

# CENTRAL ELECTRIC MEMBERSHIP CORPORATION

## Minutes of the 2019 Annual Member Meeting

October 4, 2019

Sanford, North Carolina

Pursuant to due notice thereof, the 2019 Annual Member Meeting ("Meeting") of Central Electric Membership Corporation ("CEMC" or the "Cooperative") was held at the Lee County Civic Center, Sanford, North Carolina, beginning at approximately 7:00 p.m. on Friday, October 4, 2019. President Rebecca G. Cogan called the meeting to order and recognized General Manager Edward B. Oldham, who introduced the following special guests: L. Reid Harris, retired General Manager of Central Electric Membership; Frances Liles, Administrator of the Board of Directors of North Carolina Rural Electrification Authority ("NCREA"); Jason Caudle, Director of Marketing & Technical Services of Tarheel Electric Membership Association ("TEMA"); Ajaz Sadiq, Vice President of Grid Modernization & Technology Integration; and Representatives of Lee Electric, Inc., an independent contractor of the Cooperative. Mr. Oldham then recognized Pastor John Sauls, III of Crossroads Ministries for the invocation. Daria Fedrick, a Central EMC Kenan Fellow, led the Membership in the "Pledge of Allegiance". Allison Podlogar led the membership in the song "God Bless America". Thereafter, with Cynthia M. Currin, General Counsel, presiding at the business session at the request of the Cooperative's Board of Directors, and with these minutes being transcribed under the direction of Secretary James B. Brooks, the following proceedings were had:

1. President Cogan welcomed the Membership to Central Electric's 78<sup>th</sup> Annual Meeting and thanked them for attending. President Cogan expressed, on behalf of the Board of Directors, appreciation to General Manager Edward B. Oldham and to all Central Electric employees for their dedication and hard work. The Membership gave a round of applause to the Central employees for their hard work.

2. After stating that a quorum of the Cooperative's membership was present and registered, Ms. Currin stated that the meeting would proceed as scheduled. Ms. Currin offered to read the Notice of Meeting and Proof of Mailing thereof; however, upon a motion duly made and seconded, the Members voted to dispense with that reading.

3. Ms. Currin offered to read the Minutes of the 2018 Annual Member Meeting; however, upon a motion duly made and seconded, the Members voted to delegate to the Board the responsibility of reviewing and approving such minutes. Ms. Currin then turned the meeting over to President Cogan for the Officers' reports.

4. President Cogan stated that the Officers' report would be presented to the Membership in the form of an audiovisual presentation, entitled "Powering Today Into Tomorrow". The presentation provided the following information:

Central EMC was founded on the principle that affordable and reliable electricity is a right reserved for all Members of its community. Over the last three-quarters of a century, Central EMC has worked to modernize Central North Carolina by supporting development in the Cooperative's rural communities. Today, as Central EMC looks toward the future, the Cooperative remains dedicated to ensuring that its Members have the resources required to create a better tomorrow.

### **I. Operations**

The energy industry is rapidly evolving. Central EMC is committed to providing excellent service – whether it is providing guidance on solar electricity or Electric Vehicles, or connecting with the Cooperative Members through mobile devices and smart phones.

A resilient, reliable electric grid is more important than ever. As your trusted energy partner, Central EMC is working hard to provide the excellent service and reliability that its Members have come to expect now and well into the future.

Central EMC's Mission is to provide Member-Owners with reliable, affordable electricity. The Cooperative consistently prioritizes strengthening the grid. The Cooperative undertakes proactive maintenance and makes investments to keep grid infrastructure running smoothly. Projects (such as the Cooperative's recent transmission line replacement) are part of the Cooperative's commitment to a reliable electric grid. The aging infrastructure has been replaced with a higher-capacity steel reinforced line. With the upgrades now in place, the Cooperative is well positioned to keep up with the evolving demands in the southern portion of the Central EMC system for the next several decades.

One of the most proactive ways to maintain reliability is an effective right-of-way clearing program. Power interruptions occur when trees, shrubs or bushes grow too close to power lines. The Cooperative is reaffirming its commitment to right-of-way clearing with a goal to trim the entire system over an eight (8) year period. When complete, the Cooperative will start that cycle over. This process has already started and the Central EMC crews are working diligently in the Pittsboro area, which has been one of the more challenging areas due to tree density.

In 2018, the Cooperative battled a significant number of major storms: (1) The historic weather cyclone in January; (2) Hurricane Florence in September, and; (3) Tropical Storm Michael in October. All strained the region with disastrous weather conditions. Despite these conditions, the Cooperative was able to quickly restore electric service for its Members. This is the testament to the strength and resiliency of the Cooperative. The Cooperative thanks the Membership for its support during each of these events.

Central EMC also strives to provide resources for Member-Owners to easily monitor their own energy usage. These tools allow the Members to interact with the Cooperative. To make this process more user friendly, tools such as the mobile App are available for free in both the App Store and Android Market.

Videos are now available to the Members which provide quarterly personalized billing information, sent straight to a Member's inbox. These tools assist the Member in analyzing his or her billing data and monitoring the Member's energy use. These tools allow each Member to understand factors that affect their electric bill, allowing the Member to make changes and learn ways to save.

