

SUMTER ELECTRIC COOPERATIVE, INC.

ANNUAL MEETING MINUTES

March 21, 2024

The Annual Meeting of the Members of Sumter Electric Cooperative, Inc. was held on March 21, 2024, at Sumter Electric Cooperative, Inc., in Sumterville, Florida.

The Board of Trustees, senior management and key staff members physically attended. Members virtually attended via a livestreaming broadcast and could participate via Facebook messaging, email, or telephone.

Vice President Scott Boyatt introduced himself and welcomed those who were tuned in online to SECO Energy's Virtual Annual Meeting.

Vice President Boyatt called the Annual Meeting to order and officially closed the voting so that the Annual Meeting Business votes could be tallied, and the prize winners could be randomly selected. He asked members to stay tuned for the announcement of the prize winners at the end of the broadcast.

Vice President Boyatt advised that Geri Helms, SECO Energy's Executive Administrator for the Chief Executive Officer and Board, has been appointed as the recording secretary for the Annual Meeting today.

Vice President Boyatt asked everyone to join him in prayer, the Pledge of Allegiance, and the National Anthem.

Following the prayer and pledge, Vice President Boyatt asked everyone to please welcome your Trustees as they introduce themselves. Our Board Secretary/Treasurer and District 9 Trustee Morgan Hatfield will then certify the Annual Meeting Notice.

At this point, all Trustees gave a brief introduction of themselves. Secretary-Treasurer Morgan Hatfield began by welcoming SECO Energy members and read the following certification: I am Morgan Hatfield, District 9 Trustee and SECO Energy's Board of Trustees Secretary / Treasurer.

I have been a member of SECO Energy since 2019 and have served as District 9 Trustee since 2021. It is a true honor to serve both my neighbors in District 9 and SECO Energy's membership. I am grateful for your trust and appreciate the opportunity to represent our District through my service on SECO Energy's Board of Trustees.

In my role as Secretary/Treasurer of Sumter Electric Cooperative, which is doing business as SECO Energy, I certify that between the dates of February Eighth, 2024, and March Eleventh, 2024, SECO Energy mailed or delivered electronically to each member of record with the Cooperative the 2024 Official Annual Meeting Notice of the Membership.

This Membership Meeting is being held today, Thursday, March 21, 2024.

I am proud to be a part of a cooperative that has served Central Florida for 85 years.

Secretary-Treasurer Morgan Hatfield then welcomed Board President Gerald Anderson for the President's address.

President Anderson stated the following:

Good evening. I'm Gerald Anderson, your District 3 Trustee and Board President. Thank you SECO members for joining us this evening.

As President of the Board of Trustees, it is my pleasure to report that 2023 was a very productive year. We embraced a new direction that followed our vision at SECO Energy. We call it ONE SECO. Bringing every level of employees together to form one strong mission working together for our 245,000 members.

SECO and its Central Florida communities are benefitting from the increasing number of folks relocating to the Sunshine State. We are managing the challenges we face in the energy industry today while maintaining our mission to **“provide reliable and innovative energy services to our members and communities.”**

Your Board understands that the energy industry is changing. We have solutions to tackle today's challenges and keep pace with the energy industry as it evolves.

Additionally, we are keeping our rates as low as possible. As a matter of fact, our rates are among the lowest in Florida. We know affordable electric service is important to you, and it is foremost in our minds.

The Board has approved the most aggressive facilities improvement plans in our history. Improvements that will update our employee work environment and enhance service to our members.

It's not just about sticks and bricks. We are moving forward with technology. One of our most innovative energy services to date is SECO's adoption of Advanced Metering Infrastructure or AMI.

This is one of my personal favorite accomplishments because when we complete the rollout of AMI across our service area, it will save millions of dollars. So far, the cooperative has already installed over 70,000 AMI meters that provide members with the ability to monitor and control their electric usage, saving dollars every month.

SECO Energy is divided into nine geographic Districts and a Trustee is elected from each District. As published in our January newsletter, each SECO Board member is “As Good as Gold.” Every Board member has invested hundreds of hours in training to complete and maintain the Director Gold Credential which is the highest continuing education program offered by the NRECA.

