

# UNION ELECTRIC MEMBERSHIP CORPORATION

Monroe, North Carolina  
Minutes of Board of Directors Meeting  
December 14, 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 December 14, 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, and Aaron Christensen, General Counsel. Additionally, Theresa Blackwell, Vice President of Finance and Accounting, 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**

2. On MOTION by Mr. Porter, seconded by Ms. Threatt, the minutes of the October 12, 2019 Board Meeting were approved.

## **New Member Applications**

3. A total of 1,011 new members made application for service during the period of October 1, 2019, through November 30, 2019, and those new members are now actively receiving electric service from the Cooperative. A total of 796 members resigned their membership during this same time period. Thereafter, on MOTION by Mr. Porter, seconded by Ms. Threatt, 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**

4. 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 the Executive Committee, seconded by Mr. Caudle, the Board accepted the Expense Reports.

## **Financial Report**

5. Ms. Blackwell presented the Financial Report, highlighting the balance sheet, statement of operations, and key financial ratios, all as of October 31, 2019. On

MOTION by Mr. Turner, seconded by Mr. Porter, the Board accepted the Financial Report, a copy of which is attached to the minutes.

**2020 Operating Budget  
Presentation and  
Approval**

6. Ms. Blackwell presented the 2020 Operating Budget, highlighting the projected statement of operations, comparisons to 2019 projections and actuals, controllable expenses, and other related matters. On MOTION by Mr. Hyatt, seconded by Mr. Starnes, the Board approved the 2020 Operating Budget.

**Voting Delegates for  
NRECA and CFC at  
the 2020 NRECA  
Annual Meeting**

7. On MOTION by Mr. Starnes, seconded by Mr. Caudle, the following voting delegates for NRECA and CFC at the 2020 NRECA Annual Meeting, March 1-4, 2020 were approved:

NRECA	CFC
Delegate	Delegate
Mr. Turner	Mr. Turner
Alternate	Alternate
Mr. Kirk	Mr. Kirk

**Presentation of Bid  
Results**

8. Mr. Address presented bid results and a recommendation for awarding the underground line extension construction contracts. Thereafter, on MOTION by Mr. Turner, seconded by Mr. Porter, the Board awarded the \$5 million construction contract to Pike Electric and approved a negotiated contract to Dawn Construction for \$250,000.00.

**Larkhaven Property**

9. Mr. Andress reported on a potential buyer for a tract of approximately 27.74 +/- acres of excess real estate (hereinafter "Tract") adjacent to the planned location for the Larkhaven substation. The Board expressed its desire to assign responsibility for negotiating a sales price and taking all other actions necessary to effectuate a prompt and timely sales transaction to the Executive Vice President and General Manager. Thereupon, on MOTION of Mr. Hyatt, seconded by Mr. Turner, the Board RESOLVED the following:
- a. All authorities necessary to negotiate and consummate a prompt and timely sale of the Tract are delegated to the Executive Vice President and General Manager;
  - b. The Executive Vice President and General Manager is responsible for assigning appropriate staff to effectively implement this delegation of authority; and
  - c. The Executive Vice President and General Manager is responsible for ensuring that any sales transaction reserves an appropriate easement for future electric system needs.

The resolution shall be effective as of December 14, 2019, and shall remain in full force and effect for a period of 18 months, unless extended or withdrawn by the Board. The Resolution shall be further reflected in a Certificate prepared by the Secretary-Treasurer for use as needed with respect to any transaction.

**Legal Update**

10. Mr. Christensen reported on regional and national matters affecting the Cooperative industry. On MOTION of Mr. Starnes, seconded by Mr. Turner, the Board accepted the report.

**Statewide, National and Local Updates**

11. Mr. Andress presented statewide, national and local updates, commenting on solar facilities and related strategic initiatives for the overall wholesale power portfolio, construction progress, potential meeting date conflicts, general business developments, and other financial matters.

**Write-offs and  
Delinquent Accounts**

12. Mr. Andress reported on net write offs of delinquent accounts, indicating a "net positive" based on collection of previous write off accounts.

**Union Services  
Financial Reports**

13. Mr. Andress reported on financial performance metrics for Union Services, the anticipated allocation of cost model, and corresponding business strategy issues.

**Safety Reports**

14. Mr. Andress presented the Safety Report, reviewing safety performance measures on a monthly and year-to-date basis and reporting that there have been no safety incidents in the last two months.

**Anticipated Escheats of  
Unclaimed Capital  
Credits**

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

**Director Education**

16. Mr. Andress reported that the *NRECA Financial Decision-Making* course will take place at the Union Power headquarters facility on March 20, 2020, for credit toward Director certification.

**NRECA Director  
Conference**

17. Mr. Andress reported on the NRECA Directors' Conference, scheduled for April 4-7, 2020, in Kansas City, MO.

**Holiday Gift Project**

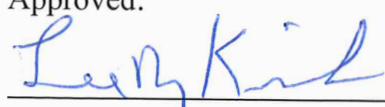
18. Mr. Andress reported on the holiday gift project, indicating that funds will be contributed to Foods for Families program.

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

Respectfully submitted this 14<sup>th</sup> day of December 2019.

  
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Sherise Jones, Secretary-Treasurer

Approved:

  
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Lee Roy Kirk, President