

March 23, 2024
Keystone Heights, Florida

**MINUTES OF THE 2024 ANNUAL MEETING OF THE MEMBERS
OF
CLAY ELECTRIC COOPERATIVE, INC.**

The 86th Annual Meeting of the Members of Clay Electric Cooperative, Inc., was held at the Keystone Heights Junior/Senior High School Cafeteria in Keystone Heights, Florida on March 23, 2024, 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 the President Karen Hastings, who welcomed all those present to the 86th Annual Meeting of the Cooperative. She then called on Mr. Dewitt Hersey, Trustee from District 5, for the invocation. She then called on a color guard from the Youth Challenge Academy at Camp Blanding for the presentation of colors and Pledge of Allegiance.

President Hastings 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 2nd, and that a certification of the mailing has been signed by Mr. Derick Thomas, Chief Public Relations Officer. The minutes of the previous annual meeting were made available for the members' review online last week. Mr. Haswell then turned the podium over to President Hastings.

President Hastings announced that a quorum was present and that the business of the Cooperative could proceed. President Hastings then asked if there were any corrections, additions or deletions that the members wished to consider, and hearing none, President Hastings announced that the minutes stand approved.

President Hastings then announced the election results noting that an election was held for Trustee Districts 3, 5, and 7 earlier this year. More than 13,000 members cast their vote in the election online and via absentee ballot. The election results were certified by the Cooperative's third party election vendor noting that:

- For District 3, incumbent Susan Reeves was re-elected.
- For District 5, incumbent Dewitt Hersey was re-elected.
- For District 7, incumbent John Henry Whitehead was re-elected.

The Restated Articles of Incorporation were approved, as well as the by-law amendment to Article 4, Section 1.

President Hastings then recognized the members of the Board of Trustees and noted their years of service. She first advised that she represents District 9 from Fort McCoy and has been serving as Trustee for the last 9 years. Representing the remaining eight districts are:

1. District 1 Cindy Loose of Keystone Heights with 1 year of service.
2. District 2 Kelley Smith of Palatka with 37 years of service. Kelley sends his regrets for being unable to attend today.
3. District 3 Susan Reeves of Hawthorne with 42 years of service.
4. District 4 Carl Malphurs of Alachua with 15 years of service.
5. District 5 Dewitt Hersey of Starke with 12 years of service.
6. District 6 Jimmy Wilson of Middleburg with 10 years of service.
7. District 7 John Henry Whitehead of Lake Butler with 17 year of service isn't here today due to his Granddaughter's wedding.
8. District 8 Jo Ann Smith of Wacahoota with 12 years of service.

President Hastings then expressed her appreciation to the members for taking time to attend the meeting. She also thanked her fellow Trustees for their leadership and service to the Cooperative. They are committed to providing our members with safe, affordable and reliable power, and for empowering the Cooperative's employees to provide you, the members, with excellent customer service.

She then reviewed several items including a new application called Usage Alerts, allowing members to monitor their energy usage. She also reminded the members that one of the main advantages of being a Cooperative member is capital credits. The amount of the credit is based on the amount you were billed for the electricity you used during the time you have been a member of the Cooperative. Your Board of Trustees approved a Twelve Million Dollar capital credit refund this year. This refund is available to the Cooperative members like you, because Clay Electric is a non-for-profit Cooperative. At the end of each year, we look at the Cooperative's financial health and determine how much to refund. You won't find this benefit anywhere else in the utility industry. On behalf of the Board, I want to thank you for attending this annual meeting gathering and for being a part of our Cooperative family.

President Hastings then called on trustee Kelley Smith from District 2 to introduce special guests and the elected officials.

President Hastings then introduced Mark Maxwell, the Cooperative's Chief Financial Officer to speak on behalf of Mr. Richard K. Davis, the Cooperative's General Manager/Chief Executive Officer, who was unable to be present today.

Mr. Maxwell then thanked the members present for attending the Annual Meeting at this new location. He expressed appreciation for the Keystone Heights Junior/Senior High School for allowing the use of this facility but for the last couple of years it was held on the football field, and that it is nice being inside this morning – not facing the glare of the morning sun. – or worrying about weather conditions. Mr. Maxwell then relayed Mr. Davis’s prepared remarks as follows:

Although our main mission is to provide you with reliable and affordable electricity, today I thought I would discuss the value of being a member/owner of a Cooperative because there are definite advantages:

Such as having the capability to elect your Board Trustees, receiving Capital Credit refunds, and benefitting from the Cooperative’s concern for community.

Cooperatives follow basic guidelines known as the seven cooperative principles. These principles are good business practices that allow all cooperatives to serve its members fairly and justly while providing a valued service.

The election of Trustees falls under the principle Democratic Member Control. Today’s meeting is one example of belonging to a cooperative. As a member of Clay Electric, many of you voted in a recent election of our Board of Trustees for Districts 3, 5, and 7. You elected three Trustees to serve on Clay Electric’s Board. Thank you to those who utilized your right by participating in the voting process.

The Capital credits declared by the Board of Trustees is another important benefit of being a cooperative member. Cooperatives are governed by its members, and as a member of Clay Electric Cooperative, Inc., you receive a share in the excess margins through capital credits.

Speaking of our Board of Trustees, I want to thank them for providing support and leadership to Clay Electric. These individuals meet monthly to review issues imperative to or business operations, such as the financial and operational reports. In addition, the Board sets policies and declares Capital Credits refunds.