This places SECO in a truly elite category. This achievement stands out among the over 800 U.S. distribution cooperatives, making our Board one of a very select few to reach this pinnacle.

On a sadder note, earlier this year Richard – “Rick” – Dennison our District 4 Trustee passed away. I and my fellow Board members are deeply saddened by the loss.

Rick was a SECO member for almost twenty-five years. He served on SECO's Board for almost ten years. During his tenure he held the positions of Vice President and President and was our representative on the board of Seminole Electric Cooperative, our generation and transmission provider.

Rick generously gave his time and energy to the SECO Board and its members. He was a tireless advocate for his District and community. He is missed by all of us here at SECO Energy.

District 4 members, we will hold a Special Election on April 9th in the District to elect a Trustee to fill the rest of Mr. Dennison's term.

I also want to take a few moments and acknowledge our outgoing District 8 Trustee, Bill James, a longtime Trustee who this year decided to retire from Board service.

Bill has done a great job for the members in his District and SECO as a whole; he has always put SECO and its members first. Bill has always been willing to help his fellow Trustees and members; and to share his wealth of energy industry knowledge.

Bill is a man who believes in the Seven Cooperative Principles, and providing you with **safe, reliable, and economical electric power**. As I mentioned earlier, SECO members pay some of the lowest rates in the state.

Not only has Bill served on the SECO Energy Board, but he also spent seven years as SECO's representative on Seminole Electric's Board. This is a very important position because 60 to 70 percent of our costs go to purchasing power.

Our Board members have all called on Bill at various times. We will miss his presence at our monthly Board meetings and wish him well on his retirement.

I would like to introduce and welcome our newly elected District 8 Trustee Martin or "Marty" Proctor. Marty will officially join the Board of Trustees at our March board meeting.

Now, it is my honor to give a short opening for our CEO Curtis Wynn. Later in the program he will introduce the executive leadership team and provide an update on your cooperative's projects and accomplishments.

I must say, without question, SECO would not be where we are today without Mr. Wynn's leadership, dedication, and the hard work of everyone at SECO.

I speak for the entire Board when I say we couldn't be happier with Mr. Wynn, his executive leadership team, and the direction of ONE SECO.

Thank you, and it is my pleasure to welcome our CEO, Mr. Curtis Wynn.

CEO Wynn stated the following:

Thank you, Mr. Anderson, for the introduction and the President's Report. I also want to thank our Board Vice President for opening the Meeting.

Good evening and thank you for joining us at SECO Energy's 2024 Annual Meeting.

Thank you to the audience who are tuned in virtually this evening.

Portions of today's Annual Meeting have been pre-recorded. But our Member Engagement Panel is standing by live.

If you have a question that you would like us to address during the member engagement portion of the meeting, I encourage you to reach out to us via our special email address or phone number that are displayed on the screen. Or Facebook.

Employees are standing by to interact with you, and we'll do our best to respond to questions posed to the Member Engagement Panel that appeal to the broad SECO Energy audience.

If you have an account-specific question, please contact our Member Services team. Both the email address and phone number are displayed on the screen.

Reach out to Member Services and they will be happy to assist.

I'm honored to be here with the virtual audience. I also want to thank those of you who voted on Annual Meeting business prior to the start of the meeting, I appreciate your participation in the governance process.

Special thanks to the SECO Energy Board of Trustees. Collectively, they serve in the best interests of the membership – providing governance and fiduciary oversight. We owe them a debt of gratitude.

President Anderson spoke at length about our District 4 Trustee Richard Dennison, who regrettably passed away early this year.

I echo Mr. Anderson's sentiments. Mr. Dennison had a deep understanding of the electric utility business. His wisdom, and caring spirit will be missed.

I too want to acknowledge our outgoing District 8 Trustee Bill James upon his retirement from Board service. Mr. James has dedicated 14 years as the SECO Energy District 8 Trustee. He is a legend in the energy industry and among his co-op peers.

Thank you, Mr. James, for your service.

And I would like to extend a welcome to our incoming District 8 Trustee Martin Proctor. Welcome to the SECO Board of Trustees.

It is with great pride and enthusiasm that I share with you SECO Energy's significant accomplishments from the past year. These milestones demonstrate our commitment to excellence, innovation, and service to our community.

