

CENTRAL ELECTRIC MEMBERSHIP CORPORATION

Minutes of the 2022 Annual Member Meeting

October 7, 2022

Sanford, North Carolina

Pursuant to due notice thereof, the 2022 Annual Member Meeting ("Meeting") of Central Electric Membership Corporation ("Central EMC" or the "Cooperative") was conducted Remotely and Virtually via Streaming Video (over the Internet) from Central EMC Headquarters in Sanford, North Carolina, beginning at 10:00 a.m. on Friday, October 7, 2022. President Rebecca G. Cogan presided over the Annual Meeting. Pastor Charles E. Cameron, Sr. of the Covenant Christian Church gave the invocation. Melissa Rodriguez presented the Pledge of Allegiance.

Pastor Cameron asked that everyone pause for a moment of silence to honor Central EMC past Director, Edith Cox. Edith Cox served as a Director of Central EMC from 1984 through 2022.

President Cogan thanked the Membership for their participation in the remote Annual Member Meeting. She explained that if any Members have any questions or comments that the Member should send Central EMC a direct message through Facebook or the Cooperative website. Central EMC will answer each Member individually at the conclusion of the meeting.

The Annual Meeting was conducted virtually, without objection, due to the COVID-19 Pandemic in order to ensure the safety of the Cooperative Members and the Cooperative Employees. Members were given the opportunity to vote for the Election of Directors by submitting a ballot by United States Mail or by submitting a ballot electronically. Section 3.09 of the Central EMC Bylaws provides that Management will count each Member who submitted a "Vote" (either electronically or by United States Mail) as attending this Remote Streaming Meeting for purposes of a Quorum.

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 81st Annual Meeting and thanked them for their attendance. 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.

2. General Counsel, Cynthia M. Currin provided the following report. The Central EMC Bylaws define a Quorum for the Annual Meeting as 2% of the Membership or 392 Members.

Central EMC Bylaw §3.09 provides that (for purposes of a Remote Streaming Annual Meeting), Central EMC will count each Member who submitted a "Vote" for the Election of Directors (either electronically or via United States Mail) as attending this Annual Meeting for purposes of a Quorum.

Central EMC had 704 Members submit a "Vote" for the Election of Directors. Therefore, the number of Members participating by Vote exceeded the Quorum requirements. The Annual Meeting could therefore proceed as scheduled.

The Cooperative mailed a Notice of the Annual Meeting to each Member by United States Mail on August 24, 2022. This Notice of Annual Meeting was prominently published and displayed on the Cover-Wrap of the Carolina Country Magazine.

Management reviewed the Proof of Mailing from the Carolina Country Publication which certified that the Notice was mailed to all Central EMC Members on August 24, 2022.

Both the Notice and the Proof of Mailing satisfied the Central EMC Bylaw requirements. Each document is a part of the Cooperative's official files.

3. General Counsel Cynthia M. Currin reported that the Minutes of the 2021 Annual Member Meeting had been posted on the Central EMC website. In accordance with the Membership's standard directives, these Minutes of the 2021 Annual Member Meeting will be submitted to the Board of Directors for review and approval.

Ms. Currin reported that the Business Session would continue with the Central EMC Officers' Reports.

4. **Officers' Report**

The Officers' Reports were presented to the Membership in the form of an audio/visual presentation providing the following information:

I. **Commitment to Community**

- **Central EMC Contributions to Outreach Missions' Shelters**

Central EMC has a "Commitment to Community". This is one of the seven (7) Cooperative Principles. Management then showed a video of Central EMC employees in action within the Community.

Hamer Carter, a member of the Board of Directors of Outreach Mission in Sanford, reported that hundreds of individuals in Sanford experienced homelessness. Outreach Mission offers two (2) sites for those individuals – one site being for men and the other site being for women and children.

Outreach Mission applied to the Central EMC Operation RoundUp for assistance in construction of a handicapped ramp to each of the Outreach Mission Shelters. Many of the individuals who use the shelters experience medical limitations which require use of a wheelchair, cane or walker. The Central EMC RoundUp Board approved a Grant to pay for the materials for construction of the two handicapped ramps to the two shelter sites.

Central EMC employees volunteered to construct the two ramps. The video presentation showed Central EMC employees in action constructing the two (2) new ramps to provide a service to the Lee County Community.

Central EMC believes it is important to give back to the community.

