

Piedmont Electric Membership Corporation
Hillsborough, North Carolina
Board of Directors Meeting
February 15, 2021
SUMMARY MINUTES

The regular meeting of the Board of Directors of Piedmont Electric Membership Corporation was held at 3:00 p.m. on February 15, 2021 pursuant to notice of date and time of said meeting at the headquarters of the Cooperative in Hillsborough, North Carolina.

The following members of the Board were present in person: Bill Barber, Sam Woods, Randy Kinley, Steve Long and Cy Vernon with Steven Bailey, David Poythress, Andy Oakley Elizabeth Townsend, and Richal Vanhook participating via TEAMS. Also present in person was Steve Hamlin, President and CEO. Mike Parker, Attorney participated via TEAMS as did the following staff members: Susan Cashion, Vice-President, Chief Compliance and Administrative Officer, Larry Hopkins, Vice-President of Engineering, Lisa Kennedy, Vice-President of Financial Services, Robert Riley, Vice-President of Operations, Kirk Metcalf, Manager of Human Resources, and Chuck Lee, Manager of Energy Services.

Mr. Barber, Chairman, called the meeting to Order.

Upon motion and second, the Board approved the minutes from the January 18, 2021 meeting unanimously.

Upon motion and second, the Board approved the summary minutes from the January 18, 2021 meeting unanimously.

The following business was discussed on various levels of detail:

1. Upon motion and second, the Board approved the Monthly Safety Report.
2. The CEO reported there is a Board seat on the National Cooperative Service Corporation (NCSC) Board, an auxiliary lender for the National Rural Utilities Cooperative Finance Corporation (CFC), which is up for re-election. Mr. Vanhook has expressed interest in being nominated to being elected to fill the seat.
3. Mr. Kinley has agreed to represent Piedmont on the REAP Executive Committee along with Brandon Reed who currently serves on the REAP Executive Committee.
4. On power supply issues, the CEO reported the coal ash remediation overcollection balance is approximately \$1,758,000. He noted the report that Duke Energy is settling the coal ash

remediation litigation and he is working with Duke Energy to determine Piedmont's share of any financial settlement. The CEO also informed the Board that he and the other "IM's" are also working on a settlement with NCEMC for certain payments concerning the Catawba Nuclear Power Plant due to Piedmont's status as an Independent Member of NCEMC. He also reported that Duke and NCEMC have already joined the new Southeast Energy Exchange Market (SEEM).

5. The Vice-President of Engineering reported that Piedmont received bids on the new mobile substation. Delta Star from Lynchburg, Virginia, was the sole compliant bidder. Upon motion the Board approved awarding the bid to Delta Star in the amount of \$2,321,946 for the new mobile substation and it will take about a year to build the mobile substation.
6. The Vice-President of Engineering also presented a proposed estoppel agreement requested by Duke Upper Piedmont to assist them with securing financing for their landfill project. Upon motion and second, the Board approved Piedmont executing this estoppel agreement.
7. Additionally, the Vice-President of Engineering reported that:
 - a. The new Cherry Grove substation is now on-line,
 - b. Duke Energy needs to do repairs to the Eno delivery point requiring two planned outages that will essentially shut down Piedmont's power to Orange County members and two stop lights served by Piedmont. This is work that cannot be performed hot and each repair will take approximately five hours. The outages are tentatively scheduled for April 17 and 24 from 12:00 a.m. to 5:00 a.m.
 - c. Additionally, he did several television interviews that were broadcast on WRAL during the recent ice storm.
8. Staff presented the revised and final Organizational Incentive Plan for 2021. It was noted that this will be the last time this type of an incentive plan is used since Piedmont will transition to a purely performance-based incentive plan in 2022.
9. Staff presented several gender-neutral changes to job titles. Lineman Trainee will now be Groundworker; C Lineman will now be Line Technician III; B Lineman will now be Line Technician II; A Lineman will now be Line Technician I and Serviceman will now be Service Technician.
10. Staff discussed a proposed zero-tolerance policy on drugs and alcohol. They are currently under review by Aaron Christiansen, an employment attorney, to be brought to the Board

— for consideration at the March Board meeting. It was noted that most of the cooperatives that Mr. Christiansen assists with employment matters are now zero tolerance.

11. The Board reviewed the annual update on the motor fleet.
 12. Staff updated the Board on the pandemic related Accounts Receivable total of \$957,017.45, a decrease from the January 2021 Board meeting. Approximately 3,700 members have made payment arrangements but 388 have not complied with the arrangements they made.
 13. Staff also discussed the February 2nd meeting the Board had with RiverStreet Network (“RSN”). They requested certain concessions of fees and expenses relating to their pole attachments to assist them in their efforts to expand broadband in Person and Caswell Counties to Piedmont members and others. They requested waivers of \$50,000 in “make ready” fees and three years of pole attachment fees but they will accept whatever Piedmont is willing to offer. There are 12 poles they will attach to in Person County plus an unknown number in Caswell. Mr. Hopkins explained “make ready” fees are the expenses incurred any time a party proposes to attach to a Piedmont pole. A study must be performed by a professional engineer to determine pole strength since an additional attachment could require installing a new pole. He noted that RSN will handle the “make ready” engineering for their attachments. After discussion, upon motion and second, the Board approved concessions for RSN of the waiver of all pole attachments fees for the first three years and up to 50%, or \$25,000, of their “make ready” fees in 2021, whichever amount is less. The Board, by consensus, authorized the CEO to execute an agreement with these fee concessions to assist in the expansion of broadband to the membership. Staff is working with RSN on communications with members regarding the status of broadband expansion.
 14. The CEO updated the Board on consultations with Judy Beacham of Booth & Associates concerning the ongoing rate study and he noted that a \$ 1.00 per month increase in the residential facilities charge may be fully adequate for revenue purposes. This will be presented at the March Board meeting.
 15. Staff presented the AP8 Work Orders for November and December 2020 totaling \$851,128.13 and upon motion and second, the Board unanimously approved the November and December 2020 Work Orders. Additionally staff presented the Financial Report for January 2021 and the Wholesale Power Cost Adjustment for March 2021. Piedmont’s accounting department will assist Broad River EMC through November in covering a
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vacancy due to an employee's maternity leave.

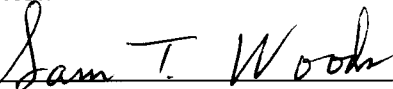
Staff was excused and the Board met in executive session beginning at 4:35 p.m. which ended at 5:40.

Mr. Barber declared the meeting adjourned at 5:40 p.m. since there was no further business to come before the Board.



Chairman

Attest:



Secretary

PEMC\Minutes 02/15/21