Let me say, 2023 was a remarkable year – in fact, it was our 85th Anniversary.

In 85 years, it is clear the landscape has changed. Formerly known as Sumter Electric Cooperative – the cooperative you know today as SECO Energy electrified its first 400 rural homes near Webster in November 1938.

SECO was once a small, rural utility that has grown to be the third-largest electric cooperative in Florida and the seventh largest in the nation.

Since 1938, Sumter Electric, now doing business as SECO Energy, has grown by leaps and bounds from its roots as a small, rural electric cooperative.

Central Florida's growth is significant, which creates challenges. The demand for reliable electric service is growing – and our members expect service to be affordable. With that in mind and the reality of labor and supply chain shortages, high inflation and rising costs on everything needed to operate our not-for-profit electric cooperative, maintaining affordable electric rates is at the top of our list of priorities.

In 2023 alone, we energized almost 9,000 meters. This brings our total member count to over 240,000 (240,288) at year-end. Every day, half a million consumers depend on us to provide safe, affordable, and reliable electric service to meet their needs.

We reached the milestone of 200,000 meters in 2017. In less than six years, SECO has welcomed over 40,000 homes and businesses to its Central Florida service area.

At today's growth rate, SECO is quickly on its way to hitting the 250,000-member mark, which may put us in the position as the largest cooperative in Florida.

SECO and the energy industry have come a long way since 1938. To be successful and move SECO Energy into the future, we need a clear, focused, and executable strategic direction.

Our Strategy Map outlines the initiatives SECO Energy needs to complete to be successful and move into the future as a growing, dynamic cooperative that continues to adhere to the not-for-profit business model.

Despite the ongoing supply chain delays, labor shortage, and rising cost challenges we faced in 2023, we are well on our way to achieving our strategic initiatives. These achievements are a testament to the dedication and hard work of our Team.

You may notice the logo on the screen looks familiar but slightly different. This is our “ONE SECO” logo that we use for our internal communications.

The term “ONE SECO” highlights our entire team’s commitment and renewed focus on working together as one.

We celebrate our wins and successes as one team and work together to move SECO Energy into the future. ONE SECO represents a shared Mission and Vision accompanied by Core Values that are embraced by our entire workforce.

Establishing this unified vision has been instrumental in merging our team members with the ambitious objectives SECO Energy has targeted in the coming years.

In 2023, our internal organization underwent several structural realignments that resulted in more efficient processes and procedures, less redundancies and ultimately, better service to our members.

At SECO we know what is most important to you. Keeping the lights on and the bill low.

First, let’s talk about reliability – or our success in keeping the lights on by referring to three major categories: 1) how long was the average member without power, 2) how often did you lose your power, and 3) how long does it take our team to restore your power when it goes off.

And in 2023, our reliability statistics were stellar when compared to electric utilities across the country.

The first measures the **duration** in minutes an average electric consumer is without power each year. In 2023, the average SECO member was out of power for only an average of 64 minutes. **Just over one hour.**

To compare, the **national average** from 2022, the most recent data available, customers were out of power for five and one-half hours.

And *that* was a dramatic improvement – in 2021, consumers who were served by a utility other than SECO averaged power outages that extended to 7 or 8 hours!

Second, we measure the **frequency** of electric interruptions per year. Last year, we achieved a milestone in this measurement: For the first time in our 85-year history, frequency measured in at less than one.

This means, on average, SECO members were out of power only 1 time in 2023.

Nationally, again compared to 2022 numbers, consumers experienced an average of 1.43 electric interruptions per year.

Third, we measure the number of minutes it takes a SECO crew to restore a power outage once we've been notified.

In 2023, SECO's measured 69 minutes, or again just over an hour. Now, let's look at the national average from 2022 – almost 4 hours. SECO compares exceptionally well.

Through these measurements, SECO ranks Best in Class in reliability, and we have maintained those comparisons for years.

The keys to these impressive statistics are ongoing maintenance and continually investing in our electric infrastructure. Our engineering and operations team follows a routine maintenance and inspection cycle that includes substation, pole, and overhead-and-underground equipment inspections.

