

# ***SUMTER ELECTRIC COOPERATIVE, INC.***

## ***ANNUAL MEETING MINUTES March 23, 2019***

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The Annual Meeting of Members of Sumter Electric Cooperative, Inc. was held on the grounds of Sumter Electric Cooperative, Inc., in Sumterville, Florida, on March 23, 2019. Registration of members began at 8:00 a.m.

President Jerry D. Hatfield called the Meeting to order at 10:30 a.m. and welcomed the members and guests to SECO's 81<sup>st</sup> Annual Meeting.

President Hatfield asked that Kathryn Gloria, Vice President of Corporate Communications and Energy Services, come forward to give the invocation and lead the members in the Pledge of Allegiance to the Flag.

Ms. Gloria gave the invocation.

Colonel Phillip C. DeLong Detachment 1267 of the Marine Corp. League provided a special presentation of the colors.

Ms. Gloria led the members in the Pledge of Allegiance to the flag.

Ms. Gloria introduced Tim Wallace, a SECO employee, who sang the National Anthem.

Ms. Gloria introduced the following Trustees and their wives and guests:

Jerry D. Hatfield, President, District 9  
Richard H. Dennison, Vice President, District 4  
William W. James, Secretary-Treasurer, District 8  
Scott D. Boyatt, District 1  
Dillard B. Boyatt, District 2  
Ray F. Vick, District 5  
Earl Muffett, District 6  
Joseph E. Kusiak, District 7

Ms. Gloria advised the members of the outcome of the District 1 Trustee Election at which Trustee Scott Boyatt was re-elected. She also shared the outcome of the District 5 Trustee Election at which Trustee Ray Vick was re-elected.

Ms. Gloria advised the members that District 3 currently has a Trustee vacancy and that a special Trustee election would be held to fill that vacancy in the near future.

Ms. Gloria also introduced the Cooperative's Chief Executive Officer, James P. Duncan and his wife Connie and the Cooperative Attorney, Lewis W. Stone and his wife, Sandi.

Ms. Gloria also introduced other guests, dignitaries and vendors who were in attendance.

Ms. Gloria then invited Board President Jerry D. Hatfield to the podium to Chair the meeting.

President Hatfield appointed Nora Brown, Senior Executive Assistant to the CEO, as Recording Secretary.

President Hatfield briefly postponed closing of registration to allow members still trying to register time to do so. He was able to close registration at 10:39 a.m. once all members had the opportunity to complete registration.

President Hatfield introduced William W. James, Secretary-Treasurer, who certified that the quorum requirement for the 2019 Annual meeting had been met, stating that the number of registered members was 2,811.

Secretary-Treasurer James read the members the Certification which stated that between the dates of February 8, 2019 and March 11, 2019, he had mailed to each member of the Cooperative with their electric bills, a notice of the Annual Meeting of Members of the Cooperative, March 23, 2019, by depositing such notice in the U.S. mail.

Secretary-Treasurer James then stated that he would entertain a motion to dispense with the reading of the 2018 Annual Meeting Minutes and to have them approved as they stand. A member moved to dispense with the reading of and the approval of the 2018 Annual Meeting Minutes. The motion was seconded and approved unanimously by the membership.

President Hatfield, returning to the podium, addressed the members and thanked them for attending their Annual Meeting.

He expressed the Board's appreciation to the employees for making the Annual Meeting a success.

He shared that per Florida statutes cooperatives are required to hold an Annual meeting and that during that meeting the cooperative is required to meet a quorum in order to conduct official business.

He talked about the growing number of members and how it has affected an increase in members' attendance at the Annual meeting.

He shared some information about the prize drawing and the prizes that would be awarded at the conclusion of the Business meeting, and wished the members "good luck".

He provided a brief explanation of the capital credits process and that in 2018 the Board approved the retirement of a record \$5.5 million back to the members in capital credits.

He also spoke about the “Pennies from Heaven” program and how the money from rounding up your electric bills was used in the community to help the less fortunate.

President Hatfield explained that the Board sets the policies and approves the budgets that guide the Cooperative, and that the CEO and his Senior Staff manage the Cooperative under the policies.

He stated that SECO’s goal is to provide the members with affordable, reliable energy for years to come.

In closing he thanked the membership on behalf of the Board.

President Hatfield then introduced SECO’s CEO Mr. James Duncan.

CEO Duncan welcomed the members to SECO Energy’s 81<sup>st</sup> Annual meeting.

He stated that he hoped everyone enjoyed the band, the employee hospitality and had a chance to try the big breakfast biscuit - and had filled up on all the coffee, soda and doughnuts they could stand.

CEO Duncan informed the members that SECO welcomes feedback regarding the Annual meeting, and advised that a survey would be sent out to members.

CEO Duncan spoke about the theme of this Annual Meeting – “Feeding the Cooperative Spirit” and the food drive partnering with our local United Way chapters and food pantry volunteers. He shared that SECO’s goal for the food drive was to help the many local food pantries who are experiencing critical shortages of food. He thanked the members for their generosity.