- **History of Central EMC Commitment to Membership**

Central EMC was incorporated over eighty (80) years ago when a group of citizens came together to form the Cooperative. These founding Members had deep roots in the agricultural community. These initial Members banded together to improve the quality of life by bringing electric power to an area that was not previously served. Now, in the 21st century, the Cooperative's Mission remains the same: *to work together to improve life for everyone.*

Central EMC's core mission is to provide members with reliable, affordable electricity now and into the future. For decades, the Cooperative has delivered reliable power at the lowest possible cost. Members now have additional expectations related to clean energy. Central EMC's goals are to achieve reliability, affordability and sustainability through a balanced approach that brings the best value.

- **"Brighter Energy Future"**

The Cooperative's "Brighter Future Vision" centers on two voluntary sustainability goals: (1) a 50% reduction in carbon emissions (from 2005 levels) by 2023, and; (2) net zero carbon emissions by 2050. One of the ways that Central EMC plans to achieve these goals is through investments in new technologies such as battery storage. Battery storage facilities

will allow Central EMC to store energy when demand is low and use that stored energy later when the demand is high.

Central EMC offers energy auditors to the Membership to advise Members on how to improve efficiency and lower costs.

Central EMC provides resources on its website (www.cemcpower.com) regarding solar energy. Central EMC offers two (2) new Electric Vehicle “Time-of-Use” Rates that allow Members who own Electric Vehicles to maximize savings when charging an Electric Vehicle at home during nighttime “off-peak” hours.

Central EMC offers new ways to serve its Membership through an “on-line” portal, mobile apps, paperless billing and new custom service options such as “on-line” chat and “on-line” service applications.

Central EMC completed improvements to its front lobby to enhance Members’ safety and to allow walk-in visitors to return.

- **Breakdown of Financial Report for Fiscal Year 2021**

Central EMC remains committed to transparency regarding the Members’ money. The following is a breakdown of how Central EMC revenue was disbursed in 2021:

- The largest share of each dollar, 59¢, was used to purchase Wholesale Power;
- Operating costs for maintaining power lines, fuel costs for vehicles, tree trimming and taxes totaled 27¢ of every dollar;
- A total of 8¢ from every dollar, went to depreciation -- the decline in the value of equipment or property over its life;
- A total of 4¢ from every dollar was paid for interest, the cost of borrowing money to continuously build electric lines and electric grid infrastructure, and;
- Total margins (the difference between revenue and cost of service) represented just 2¢ of every dollar.

Effective May 1, 2021, an increase of \$2.00 was added to the Central EMC monthly basic facility charge. The basic monthly facility charge increased from \$27.00 per month to \$29.00 per month. This increase was applied directly to covering costs of operations while maintaining the Cooperative mission of operating as close to “at cost” as possible.

At the end of Fiscal Year 2021, Members were issued a Wholesale Power (“WPCA”) billing credit (in December 2022) of 4.1¢ per kilowatt hour, or \$41.00 for every 1,000 kilowatt hours.

Central EMC also returned margins back to its Members in the form of Capital Credits. In Fiscal Year 2021, the Cooperative returned \$1.1 Million in Capital Credits to Members who received service from the Cooperative during Fiscal Years 2001 and 2002. Retirement amounts greater than \$25.00 were issued as a check. Retirement amounts less than \$25.00 were applied as a credit to the electric bill.

- **Operation RoundUp**

During Fiscal Year 2021, Central EMC Members donated \$120,000.00 to Operation RoundUp. These funds were utilized to issue grants to such non-profits as Drug-Free Moore County, Buddy Back Packs for Harnett County, Hispanic Liaison of Chatham County and Christian United Outreach.

- **Bright Ideas Grants, Scholarships & Sponsorships**

Central EMC also continued to invest in its community’s future by supporting educators through the Bright Ideas Grant Program in Fiscal Year 2021. Over \$15,000.00 was distributed through Bright Ideas Grants.

Central EMC rewarded local students through the “Give Us An A” Program and sponsored scholarships to deserving Members to attend Sandhills Community College and Central Carolina Community College.

Central EMC was proud to sponsor two (2) local students to attend the Cooperative Leadership Camp at White Lake. Campers learn directly from linemen how to keep the power flowing, what it means to be a Member of the Cooperative Community and how they can grow into leaders of tomorrow.

- **Conclusion**

Central EMC is grateful to be a part of this community and honored to provide the electricity and services that powers the Members’ lives. The foundational principles of our Cooperative are just as important now as they were 80 years ago.