Yearly, our investment in vegetation management allows us to proactively trim trees away from hundreds of miles of overhead power lines and remove weak or dying trees that would otherwise fall on lines and cause outages.

On that subject, I am proud to say that our commitment to environmental stewardship and community engagement earned SECO the **Tree Line USA** designation by the National Arbor Day Foundation.

2023 was the sixteenth year SECO has earned this recognition.

Promoting innovation is an important element in our Mission statement, which is:

As a not-for-profit cooperative, SECO Energy provides reliable and innovative energy services to our members and communities.

Let's cover some of our achievements in innovation for 2023.

At the end of 2022, SECO's Board of Trustees approved the implementation of AMI, or Advanced Metering Infrastructure technology.

AMI is a win for both members and the cooperative. It is also one of the most innovative services we can provide that will reach practically every member.

AMI reduces labor and contractor costs. The system will also identify power outages faster than you could enter a ticket into StormCenter.

AMI identifies minor service malfunctions that could lead to a widespread outage. Most importantly, AMI will help us engage directly with you as it provides real insight into your energy use.

Through SmartHub, AMI provides meter readings in 15-minute intervals. These near real-time readings allow SECO to provide cost breakdowns for common appliances and electronics in your home.

You can even receive alerts when your energy usage is higher than usual, allowing you to take measures that will avoid the surprise of a large electric bill.

Usage breakdowns also allow SECO's team to help you identify energy-efficiency measures you can take that will make a real difference in your monthly energy bill.

Today, we have over 70,000 AMI meters installed, and we are on target to complete this sizable project in our three-year targeted timeline. Our team of employees and contractors is working as quickly as possible to bring this technology to all members.

The energy industry is buzzing with new ideas and innovations to effectively manage energy resources.

One such innovation in the works is the development and implementation of our Smart Grid Roadmap that will pave the way for a more resilient and sustainable energy infrastructure.

DERMS – another acronym – stands for Distributed Energy Resource Management System. Smart Grid programs allow you to benefit as well. Soon you will be able to enroll your smart devices such as your thermostat, water heater and electric vehicle to connect with our DERMS provider.

SECO plans to incentivize members who take advantage of this newer technology that will help us consume less energy when demand is high. We will announce the program launch in an upcoming edition of SECO News.

Additionally, we are exploring the viability of a demand reduction program using Generac Wi-Fi-connected whole home generators. Whole home generators that are connected to the electrical grid may offer SECO more tools to reduce energy use during periods of high demand.

Both our approved Smart Grid project and conceptual Generac offering have the potential to be a valuable tool to lower our wholesale power costs.

In 2023, the SECO team began conducting a systemwide facilities needs assessment for our entire organization. The Board has subsequently reviewed and approved a Master Facilities Plan initiative to build new facilities or upgrade our aging locations.

We completed several infrastructure investments last year. New radio towers were built near our Linadale, Sawgrass and Rainbow Lakes substations. We replaced existing radio towers in Sumterville, Belleview and Inverness. These towers support communications between our substations and facilities.

Increased security measures were put in place, and cameras were upgraded at all locations.

We also energized our 50th substation late last year. Landstone is located in Sumter County near the new Middleton area in The Villages. Landstone plays a vital role in

meeting the increasing population growth and demand for reliable and affordable electric service to Sumter County residents.

Now let's talk about rates and Hot Bucks. After 85 years of being in business, we know that affordability or low rates is at the top of your priority list.

Since October, the price of natural gas has stabilized, and we can once again credit your electric bills in the form of Hot Bucks due to the lower cost of natural gas, which is the primary fuel used by our wholesale power provider Seminole Electric Cooperative.

With the re-application of Hot Bucks, SECO Energy's cost for residential service per 1,000 kilowatt hours dropped from \$146.60 to \$116.60. SECO's price of energy is one of the few essentials we are buying that actually costs less today than it did five years ago.

This reduction ensures SECO members are paying some of the lowest kilowatt hour rates in Florida.

We often talk about the Cooperative Difference, which is providing reliable power at affordable rates, while operating within the cooperative business model. Capital Credits is a benefit unique to cooperatives.

