Cooperative, reviewing loan transactions, and commenting on FEMA issues.

Mr. Christensen further presented the Resolutions and Unanimous Consent referenced below and reviewed the executions thereof:

- Board Resolutions for CFC loan

After due consideration of the proposal to obtain loans from Cooperative Finance Corporation relating to the construction of the headquarters facility and other authorized uses, and on MOTION by Mr. Turner, seconded by Mr. Starnes, the Board passed each of the resolutions attached hereto as Exhibit 1.

- Board Resolutions for RUS Loan

After due consideration of the proposal to borrow up to \$50,000,000.00 from the Federal Financing Bank, guaranteed by the United States of America acting

through the Administrator or the Rural Utilities Service, for the purpose of financing the Cooperative's construction work plan and for other authorized uses, and on MOTION by Mr. Porter, seconded by Mr. Turner, the Board passed each of the resolutions attached hereto as Exhibit 2.

- NC Division of Emergency Management Designation of Applicant's Agent Resolution

After due consideration of the proposal to apply for federal and/or state disaster assistance, and on MOTION by Mr. Turner, seconded by Ms. Carole Jones, the Board passed each of the resolutions attached hereto as Exhibit 3 and approved execution of the corresponding attached application and agreements.

- Unanimous Consent for Property Sale

After due consideration of the proposal to sell certain excess property to Terwillinger Pappas Multi-Family Partners, LLC, the Board executed the Unanimous Written Consent attached hereto as Exhibit 4.

Voting Delegates for NRECA and CFC at the 2019 NRECA Annual Meeting

8. On MOTION by Mr. Starnes, seconded by Mr. Porter, the following voting delegates for NRECA and CFC at the 2019 NRECA Annual Meeting, March 10-13, 2019 were approved:

NRECA	CFC
Delegate	Delegate
Mr. Turner	Mr. Turner
Alternate	Alternate
Mr. Address	Mr. Address

Statewide, National and Local Updates

9. Mr. Address presented statewide, national and local updates, commenting on construction progress, potential meeting-date conflicts, general business developments, unclaimed capital credits, and other financial matters.

**Search Process for
Replacement Director
for District IV**

10. Mr. Kirk and the Board thanked Ms. Carole Jones for her dedicated service and contributions to the Board. Ms. Jones likewise thanked the Board members for their support. Mr. Andress reported on efforts to identify a replacement candidate for District IV.

**Union Services
Financial Reports**

11. Mr. Andress reported on financial performance metrics for Union Services.

**Write-Off Summary of
Delinquent Accounts**

12. Mr. Andress reported on net write offs of delinquent accounts.

**2017 General Fund
Uncashed Checks and
2017 Capital Credit
Uncashed Checks**

13. Mr. Andress reported on anticipated escheat of unclaimed capital credits.


Safety Reports

14. Mr. Andress presented the Safety Report, reviewing safety performance measures.

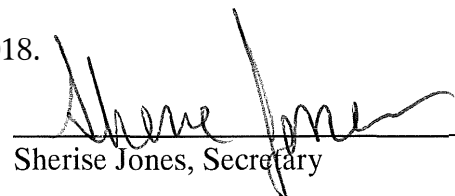
There being no further business, on MOTION by Mr. Turner, seconded by Mr. Porter, the meeting was adjourned at 12:45 PM.

Respectfully submitted this 8th day of December 2018.

Approved:



Lee Roy Kirk, President



Sherise Jones, Secretary