Central EMC continues to pledge and honor its commitment. Central EMC strives to remain the trusted energy partner for the Central EMC Membership.

5. **General Manager’s Report**

General Manager Edward B. Oldham explained that theme for this year’s Annual Member Meeting is: “Your Community, Your Power, Your Service”.

Community is essential to Central EMC. Central EMC serves its community by not only being an essential electric service provider, but also being a resource and advocate to assist in bettering and enriching the lives of individuals throughout the Central EMC service territory.

While Central EMC’s core job is keeping the lights on. Central EMC’s passion lies in serving all of the Central EMC Members as well as the communities in which they live, work and play.

Central EMC promotes community through economic development, volunteering and donations to local causes. Central EMC employees go to church with Members, shop in the same grocery stores and have children attending the same schools as Members. For example, Central EMC employees attend little league baseball games, dance recitals, YMCA events – constantly interacting with Members.

Central EMC employees and its Members are fortunate to live in this community. Central EMC’s ties to this community are strong. Central EMC Members are more than consumers. Central EMC Members are member-owners who have a direct say in the operation of the Cooperative. The Members elect their Board of Directors who make decisions on behalf of the Cooperative.

Central EMC “satisfaction” and “engagement” scores for Fiscal Year 2021 rank Central EMC at the top of all Cooperatives surveyed. This survey measures all aspects of Central EMC service – from reliability to cost and value for service.

Central EMC is a proponent of a “smart and balanced” integration of renewable energy sources that provide environmental advantages while protecting reliability and affordability. Central EMC is working in partnership with its Statewide Organization NCEMC for implementation of a battery-storage project at the Doc’s Road Substation in Harnett County. This battery-storage project is one of ten (10) substation battery-storage projects being implemented across the State by North Carolina Electric Cooperatives. Collectively, the battery-storage facilities will provide 40 Megawatts of power. These batteries will be charged when demand for electricity is low and later discharged during moments of peak demand for power. These facilities will not only enhance electric reliability but are expected to provide cost savings for the lifetime of the battery projects.

Since Central EMC is “not-for-profit” and operates as close to the “at-cost” as possible, Central EMC Members will benefit from these savings.

Central EMC is monitoring and preparing for projected growth on its system. Central EMC will provide electric service to the southern sections of Chatham Park, the new “live-work-play” development in Pittsboro. Central EMC projects increased economic development within the Central EMC Territory within the next few years. The Cooperative is preparing system upgrades and hardening to stay ahead of this growth, which includes ongoing maintenance. Maintenance of the system is a sign that the Cooperative is working to continue providing Members reliable electricity well into the future.

For thirteen (13) years in a row, Central EMC has issued Capital Credit General Retirement Checks to its Members. Central EMC will issue a General Retirement of Capital Credits again this year – which will be the 14th year in a row. This General Retirement of Capital Credits is based on patronage previously allocated to Fiscal Years 2002 and 2003. The return of Capital Credits to our Members is a significant identifier of the Cooperative Business Model. Central EMC sets its rates as close to “at cost” as possible. Central EMC works hard to control costs. Therefore, any revenue remaining after expenses is returned directly to the Members. Central EMC is on solid financial ground.

The General Retirement of Capital Credits for Fiscal Year 2022 will total approximately \$1.1 Million. Following this Retirement, Central EMC will have retired a total of \$16 Million to its Members over the past fourteen (14) years. Capital Credit checks are projected to be delivered to the Membership between Thanksgiving and December 1, 2022. Any Capital Credits which equal less than \$25.00 will be issued as a credit on the Member’s next bill.

Capital Credits are the Members’ investment in the Cooperative. The Cooperative Business Model is distinct. The Cooperative is locally governed and belongs to its Members. The Cooperative focuses on adapting quickly to the evolving needs of its Membership. Central EMC works hard everyday to maintain its Members’ trust. It is Central EMC’s goal to look out for the best interests of its Members and to enrich the lives of those working and living in Central EMC communities.

Mr. Oldham stated that it would be appropriate to take time to remember the loss of Central EMC Board Member Edith Cox who passed away unexpectedly on February 20, 2022. Ms. Cox was a dedicated member of the Central EMC Board. Central EMC lost a true champion for the Cooperative and an individual who was treasured by the Central EMC Board and Management. Edith Cox was a great person, educator and role model in the community. Ms. Cox was initially elected to the Board of Directors in 1983 and served faithfully representing District 3 in Harnett County for over thirty-eight (38) years. She has left a community legacy.