If you have SECO Energy as your provider of electricity, you are not just a customer; you are a "member." As a member, you share in SECO's "not-for-profit" business model. The excess margins that remain after paying *our* bills are called Capital Credits, which are assigned proportionately to each active member that patronized us during a particular year.

SECO's Board and financial team examine our finances to determine if it is feasible to pay members a portion of their accumulated Capital Credits that we have assigned to those members.

Over the past decade, SECO has returned or paid almost \$47 million in Capital Credits to current and former members. In 2023 we are happy to say we have distributed over \$2 million to our current and former members. As the saying goes, "membership has its privileges" ...and benefits.

In 2023, the SECO team was honored to announce that the cooperative was awarded over \$52 million in funding approved by The U.S. Department of Energy through its Investing in America Agenda Funds Projects.

SECO's Improving Resiliency Through Grid Hardening project and the other project will improve the delivery of safe, reliable, and affordable energy for our members.

In 2022, Hurricanes Ian and Nichole and just last year, Hurricane Idalia crossed through SECO's service area with winds and flooding that caused damage to our facilities and members' property, as well as power outages.

SECO Energy's proposed project will enhance resilience by undergrounding overhead utility lines, hardening existing poles and increasing line capacity. We will also replace aging equipment that is inefficient and expand load capacity with a new distribution substation.

I have one more item to cover related to rates. Recently, we conducted a thorough review of our current Rate Tariff. The miscellaneous fees section of the tariff was last updated over a decade ago. In that time, SECO has made significant changes in how we conduct our day-to-day activities and processes.

Effective May 1, many of our fees will increase. The updated fees reflect the higher cost of business practices as they stand today. The majority of the updates will have little to no impact on most members; there are increased fees for area lighting and pole rentals. Those of you tuned in today are hearing of the rate tariff changes in advance – the official notice will be published in April's edition of *SECO News*.

Member satisfaction and engagement is another of our top priorities. The American Customer Satisfaction Index is a measure of your level of satisfaction with our services. ACSI is a mainstream national survey index that ranks service-oriented organizations from hundreds of industries, including banking, utilities, airlines, cable companies, and others.

Over 1,700 members participated in our 2023 ACSI survey. SECO's ACSI score for 2023 is 89 out of a possible 100, which matches our 2022 score.

When we compare our score of 89 to other utilities, SECO comes out on top. The average investor-owned utility scored 72 while the average municipal utility scored 71.

We also outscore the average cooperative utility surveyed by 15 points.

That is a score to be proud of.

A select group of members also participated in our interactive online surveys during the first quarter. If you were one of the members who participated in our recent surveys, we are grateful for your feedback and your time commitment.

We are proud of these survey results, and we will continue working to improve those scores each year. As I wrap up my CEO Report and before we begin the live engagement portion of the Annual Meeting, I want to show you the Strategy Map again.

Pay attention to the orange section at the bottom of the Map or what I like to call "the Bottom Line."

Hopefully, during my comments this evening, I have shared examples to persuade you, as a member, to believe the statements apply to you personally.

They are:

Our 2023 reliability measures are outstanding. Your electricity rates are among the lowest in the state, and the fact that as members, you receive capital credits – a share of the profits means:

“SECO Energy is reliable and a good value.”

With the adoption of Advanced Metering Infrastructure that provides energy usage detail through our online account manager, SmartHub members can say:

“SECO Energy helps me manage my energy usage.”

SECO supports innovative energy services through Smart Grid initiatives, facilities updates and investments in new infrastructure, members can be confident that:

“SECO Energy is my trusted source of energy solutions.”

What you think about the service SECO Energy provides to you is what matters most.

*And that, Folks, is **THE BOTTOM LINE!***

Now I'm going to turn the Meeting over to our Cooperative Attorney Scott Gerken. Mr. Gerken has reviewed the voting results of the ballots cast by members who voted on the Bylaws Revisions and approval of the 2023 Annual Meeting Minutes.

Mr. Wynn closed his remarks by thanking everyone for listening and reintroduced our cooperative Attorney, Scott Gerken.

At this time, Attorney Gerken took the podium. Attorney Gerken thanked CEO Wynn and shared the following:

SECO Energy's Bylaws allow the cooperative to apply flexibility to conduct electronic and by-mail voting on Annual Meeting Business matters such as approval of Bylaws revisions, Articles of Incorporation updates and approval of the previous year's Annual Meeting Minutes.

