

UNION ELECTRIC MEMBERSHIP CORPORATION

Monroe, North Carolina
Minutes of Board of Directors Meeting
April 13, 2019

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 April 13, 2019, 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; Aaron Christensen, General Counsel; and Numa Robertson, Vice President Corporate Services. Theresa Blackwell, Vice President Finance and Accounting, attended portions of the meeting. Also attending for portions of the meeting were Steve Gilliam of Adams, Jenkins & Cheatham, P.C.; and Tim Masa, Gary Hobson, and Daniel Ringkamp, all of Cooperative Building Solutions.

With President Kirk presiding, the following proceedings were held:

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| Invocation | 1. Mr. Starnes gave the invocation. |
| 2018 Audit Report Presentation | 2. Mr. Gilliam presented the 2018 Audit Report, expressing a clean or unmodified opinion. He further highlighting the Consolidated Financial Statements as of December 31, 2018 and 2017, including the Balance Sheets, Statements of Operations and Comprehensive Income, Statements of Equities, Statements of Cash Flow, and other supplemental information and matters. Mr. Gilliam further discussed the impact of the recent FEMA event, the increase in the size of the electric plant, coal ash charges, record electric sales, construction of the new headquarters, and reduction of corporate debt. On MOTION of Mr. Starnes, seconded by Mr. Porter, the Board accepted the Audit Report. |
| Headquarters Building Project - Update | 3. Representatives from Cooperative Building Solutions provided an update on the progress of the headquarters construction, including a review of progress and status, project challenges, and schedule updates. |
| Approval of Minutes of Board Meeting | 4. On MOTION by Mr. Porter, seconded by Mr. Turner, the minutes of the February 9, 2019 Board Meeting were approved. |
| New Member Applications | 5. 934 new members made application for service and those new members are now actively receiving electric service from the Cooperative. 752 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**

6. 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 Ms. Threatt, seconded by Mr. Turner, the Board accepted the Expense Reports.

Financial Report

7. Ms. Blackwell presented the Financial Report as of February 28, 2019, highlighting the Statement of Operations, Balance Sheet, and the Statement of Cash Flows. Ms. Blackwell further commented on the availability of funds from the recent loan closings. On MOTION by Mr. Turner, seconded by Mr. Caudle, the Board accepted the Financial Report, a copy of which is attached to the minutes.

**General Notice of
Capital Credit and
G&T Assignment and
Allocation Factor
Calculation for 2018**

8. Ms. Blackwell provided an overview of the nature of capital credits in the cooperative industry, and thereafter presented the proposed Notification and Assignment of Capital Credits for the Year 2018. On MOTION by Mr. Porter, seconded by Ms. Threatt, the Board approved the Notification and Assignment, reflecting allocations of 7.008% of Cooperative-sourced patronage and 1.976% of G&T patronage.

**UPC 2019 Insurance
Policies Proposal
Review**

9. Mr. Andress presented the proposal for Union Power Cooperative's All Risk Blanket Policy; Commercial Umbrella; Directors, Officers and Managers Liability; and Union Services All Risk Blanket Policy; all for the policy year beginning May 1, 2019. On MOTION by Mr. Turner, seconded by Mr. Starnes, the Board approved the policies.

**Distribution
Construction Contracts**

10. Mr. Address presented bid results for the system improvement and maintenance. Sumter Utilities presented the lowest bid for maintenance and a highly competitive bid for improvement, for a combined lowest bid. In the interests of efficiency, and consistent with the bid notice, Mr. Address recommended selecting Sumter Utilities for both contracts. On MOTION by Mr. Turner, seconded by Mr. Porter, the Board approved the Distribution Construction Contracts.

Mr. Address further presented Trull's Powerline Co., Inc.'s renewal bid for supplemental or "as needed" underground construction work, in an amount not to exceed \$4,000,000.00. On MOTION of Mr. Caudle, seconded by Mr. Porter, the Board approved the renewal contract.

**Wage and Salary Plan –
Market Pricing Update**

11. Mr. Address proposed updates to the Wage and Salary Plan, intended to attract and retain employees and to provide management with a logical and consistent system of employee compensation. On MOTION by Mr. Hyatt, seconded by Ms. Threatt, the Board approved the market pricing update for the Wage and Salary Plan, in an amount of 3.55%, a copy of which is attached to the minutes.

Legal Report

12. Mr. Christensen presented the Legal Report, commenting on the Cooperative's dismissal without prejudice from the Bartlett personal injury lawsuit, withdrawal of the Stanly County Riverstone Industrial Park REDLG project, bankruptcy claims, and SEDC contract negotiations.

**Statewide, National and
Local Updates**

13. Mr. Address discussed various matters of local, state and national interest.

**Union Services
Financial Reports**

14. Mr. Address reported on financial performance metrics for Union Services and the status of the cost-allocation study.

**Write-Off Summary of
Delinquent Accounts**

15. Mr. Address reported on write offs in an amount constituting .04% of revenues and provided a general overview of recoupment strategies.

Safety Report

16. Mr. Address presented the Safety Report.

Manager's Report

17. Mr. Andress reported on the announcement of Ms. Elaine Cunningham's retirement. Ms. Terri Starnes, a long-time employee of the Cooperative's human resources department, will assume the position of Executive Secretary.

He commented on the objectives of the SEDC pilot program for data analytics.

Mr. Andress further provided an overview of anticipated costs from the Duke coal ash remediation.

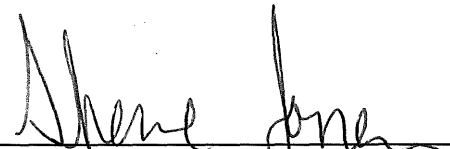
There being no further business, on MOTION by Mr. Turner, seconded by Mr. Porter, the meeting was adjourned at 12:15 PM.

Respectfully submitted this 13th day of April 2019.

Approved:



Lee Roy Kirk, President



Sherise Jones, Secretary