As a not-for-profit Cooperative, Central EMC's loyalty lies with its Members. Central EMC strives to help each Member make decisions about energy usage that will be in the best interest of that Member. Central EMC offers resources on energy efficiency tips, loans for energy efficient home purchases or renovations, as well as information on whether purchasing an Electric Vehicle or installing residential solar panels is beneficial for the Member. Central EMC wants each Member to spend his or her money wisely. Central EMC is here to help in every step of the process.

## **II. Accounting**

Just as Central EMC wants each Member to spend his or her money wisely, Central EMC knows that as the Member's trusted energy partner, the Member expects the Cooperative to spend the Cooperative's money wisely. This is the breakdown of how the Cooperative funds were spent in 2018:

- The largest share, 62% was used to purchase Wholesale Power;
- Operating costs for things like right-of-way of clearing, fuel cost and taxes made up 24%;
- Seven percent (7%) went to depreciation, the decline in the value of equipment or property over its life;
- Four percent (4%) paid for interest, the cost of borrowing money to continuously build lines, and;
- Total margins (the difference between revenue and cost of service) represented three percent (3%) of each dollar.

Because a Cooperative is not-for-profit, any revenue left after paying expenses is returned to a Members as Capital Credits. In 2019, Central EMC gave back \$1.2 Million to

its Members who received service during Fiscal Years 1998 and 1999. This marks the tenth (10<sup>th</sup>) year in a row that Central EMC has retired Capital Credits.

### **III. Community**

Central EMC recognizes that Members are the foundation of the Cooperative. Central EMC, therefore, strengthens that foundation through programs and services that support community. In 2018, Central EMC continued programs:

- Operation Round Up donated over \$108,000.00 in Grants to local community organizations;
- Central EMC provided \$15,000.00 in Grants to our local schools through the Bright Ideas Program;
- Central EMC provided scholarships to students to attend local Community Colleges, the Electric Cooperative Youth Tour, and Touchstone Energy Sports Camp Scholarships;
- Central EMC made a loan of \$360,000.00 in zero-interest federal funds to the Carthage Fire & Rescue Department for the purchase of a new state-of-the-art Fire Engine, and;
- Central EMC partnered with the Kenan Fellows Program for Teacher Leadership at NC State University to host Daria Fedrick, a local teacher, for the summer. Ms. Fedrick worked alongside mentors at the Cooperative, learning how power is generated and delivered and how the Cooperative is continuing innovating to better serve its Members.

### **IV. Conclusion of “Powering Today Into Tomorrow”**

Central EMC has committed to maintaining a reliable grid that remains adaptable for the Members’ needs. Central EMC is continually looking forward towards the technological and economic changes necessary for the coming years and decades.

Central EMC pledges to remain true to its original purpose – to provide reliable, affordable electricity to its Member-Owners. It is through this commitment that Central EMC strives to remain the trusted energy partner to the Membership for generations to come.

5. Edward B. Oldham, the General Manager and Chief Executive Officer of Central Electric, presented the Manager’s Address. Mr. Oldham thanked the Members for attending the Cooperative Annual Member Meeting, which is a vital part of the Cooperative business model, ensuring that all Members have the opportunity to hear about the successes of the Cooperative, changes that have occurred since the last Annual Meeting and plans for the future.

Central EMC continues to grow, adding several hundred new Members each year. This is a healthy rate of growth compared to many other electric cooperatives in the State. The amount of growth is manageable. For the first time in many years, Central EMC did not require a major construction project.

After sixteen years at the helm, former CEO Morris McClellion announced his retirement. The Board of Directors named Edward B. Oldham of Chatham County as the new CEO beginning in July, 2019. Mr. McClellion led the Cooperative through years of substantial growth. During his tenure Central EMC added programs and services that will benefit the Membership for years to come. Mr. Oldham promised to uphold the high standards that Mr. McClellion and the Board of Directors have established as the Cooperative moves forward in these times of significant change in the electric utility industry.

The Board's number one goal is continued emphasis and commitment to safety. At this time Mr. Oldham recognized Central EMC employee, Joe Pratt, Safety and Training Coordinator, and Farris Leonard, the NCAEC Job Training & Safety Director. Mr. Leonard and representatives from NCAEC regularly visit Central EMC to educate, update and offer an additional perspective on safety issues.

Farris Leonard presented to Joe Pratt, as the "Safety" representative of Central EMC, a "Safety Achievement Award". The NCAEC award is based on Central EMC's commitment to safety, regulatory compliance and loss control. Mr. Leonard commended Central EMC and its Employees for creating a culture of safety to ensure the safety of employees, Cooperative Members and the public.

Mr. Pratt thanked Mr. Leonard for the award and accepted the plaque on behalf of Central EMC. The Members gave a round of applause to Joe Pratt and the Central EMC employees for their strong safety record. Mr. Leonard and Mr. Pratt left the stage at this time.

