

March 25, 2023  
Keystone Heights, Florida

**MINUTES OF THE 2023 ANNUAL MEETING OF THE MEMBERS  
OF  
CLAY ELECTRIC COOPERATIVE, INC.**

The 85<sup>th</sup> Annual Meeting of the Members of Clay Electric Cooperative, Inc. was held at the Keystone Heights Junior/Senior High School Football Field in Keystone Heights, Florida, on March 25, 2023, commencing at the hour of 9:30 a.m.

These minutes are not intended to be a verbatim record of the meeting, and reflect agenda items, matters of interest and substance that came before the membership.

The meeting was called to order at 9:30 a.m. by President Carl Malphurs, who welcomed all those present to the 85<sup>th</sup> Annual Meeting of the Cooperative. He then called on Mr. Dewitt Hersey, Trustee from District 5, for the invocation. He then called on a color guard from the Youth Challenge Academy at Camp Blanding for the presentation of colors and Pledge of Allegiance.

President Malphurs then introduced John Haswell, the Cooperative's attorney, to inform the members on the certification of the notice of meeting. Mr. Haswell reported that the meeting notice was published in the *Kilowatt* and mailed to the members on March 2, 2023, and that a certification of that mailing has been signed by Mr. Derick Thomas, Chief Public Relations Officer. Mr. Haswell noted that the minutes of the previous annual meeting were made available for the members' review online last week.

President Malphurs then reported that a quorum was present and that the business of the Cooperative could proceed. The members having previously received the minutes of the previous meeting, President Malphurs asked if there were any corrections, additions or deletions that the members wished to consider, and hearing none, determined that the minutes stand approved.

President Malphurs then recognized the members of the Board of Trustees and noted their years of service. He first advised that he represents District 4 and has been serving as Trustee for the last 13 years. From District 1, Cindy Loose of Keystone Heights, just elected, is now in her first year of service; from District 2, Kelley Smith, Jr. of Palatka, with 36 years of service; from District 3, Susan Reeves of Hawthorne, with 41 years of service; from District 5, Dewitt Hersey of Starke, with 11 years of service; from District 6, Jimmy Wilson of Middleburg, with 9 years of service; from District 7, John Henry Whitehead of Lake Butler, with 16 years of service; from District 8, Jo Ann Smith of Wacahoota, with 11 years of service; and from District 9, Karen Hastings of Fort McCoy, with 8 years of service.

President Malphurs then introduced the Cooperative's General Manager and Chief Executive Officer, Richard K. Davis.

President Malphurs then announced that an election was held for Trustee Districts 1, 2, 4 and 6 earlier this year. More than 13,000 members cast their votes in the election online and via absentee ballot. The election results were certified by our third party election vendor, Survey and Ballot Systems, who submitted certified election results, noting that for District 1, Cindy Loose was elected, for District 2, incumbent Kelley Smith was elected, for District 4, incumbent Carl Malphurs was elected, and for District 6, incumbent Jimmy Wilson was elected.

President Malphurs then reported that in October 2022 Clay Electric lost a friend, retiree and active Board member, Mr. Carl Hagglund. Carl was a familiar face in the Keystone/Lake Region area. He served the Cooperative as an employee for 49 years (1958-2007) and then driven by his commitment and love for Clay Electric, returned as a Board Trustee in 2013. He noted that Carl's legacy at the Cooperative will always be remembered.

President Malphurs then greeted the members again, noting that it was great to see everyone present at the Cooperative's second Saturday morning annual meeting. He thanked those in attendance for taking the time to attend the annual meeting. President Malphurs thanked his fellow Trustees for their leadership and service to the Cooperative. He noted that the Board is committed to providing all members with safe, affordable and reliable power and empowering employees to provide members with excellent customer service. On behalf of the Board of Trustees, he expressed appreciation for the work that the employees do every day to provide our members with excellent customer service. He noted that after the 2021 launch of our improved online account access portal and app for members, called MyClayElectric, the Cooperative has continued to look for ways to serve the members with current and updated technology.

He noted that last summer the Cooperative began sending proactive outage communication messages to all members who are registered in MyClayElectric. This means any time there is a system outage, registered members will receive an email or text message notifying them that the Cooperative knows their power is out. This notification also includes an estimated time for when power will be restored.