He touched briefly on “Pennies from Heaven” sharing that this program is just one of many community outreach programs supported by SECO and its employees.

He shared that annually SECO employees give to our United Way chapters that last year SECO employees pledged over \$66,000 across eleven central Florida counties and that since 2004 employees have given over \$860,000 to the United Way.

He also shared with the members that SECO employees also donate generously to Toys for Tots and that during November and December each year our Member Service Centers are designated public toy collection locations so that members can join SECO in donating toys as well.

CEO Duncan went on to tell the members that in 2018 employees donated over 100 new trikes and bikes and hundreds of toys. He stated that the Toys for Tots organization is run by Marines and is near and dear to him. He thanked employees and members alike for their generosity.

Next he talked about the employees' involvement in supporting the American Cancer Society's Relay for Life event. That at last year's annual golf tournament the employees raised nearly \$30,000. He shared that new this year SECO members can join TEAM SECO in the Relay for Life as part of a virtual Relay team – and advised members to watch for details about the virtual Relay team in the upcoming April edition of SECO News.

He asked for a show of hands of those members attending an Annual Meeting for the first time, and shared his amazement at how many first time attendees were there. He then asked for a show of hands of those who have been members for 5 years, then 20 plus years. He thanked the members for attending.

CEO Duncan shared with members that he was the longest-tenured SECO employee, and that he is honored to work at the Cooperative and grateful for each member's presence at the Annual Meeting.

He shared with members that he would like to honor the branches of service, and as the National Guard (Army/Air) flag was displayed and a short piece of the National Guard song played he requested that all current and former National Guard personnel stand to be recognized by the membership.

As the U.S. Army flag was displayed and a short piece of the Army song played he requested that all current and former U.S. Army personnel stand to be recognized by the membership.

As the U.S. Navy flag was displayed and a short piece of the Navy song played he requested that all current and former U.S. Navy personnel stand and be recognized by the membership.

As the U.S. Merchant Marines flag was displayed and a short piece of the Marine Corps song played he requested that all current and former U.S. Merchant Marines stand and be recognized by the membership.

As the U.S. Marine Corps flag was displayed and a short piece of the Marine Corps song played he requested that all current and former U.S. Marines stand and be recognized by the membership.

As the U.S. Coast Guard flag was displayed and a short piece of the Coast Guard song played he requested that all current and former U.S. Coast Guards stand and be recognized by the membership.

As the U. S. Air Force flag was displayed and a short piece of the Air Force song played he requested that all current and former U.S. Air Force personnel stand and be recognized by the membership.

He thanked all the military personnel for their service.

CEO Duncan then asked that law enforcement, correctional officers, firefighters, dispatchers and EMS personnel, currently active or retired, stand and be recognized.

He also paid tribute to the Board of Trustees and asked that the crowd give them a round of applause.

CEO Duncan paid tribute to former Trustee Robin R. "Rob" Henion who passed away in February and expressed condolences to his wife Shirley Henion and their family.

CEO Duncan recognized his senior leadership team – Ben Brickhouse, Kathryn Gloria, Gene Kanikovsky, John LaSelva, Gregg Morrell and Nora Brown.

He stated that SECO's most important group of all is the hundreds of *world class* employees who serve the members daily and that the members had met just a few of our SECO Champion employees in the monthly edition of SECO News. He shared that the SECO Champions are our hard working, local employees who are dedicated to providing exceptional service to members, co-workers and the communities we serve. He expressed his pride of the SECO team and their commitment to member satisfaction and asked the members present that if they had a special interaction with one of the employees that day, to be sure to let us know in the online survey that will come out in the next week. He asked that the crowd give the employees a round of applause.

CEO Duncan shared that SECO's 2018 American Customer Satisfaction Index (ACSI) score increased to an outstanding 89! He provided some comparisons of SECO's score to the scores of some well-known brands and how it compared to investor-owned and municipal utilities.

He told the members that SECO received its first J. D. Power award in 2015 when SECO Energy was ranked highest in satisfaction among midsize utilities in the South. Subsequently in 2016 and 2017, SECO earned its second and third J.D. Power awards for highest customer satisfaction among cooperatives.

He stated that in fact in all three years SECO ranked highest nationally among all cooperative, municipal and investor owned utilities surveyed.

He reiterated that SECO employees continue to uphold our motto...  
*Every Minute – Every Moment – Every Member Matters*

Then CEO Duncan moved on to discussing financials, stating that in 2018 members used 3.4 billion kilowatt hours – an increase of 184 million kilowatt hours from 2017 and that this represents a healthy growth rate of about 5.5%.

CEO Duncan shared that in 2018 our bottom line margins were \$14.8 million, about \$1.5 million over budget – which is also a healthy increase.

He shared that at year end 2018 SECO's investment in the facilities that serve our members was over \$878 million and growing, and that our ongoing investment in facilities averages over \$3.3 million per month.

He also shared that new member growth surged in 2018, with the addition of 5,161 new services – a 22 percent increase over 2017, bringing SECO's total active service count to 205,644.

