

# UNION ELECTRIC MEMBERSHIP CORPORATION

Monroe, North Carolina  
Minutes of Board of Directors Meeting  
August 10, 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 August 10, 2019, at 9:00 a.m., at the Cooperative's headquarters office in Monroe, North Carolina.

All Directors were present, with the exception of Ms. Threat. Also present were Greg Andress, Executive Vice President and General Manager, and Aaron Christensen, General Counsel; and Theresa Blackwell, Vice President Finance and Accounting. Additionally, Luanne Sherron, Vice President Key Accounts and Government Relations; and special guest Pam Johnson, 2019 Kenan Fellow sponsored by Union Power, attended portions of the meeting.

With President Kirk presiding, the following proceedings were held:

## **Invocation**

1. Mr. Starnes gave the invocation.

## **Kenan Fellow**

2. The Board received Pam Johnson, Kenan Fellow. Ms. Johnson provided an overview of the Kenan Fellows Program for Teacher Leadership. The program is designed to address the critical need for STEM-focused teacher leadership development throughout North Carolina.

## **Approval of Minutes of Board Meeting**

3. On MOTION by Mr. Porter, seconded by Mr. Turner, the minutes of the June 15, 2019 Board Meeting were approved.

## **Membership Changes**

4. A total of 1,334 new members made application for service and those new members are now actively receiving electric service from the Cooperative. A total of 1,070 members resigned their membership. Thereafter, on MOTION by Mr. Turner, seconded by Mr. Porter, 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 on Review and Acceptance of Expenses** 5. 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. Caudle, the Board accepted the expense reports.
- Financial Report** 6. Ms. Blackwell presented the Financial Report, highlighting the balance sheet, statement of operations, and key financial ratios, as of June 30, 2019. On MOTION by Mr. Turner, seconded by Mr. Starnes, the Board accepted the financial report, a copy of which is attached to the minutes.
- Capital Credits Retirement** 7. Ms. Blackwell recommended retiring 100% of allocated capital credits from the years 1999 and 2000, for a total non-discounted retirement in the amount of \$3,519,847.00. On MOTION by Mr. Porter, seconded by Mr. Starnes the Board approved the retirement.
- Legal Report** 8. Mr. Christensen presented the Legal Report, including a review of pending litigation. On motion of Mr. Porter, seconded by Mr. Turner, the Board accepted the legal report.
- Recusal** 9. As prospective incumbent candidates for re-election to the Board of Directors, Mr. Kirk, and Mr. Hyatt each recused themselves from consideration of committee appointments and exited the boardroom. Whereupon, Mr. Turner presided at the meeting.
- Appointment of 2019 Nominating Committee** 10. Upon due consideration, and upon MOTION by Mr. Caudle, seconded by Mr. Turner, the Board appointed Mike Easley, Kathy C. Odell, Hilton Hinson, James H. Crump, Jimmy D. Carver, Brian D. Baucom, Gary Bostian and Greg Rushing, to serve on the 2019 Nominating Committee.
- Appointment of 2019 Credentials and Elections Committee** 11. Upon due consideration, and upon MOTION by Mr. Caudle, seconded by Mr. Turner, the Board appointed Rebecca Sistare, Steve Griffin, Donald S. Robinson, Eric Leonard and Gene Smith Wilson to serve on the 2019 Credentials and Elections Committee.

<b>Return of Full Board</b>	12.	Incumbent candidates for re-election to the Board of Directors returned to the boardroom at 10:45 a.m., whereupon the regular proceedings continued.
<b>Statewide, National and Local Updates</b>	13.	Mr. Address updated the Board on a variety of statewide, national and local matters of interest to the industry, including a presentation on 2019 projected wholesale power costs.
<b>Write-Off Summary of Delinquent Accounts</b>	14.	Mr. Address presented a summary of write-offs for delinquent accounts, commenting on trends and the impact of bankruptcy proceedings.
<b>Update on 2019 Annual Member Meeting</b>	15.	Mr. Address reported on planning for the upcoming 2019 Annual Meeting, scheduled for Saturday, October 12, 2019, at Lee Park Church, Monroe, NC, with registration commencing 7:00 a.m. and the business meeting commencing at 10:30 a.m. As stated on the website, the member petition deadline is August 14, 2019.
<b>REAP and ACRE Campaigns</b>	16.	Mr. Address reported on REAP and ACRE solicitations, commenting on employee payroll and Director deductions and contributions.
<b>Union Services Financial Report</b>	17.	Mr. Address reported on financial performance metrics for Union Services and planning for a report on allocation of costs.
<b>Director Training</b>	18.	Mr. Address reported on Director training, announcing the schedule as follows:  NRECA Course 2600, Directors Duties & Liabilities – Sept. 20, 2019 NRECA Course 2620, Board Operations & Process – Sept. 21, 2019 NRECA Course 2610, Understanding the Electric Business – Nov. 15, 2019 NRECA Course 2630, Strategic Planning – Nov. 16, 2019 NRECA Course 2640, Financial Decision Making – March 20, 2020
<b>November Meeting</b>	19.	The November Board meeting is cancelled to accommodate Director Training.

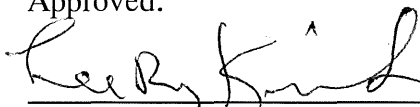
**Safety Report**

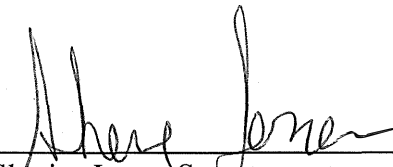
20. Mr. Andress presented the safety report, including the quarterly Loss Records Report from Federated Rural Electric Insurance Exchange, copies of which is in the materials.

There being no further business, on MOTION by Mr. Turner, seconded by Mr. Porter, the meeting was adjourned at 12:00 p.m.

Respectfully submitted this 10<sup>th</sup> day of August 2019.

Approved:

  
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Lee Roy Kirk, President

  
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Sherise Jones, Secretary