He noted that another way the Cooperative has leveraged our online capabilities is by offering voting for the Board of Trustees within the MyClayElectric account. He thanked all of those members who voted in this year's Board of Trustees election.

While voting was a new feature available just for the election from mid-January through mid-March, President Malphurs noted that there are other features in MyClayElectric that are always available, including viewing the member's usage, looking at the member's statements, and making a payment.

Another benefit that President Malphurs noted of being a Cooperative member is capital credits. Members will see a credit based on the amount the member was billed for electricity during a certain set of years. The Cooperative Board of Trustees approved a \$12 million capital credit refund for this year. This refund is available to members because Clay Electric is not-for-profit. At the end of each year, the Cooperative looks at its financial health to determine how much to refund. This is another benefit that is unique to cooperatives that you will not find anywhere else. President Malphurs concluded his remarks by saying that on behalf of the Board, he thanks those present for attending this annual meeting gathering and for being part of the Cooperative family.

President Malphurs then called on Trustee Kelley Smith to introduce some special guests, including local dignitaries, guests from Seminole Electric Cooperative and the statewide trade association, the Florida Electric Cooperative Association, Inc. President Malphurs then called on Mr. Davis for his comments as Chief Executive Officer/General Manager. Mr. Davis then gave the following report:

Good morning, everyone. Thank you for coming out and spending your Saturday morning with us. We appreciate you being here today. The year 2022 brought a new mindset, new challenges, and new opportunities, as well as many ups and downs. Through the ups and down of the year, we accomplished a list of goals and, as in year's past, implemented new ways to serve you, our members. Changes continue to come at an accelerated pace – many of our work processes have changed, many new faces were welcomed to the co-op as employees retire, technological advancements are made, and growth continues to be exponential in our area.

Last March was the first year Clay Electric successfully held a newly formatted Annual Meeting at this location on a Saturday. This was new for the employees and the members, but through collaborative efforts, the event was successful. We are all learning new ways to do things and embracing change as we adapt to the changing world around us. The one thing that has not changed is Clay Electric's dedication to provide you – the member – with reliable, safe and affordable electricity.

As you already know, commodity prices are increasing and electricity is not an exception, but as a member-focused, nonprofit cooperative, we strive to keep rates as low as possible, while maintaining the reliability of the system and the financial stability of your Cooperative. We made the difficult decision to implement increases in the power cost adjustment last year due to higher generation fuel costs; however, when those costs decreased, the power cost adjustment was lowered. The good news is that the cost of natural gas used to fuel the large power plants continues to decrease and Clay will be reducing rates this month and again next month. The power cost will be reduced from \$146 per 1000kwh this month to \$130 per 1000kwh in April. This rate will again be one of the lowest rates in the state.

Clay Electric has a large support system behind the scenes composed of The Board of Trustees, employees, our power supplier, Seminole Electric and trade organizations such as Florida Rural Electric Cooperatives Association; National Rural Electric Cooperative Association and Touchstone Energy to name a few. The adage, it takes a village remains very true and collectively, we work together to strengthen the communities we serve.

Each year, I review a list of major accomplishments completed during the year. 2022 was no exception in the volume and quality of work performed. In 2022, we implemented pre-paid metering, as well as outage alert notifications to provide real-time information via a text message or email for members enrolled in MyClayElectric. We also launched a new website with a modern design to enhance user experience. For the first time, we added on-line voting as another way you can vote in the trustee elections. It was a great success, earning a historical voting record of over 13,000 votes cast. This historical voting record occurred on the milestone of Clay Electric's 85th Annual Meeting. We are always trying to improve the reliability of our electrical system. Our crews performed visual/aerial inspection of CEC's transmission system along with completing all maintenance associated with the inspection. We also completed 784 inspections on our 52 substations. A 5-year distribution work project schedule for the entire system was completed. We saw an increase of approximately 6,000 new accounts billed in 2022. Thirty-two years ago, Clay Electric billed 100,000 accounts and today, we are over 190,000 accounts billed. We have been proactive in preparing our workforce and infrastructure to handle this additional growth. Challenges with supply chain issues continued to grow with longer lead times and this will continue into 2023. We have had a hard time getting transformers, poles, wire, and vehicles. Not to mention the cost of these items are 3 and 4 times the cost they were just a couple of years ago. With shortages like these our employees have had to come up with alternate construction solutions to address these issues. A strong focus remained on security – both physical and cyber security. Protecting the public and the private information of our membership base is a top priority. Focus is placed on implementing extensive security measures to protect your information and the security of our system to enhance reliability. I remain very proud of the numerous accomplishments and tasks that were completed. None of those accomplishment would be possible without the Board of Trustees, management and employees.