This year, the Board of Trustees requested three Annual Meeting Business items be placed before the membership through the Official 2024 Annual Meeting Notice.

The first proposed Bylaws revision presented for members' vote will allow a Trustee candidate, if only one candidate is certified by the Secretary, to be declared Trustee at the District Meeting without holding an uncontested election.

The second proposed Bylaws revision clarifies District residency. Members who wish to become a Trustee candidate must establish District residency as a minimum of one year before becoming a Trustee.

The final item is the approval of the previous year's Annual Meeting Minutes.

As the cooperative's attorney, I am here today to certify those voting results.

Voting was closed at 6 p.m. as the meeting began today by Vice President Boyatt. The votes counted were received prior to that 6 p.m. stated deadline and submitted in accordance with the Bylaws and procedures adopted by the Board.

The member votes for approving the two Bylaws revisions are as follows:

15,058 Voted YES

903 Voted NO

And 1,248 Abstained.

Total Votes Cast are 17,209.

The Bylaws revision is clearly approved by the membership.

The member votes for approving the 2023 Annual Meeting Minutes are as follows:

15,733 Voted YES

207 Voted NO

And 1,269 Abstained.

Total Votes Cast are 17,209.

The 2023 Annual Meeting Minutes are clearly approved by the membership.

Thank you to all who voted and played a part in the democratic process of your cooperative. All members who cast a ballot are entered in a drawing for one of 101 prizes that will be announced after the adjournment of the meeting and published on SECOEnergy.com.

Moving on from old business to new business – this is a traditional part of the Annual Meeting agenda that takes us into the Member Engagement portion of the meeting for the live Question & Answer session.

Mr. Gerken proceeded to turn the meeting back over to Mr. Wynn.

Florida Statutes from the 1930s contain a provision required in Annual Meetings called "Old Business/New Business." A more dynamic name for that section of the meeting emerged a few years ago and we refer to it as the Member Engagement Panel.

CEO Wynn stated that as you saw earlier this evening, a panel of member services and communications employees are manning our special phone line – which is (352) 568 MEET (6338), and our email address is SECO23AM@SECOEnergy.com and our social media platforms.

Before officially answering questions from the audience, CEO Wynn recognized and introduced the Executive Leadership team.

CEO Wynn and the Executive Leadership Team received and responded to eight questions – pertaining to 1) An updated status on the AMI project; 2) Reducing overall cost; 3) SECO's support of electric vehicles; 4) Salespeople and solar systems; 5) SECO's plans to expand its service territory; 6) How to lower monthly bills; 7) SECO's

plans for Power Grid security, including Terrorism, Cyber Security, or EMP; 8) How can SECO and its members be less impacted by hurricanes.

Beyond the questions, many members sent in kind words and compliments for SECO and its team.

In closing CEO Wynn said "Thank you" to all of the members who chimed in live and joined the virtual Annual Meeting today.

CEO Wynn also stated: On behalf of the Executive Leadership Team, our Board of Trustees, and the outstanding team of SECO employees, we thank you, our valued members, for your support.

In this coming year, we will continue to fulfill our Mission and Vision while keeping our Core Values front and center in our daily responsibilities.

After the close of the Meeting, the prize winners are announced on screen. You can also review the full winners' list on our website.

I'd like to ask President Anderson to bring the meeting to a close.

President Anderson: I'd like to ask for a motion for adjournment.

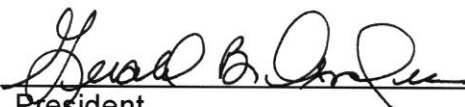
Mr. Boyatt: I second the motion.

President Anderson: All in Favor?

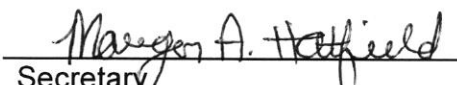
Crowd: Aye

President Anderson: So moved – the 2024 Annual Meeting is officially adjourned. Thank you so much for joining us today.

The meeting was adjourned at 7:03 p.m.



President



Secretary