In closing, Mr. Oldham thanked the Membership for participating in the 2022 Virtual Annual Member Meeting. This concluded Mr. Oldham’s report.

6. **Concern for Community**

Mr. Oldham then introduced Janet Jackson, the Director of Marketing and Member Programs to provide a report on Community Engagement Projects. “Concern for the Community” is a core guiding principal of the Cooperative. The community has always been and will continue to be a key part of the Cooperative’s Mission. Community is the “heart and soul” of the Cooperative.

Central EMC serves its community in multiple ways: providing grants to local non-profits through Operation RoundUp, providing scholarships for local youth and offering employee services for local service projects.

○ **Bright Ideas Grants**

Central EMC makes an impact through the Bright Ideas Grant Program which provided \$15,000.00 in grants to local teachers in 2021. Ms. Jackson presented a video interviews from teachers:

- Emma Smith. Ms. Smith is a teacher at Broadway Elementary School in Lee County. She has taught for eighteen (18) years and has served as a third-grade teacher, fifth-grade teacher, a math and science interventionist and an elementary STEM teacher. Ms. Smith’s project was for an outdoor learning lab which was extremely beneficial during COVID.
- Kimberly Hilliard. Ms. Hilliard teaches at Sandhills Farm Life Elementary School in Carthage. Ms. Hilliard has been teaching twenty-seven (27) years as a music educator. Ms. Hilliard’s project promoted music to the students.
- Riley Sullivan. The Bright Ideas Grant will fund a music program for Mr. Sullivan entitled “You-Can-Do-It”. The Bright Ideas funds will be used to assist students who are unable to physically hold ukuleles. The Bright Ideas funds will provide “adaptive” means so that his students can play the ukulele.
- Jacob Galbraith. Mr. Galbraith is a science teacher in Montclair School, which is a K-8 school. The funding for this project will enable students to bring home fresh vegetables to receive proper nutrition. Students will learn skills for growing crops and container farming. This project can teach employment skills for the future.

○ **Movie Night Project for Military Families**

James Taylor, Manager of Human Resources, Payroll and Communications, provided a summary regarding the Movie Night Package for military families. Central EMC employees put together packages that contained popcorn, candy, goodies and beverages for military families. The Movie Night Package offered the family relaxing time together. The packages express Central EMC’s appreciation to these military families.

Brett Newman, a soldier from Fort Bragg, thanked Central EMC for its efforts in providing an opportunity for a military family to come together, refocus and have an enjoyable movie night.

Janet Jackson provided a check for \$1,000.00 from Central EMC to the Brian Knight, the manager of the local USO to provide additional assistance to military families.

7. Ms. Currin provided a summary of the current Members of the Board of Directors.

The Business Session continued with the Election of Directors. Ms. Currin explained the two (2) methods by which an individual can be nominated as a candidate for election to the Cooperative’s Board of Directors. These methods include nomination by the Cooperative’s Nominating Committee and nomination by written petition.

The Central EMC Nominating Committee met on June 6, 2022. The Committee elected Richard Williams as the Chairman and Carolyn Cameron as the Secretary. The Cooperative’s Nominating Committee nominated the following individuals to stand for election for the Board:

- (1) District 1 (Lee County) – L. Frank Comer, III;
- (2) District 2 (Chatham and Randolph Counties) – James B. Brooks, and.;
- (3) District 3 (Harnett County) – Charles E. Cameron, Sr.

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

Ms. Currin then provided a report on the Election results. Central EMC had employed an independent third-party Consultant, Survey and Balloting Services (“SBS”) to tabulate the Members’ Votes. Central EMC Members had voted by either: (1) Returning the ballot through United State Mail, or (2) Voting electronically.

Ms. Currin reported the results of the tabulation of Votes for the Election (as certified by SBS) and the individuals elected for each position as follows:

- District 1, L. Frank Comer, III received 574 votes;
- District 2, James B. Brooks. received 567 votes, and;
- District 3, Charles E. Cameron, Sr. received 619 votes.

Each of these Directors will serve three (3) year terms as members of the Board. Such terms expire at the 2025 Annual Member Meeting.

8. Ms. Currin reported that no Member has presented any old business to come before the Membership.

9. Ms. Currin reported that no Member has presented any new business to come before the Membership.

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

SIGNED:

James B. Brooks, Secretary

APPROVED:

Rebecca G. Cogan, President