Let's talk about Clay Electric employees for a moment. Last year, Congresswoman Kat Cammack described CEC employees as having "grit" – that determination, can-do/positive attitude and strong work ethic to be the driving force to get the job done – I couldn't agree more. To the employees, Clay Electric's role goes beyond providing electricity. They are involved in their communities, and in addition to their daily job functions – these employees support and participate in numerous activities as well as volunteer in a number of ways to serve others.

In February of 2022, teams participating in the State Lineman Competition scored several top-place finishes. Earlier this month, crews participated in the event for 2023, and brought

home six trophies. This shows the skills and expertise of our Lineworker crews. In October of 2022, following the completion of power restoration in our service area, eighteen employees went to assist Lee County Electric Cooperative following the devastation following Hurricane Ian. Also in October, 50 Clay Electric employees and friends participated in the Making Strides Against Breast Cancer walk held in Gainesville. The “CEC Arc Angels” team was the 3<sup>rd</sup> largest fundraising team – out of 97 teams participating in the event. In late November and early December of 2022, three Clay Electric employees volunteered to participate in “Power Guatemala”. This was the inaugural NRECA International trip sponsored by Florida co-ops, and its purpose was to bring electricity to a remote village in Guatemala. Twenty-six apprentices graduated following a rigorous classroom education and on-the-job training program – this includes 24 Apprentice Lineworkers, 1 Tree Trimmer and 1 Power System Operator. These graduates are the future of Clay Electric. Safety is our number one core value. I am proud that our Safety Division was selected to serve as the Florida Administrator for the Rural Electric Safety Achievement Program (RESAP). Throughout the year, employees participated in multiple fundraising efforts and donated to the Holiday Helpers program to make the holiday season brighter for members in need. Employees have participated in this program for 20 years. It is just another way to give back to the communities we serve.

Our members also support Clay Electric’s charitable efforts by participating in Operation RoundUp. Operation Round Up<sup>®</sup> distributed over \$892,000 to 92 organizations throughout the Cooperative’s service area this year and over \$5,350,000 since 2017. These distributions were to multiple agencies throughout Clay Electric’s service area. Thank you for your generosity and support of this program.

We will maintain the concept of continuous improvement in all that we do. It has served the Cooperative well since first organized in 1937, Clay Electric will continue to progress while maintaining its historical reputation of providing excellent service, promoting the cooperative purpose, and evolving to meeting the needs of all generations.

Serving as the General Manager/CEO is an honor, and I am thankful for this opportunity. Clay Electric has always focused on you – the member – and I am proud to lead an organization that recognizes and practices the importance of working safely, putting the member first, and providing excellent service. In every interaction as well as behind the scenes, our goal each day is to provide exceptional service. As changes continue to occur and technological advances change work processes, Clay Electric’s reputation of providing excellent customer service will remain. The Clay Electric of today has greatly evolved from its original version of 1937. While the core purpose remains the same, this evolution has provided us with more ways to serve you and it paves the path for continued success to serve future generations. We remain proud of the past, as we continually prepare for the future.

Thank you! That concludes my report.

Now, I would like to know if there is any unfinished business to be brought before this board. If not, is there any new business. If there are not any objections, I would like to formally close the business portion of the meeting. Hearing none, the business portion is closed.

The foregoing Minutes of the Annual Meeting of the Members of Clay Electric Cooperative, Inc. held on March 25, 2023, were approved by an affirmative vote of the membership on March 23, 2024.

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Dewitt Hersey, Secretary