CEO Duncan advised that much of the growth can be attributed to The Villages expansion in Sumter County. He shared that 43% of the growth was in Sumter County, 32% of the growth was in Lake County and 23% of the growth was in Marion County.

CEO Duncan also took a few moments to give a special thank you to Seminole's CEO Lisa Johnson and for Seminole's service to SECO. He shared some future Seminole plans, including Seminole's removal of one of its coal-fired units and the replacement with a state-of-the-art gas fired unit, which is expected to be online in early 2023. And that Seminole announced its intention to increase its use of solar, finalizing a deal to add 40 megawatts to its mix and considering the addition of another 300 megawatts of solar.

He talked about how the member growth results in the ongoing upgrades to infrastructure across our territory in order to maintain and enhance our \$878 million utility plant investments, and shared some information on improvements and long-term projects.

He shared with the members that we spend about \$10 million annually on vegetation management and explained how keeping the lines clear improves reliability for overhead and underground services alike.

He mentioned that last summer SECO introduced an all new outage reporting and communications platform called StormCenter that performs well with mobile devices. He shared that StormCenter offers members the option of how they wished to be contacted during outages. The system sends alerts that include an estimated restoration time, crew status as well as a follow-up notification with the cause of the outage. He also shared that members can visit SECO Energy on Facebook and Twitter for the latest outage information and company news.

He spoke about the daily restoration plan map, introduced during Hurricane Irma in 2017, and how successful as an outage communication tool this map was for our members, explaining that the map helped members identify areas where crews were restoring power daily.

CEO Duncan shared that storm season is just around the corner and asked members to be ready before the season begins and to bookmark SECO's StormCenter platform and website on their smartphones or tablets to keep in touch during storms.

CEO Duncan also shared with the members that 1,128 members have installed their own solar systems that interconnect with SECO's facilities. He informed the members who are interested in learning more about solar power and using the Solar Estimator to find out how much you can reduce your utility-supplied power to visit the redesigned Solar Power section of our website. He advised member who are interested in investing in solar to exercise caution, research contractors through our website and call SECO for a free second opinion on the financial outlay and possible payback.

He also spoke about the proposed Florida amendment entitled "Right to Competitive Energy Market for Customer of Investor-Owned Utilities; Allowing Energy Choice", explaining its complexity and advised members to pay close attention to the 2020 ballot and to be careful what they vote for. He informed the members that placed in their gift bag a flyer about the online Take Action Network and that if they sign up they will receive email updates about the amendment and issues impacting energy costs.

CEO Duncan then drew the members' attention to the Articles of Incorporation amendment and Bylaws revision booklets (in their free gift bag).

He explained, that if approved, the amendment to Article VI Section V of the Articles of Incorporation would allow SECO's Board the flexibility to authorize "by mail or electronic" voting on business conducted at Annual meetings so members could participate even if they were unable to attend. And that those votes would also count toward a quorum for the purpose of conducting business.

He then explained that amending the Articles of Incorporation also requires a related Bylaws revision to Article III Section V, which, if approved, would give the Board the flexibility to allow members to vote electronically or by mail on cooperative business at an Annual Meeting, even if they were unable to attend.

CEO Duncan, having summarized the revision and amendment, officially asked for the members' approval of both and invited Cooperative Attorney Lewis Stone to the podium to facilitate the vote.

Attorney Stone explained that if there is a visually apparent two-thirds vote there would be no need to count the ballots and then he asked the members to take out the orange Articles voting packet and prepare to vote using the blue and orange placards with the "A" on them.

Attorney Stone then announced that he has a motion from President Jerry Hatfield to vote to approve the Articles amendment.

Attorney Stone announced that he has a second from Trustee Richard Dennison to approve the Articles amendment.

Attorney Stone announced that the floor is open to discussion of the Articles amendment. Hearing no discussion, he then asks members to vote by holding up their placards, and he conducted the Articles vote.

Attorney Stone announced the visual result that the Articles amendment has passed.

Attorney Stone then asks members to take out the blue Bylaws voting packet and prepare to vote using the green and red placards with the "B" on them.

Attorney Stone announced that he has a motion from President Hatfield to vote to approve the Bylaws revision.

Attorney Stone announced that he has a second from Trustee Richard Dennison to approve the Bylaws revision.

Attorney Stone announced the floor is open to discussion of the Bylaws revisions. Hearing no discussion, he then asks members to vote by holding up their placards, and he conducts the Bylaws vote.

Attorney Stone announced the visual result that the Bylaws revisions has passed.

Attorney Stone asked if there was any old or new business to discuss. There was no old or new business brought forth by the members.

CEO Jim Duncan stepped forward, along with President Hatfield, in order to present Attorney Stone with a plaque for his 34 years of service to the Cooperative. CEO Duncan read the plaque and thanked Attorney Stone for his service.

President Hatfield entertained a motion to adjourn the 2019 Annual Meeting at 11:31 a.m. The motion was made, seconded and approved by the membership.

  
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President

  
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Secretary