Mr. Oldham reported that the Metering/AMI Dispatch Team at Central EMC had recently won the "Expanding Excellence Award" in the Best Analytics Project Category from CS Week. CS Week is a well-respected national organization that promotes technology and systems that improve customer service functions across the United States. Central EMC began utilizing an outage management software approximately 15 years ago. That product, in combination with the AMI System, provided new capabilities that Central EMC had not previously experienced. Bottom line, this software and technology merger enabled Central EMC to respond faster and more precisely during major storms. Even if a Member does not "call in" to report an outage, the OMS/AMI feature will report the Member's outage to the Cooperative.

The Central EMC Customer Service Department has now made a CEMC App available. This App will allow each Member instant access to his or her account through smartphones, tablets or mobile devices. A Central EMC Member can find a due date, make a payment or determine the exact amount of energy usage for that billing period. The App is easy to use and is free. Mr. Oldham recommended that all Members who have not yet done so, download the App by searching "Central EMC" in the iTunes or Google Play store.

Over the years, Central EMC has offered Carolina Country magazine to send Cooperative news directly to each Member's mailbox. In addition to that traditional communication outlet, Central EMC has now expanded its efforts to include digital outlets, including email. Mr. Oldham recommended that each Member provide his or her email on the survey card received at registration. By providing Central EMC the Member's email address, Central EMC can make sure that each Member is staying up-to-date and connected with the Cooperative. The Cooperative has great information to share on Cooperative programs and news. The Cooperative recently added a personalized video billing report to help a Member better understand his or her energy usage. All of this information can be sent directly to a Member in his or her email inbox.

Central EMC has also added a website "chat" feature. Members are more mobile than ever. This function will allow Central EMC to stay in touch with its Membership, wherever the Members may be.

The Cooperative continues to receive bill payments at its drive-thru each business day. Members can also drop by the lobby or call the Cooperative during any business day with questions. Central EMC offers limited phone service through 9:00 p.m. most evenings. Finally, Central EMC has emergency service response 24/7, 365 days per year.

NCEMC, our statewide association, has created an Electric Vehicle Charging Network across the State. These fast charging EV Charging stations will be located along major highway corridors in North Carolina. This Network will encourage the purchase and use of Electric Vehicles across the State. Central EMC plans to install an Electric Vehicle charging station within the Cooperative territory.

Central EMC has implemented a special Electric Vehicle charging rate that will provide Electric Vehicle users a low energy rate if they charge their vehicles between 10:00 p.m. and 5:00 a.m.

For the last ten (10) years, Central EMC has made a Capital Credit General Retirement. This year will be the 11<sup>th</sup> year that Central EMC has made a General Retirement of Capital Credits.

In the Fall of 2019, Central EMC's General Retirement of Capital Credits will close out the remaining patronage allocated to Fiscal Year 1999 as well as a percentage of the Capital Credits allocate to Fiscal Year 2000. The total amount of General Retirement will equal \$1.2 Million. Central EMC is an excellent financial shape.

With the 2019 General Retirement of \$1.2 Million, this will bring the total Capital Credits to Central EMC Members in the past eleven (11) years to \$11 Million. These Capital Credit checks will be mailed out between Thanksgiving and December 1, 2019. Any Capital Credit retirement less than \$25.00 is applied directly to the Member's bill as a credit.

Mr. Oldham thanked the Member's for their attendance and attentiveness. The Cooperative makes all decisions with the Members in mind. The Cooperative focuses on providing reliable service, value for the cost and attention to the Members needs and requests.

In closing, on behalf of the Board of Directors and sixty-five (65) employees, Mr. Oldham thanked the Membership for another year of serving their electric needs.

6. The business session continued with the election of directors. Ms. Currin explained the two (2) methods by which an individual can be nominated to serve for election to the Cooperative's Board of Directors. These methods include nomination by the Cooperative's Nominating Committee and nomination by written petition. On behalf of the Cooperative's Nominating Committee, Ms. Currin reported that the Cooperative's Nominating Committee had nominated the following individuals to stand for election to the Board:

- (1) District 1 (Lee County) – Frank Comer, III;
- (2) District 2 (Chatham and Randolph Counties) – James B. Brooks, and;
- (3) District 3 (Harnett County) – Edith Cox.

Ms. Currin stated that the Cooperative had received no written petitions nominating additional individuals to stand for elections.

Ms. Currin then recognized and introduced each of the current members of the Board of Directors.

Ms. Currin noted that for all three Districts, those individuals nominated were running unopposed. In such cases, the members have traditionally dispensed with balloting and elected the unopposed Directors by acclamation. Therefore, upon motion duly made and seconded, the Cooperative's members elected, by acclamation, Frank Comer, III (District 1); James B. Brooks (District 2); and Edith Cox (District 3) to serve three (3) year terms as members of the Board, such terms to expire at the 2022 annual meeting.

7. Ms. Currin opened the floor for additional old or new business to come before the meeting. There was none. Ms. Currin then turned the meeting back over to President Cogan.

8. President Cogan thanked the members for their attendance and participation in the Cooperative's business. Upon motion duly made and seconded, the meeting was adjourned, subject to the drawing of door prizes.

9. There being no further business, the meeting was adjourned.

SIGNED:

---

James B. Brooks, Secretary

APPROVED:

---

Rebecca G. Cogan, President