Clay Electric is a not-for-profit utility and all profits or margins above cost are returned to the members via capital credits. As President Hastings noted, Our Board of Trustees voted this year to return \$12 million in Capital Credits. I would like to take a moment and recognize our Board of Trustees for their leadership ((APPLAUSE))

As unprecedented growth and challenges continue, our employees continue to carryout a lengthy list of goals, while adapting to changes and learning to serve you in new ways. Last year, Clay Electric employees worked hard strengthening and improving our infrastructure to ensure

reliability. In our Salt Springs District, a distribution line was upgraded from 7,200 volts to 14,400. This changeover increased the efficiency of the lines, reducing line loss and it provides a reduction in overall power cost.

Clay Electric services two islands in our Palatka District service area. They are Drayton Island and Hog Island. The underwater cables that serve these islands were replaced to increase reliability in those remote areas. This was an unusual, complicated task that required boats and divers to complete.

On the technical front. The advanced metering infrastructure (AMI) helps identify voltage issues; helps improve blinks; automatically reports meter readings; and allows connects/disconnects remotely – saving time and resources. Another advantage of the AMI system is the data availability.

How many of you are familiar with the MyClayElectric app? This app is easy to use and a great tool for managing your account. You can download the app to your computer, a tablet, or a smartphone. You can view your daily usage. Another popular feature is the ability to know when your power is out and when it is restored. This feature was improved this month – it now sends messages faster and is more reliable.

As President Karen Hastings said, new to the app is the “Clay Electric Usage Alert” – which notifies you when there is a spike in your electric consumption. These alerts are optional, and you set the threshold for an alert; whether you receive notifications hourly or daily; and if you prefer those alerts to be sent via text or email. It is a good way to manage your usage and take control of the amount of electricity you use.

Reliability has always been a priority of ours. A comprehensive vegetation management plan keeps the 14,000+ miles of transmission and distribution ROWs cleared to reduce tree-related outages. It costs Clay Electric about \$13 million a year to keep the power lines as clear as possible. Whether the outage is a result of a hurricane or just an afternoon storm, most of the outages you experience are from tree limbs or trees falling on our power lines. Of course, there are many other causes of outages, but vegetation is by far the largest. We are also investigating new technologies to help us identify high vegetation growth areas before they can cause an outage.

Your confidence in Clay Electric is greatly appreciated. True to the Cooperative Values, that confidence and trust has been earned over the last 87 years. It is a direct result of our financial responsibility and transparency.

Speaking of transparency, your power cost was lowered multiple times last year by a reduction in the power cost adjustment. In January, we had to raise the cost per 1,000 kWhs as the

cost of fuel increased. The cost of materials continues to skyrocket as well. But despite this increase, we remain competitive and our cost per 1,000 kWh in January of this year is \$17.50/1,000 kWh lower than last January. If fuel costs remain stable, we should not have an increase this year, and if the fuel cost declines, we could see a reduction in the price you pay.

Another important Co-op principle is Cooperation among Cooperatives. Clay Electric benefits from our partnership with other member cooperatives such as:

1. Our power supplier, Seminole Electric Cooperative
2. Our Statewide organization, Florida Electric Cooperatives Association (FECA)
3. And our national organization, The National Rural Electric Cooperative Association (NRECA)

In 2023, Clay Electric's power supplier, Seminole Electric Cooperative Cooperative, celebrated two events – the first being a milestone of 75 years in business – and the second is the opening of the new natural gas combined-cycle facility, located in the Palatka area. The new state-of-the-art facility is an 1,100 megawatt facility that will make electricity while burning less gas, making it more efficient, and more environmentally friendly. To put the operation of the plant into perspective, it has a generation capacity to serve about 1 million homes.

Clay Electric also works closely with our Statewide organization, the Florida Electric Cooperatives Association (FECA), to monitor legislation that could impact your electric service. In addition to providing political guidance, FECA performs a multitude of tasks on behalf of its members – including coordinating mutual aid in times of need, such as restoration following a major weather event like Hurricane Idalia. We are very appreciative of the support and Cooperative assistance provided by Statewide. Their support is an example of the Cooperative Principle – Cooperation Among Cooperatives.

Another principle is Concern for Community. Clay Electric displays its concerns for the communities we serve through involvement in civic groups and schools.

Cooperatives were formed for the general purpose of strengthening communities by coming together for a general purpose. This is exactly why Clay Electric was formed.

Eighty-seven years ago, local residents came together to secure the need of electricity in the small, rural Lake Region area known as Keystone Heights. Mr. Lawrence Wiggins had a small generation plant to service the local area, but he needed more generating capacity and infrastructure to serve the outlying areas. From his efforts to secure funding through Rural Utility Services (RUS), and the efforts of several townspeople to secure members, Clay Electric was formed in 1937.

As we look back on Clay Electric's progression over the past 87 years, we continually look forward as well. Years ago, we coined the phrase, "Proud of the Past, Prepared for the Future." We are definitely proud of the past; which includes all the employees and trustees that came before us to pave the way. Through our strategic planning process each year, we plan for the future.

Our Operation Roundup program is another example of the principle Concern for Community. You may have seen lists of recipients in our Kilowatt publications. This program is supported by the generosity of you - our members – by allowing your monthly electric bill to be rounded up to the next dollar, your generosity has allowed us to give a total of \$6.6 million to 300 organizations in our service area. This program has been in place for 8 years. Give yourself a hand. ((APPLAUSE))

In addition, our employees also spend their own time, energy and money to support important causes in our communities.

Clay Electric offers scholarships to deserving young individuals going to college, and we have a scholarship program for adults advancing their education as well.

Clay Electric also offers a Co-op Connections discount card.

It is a great moneysaving tool that we have offered for 13 years. This card can be used at participating pharmacies, as well as local and national businesses. Discounts range from 10 - 85%. We have a few of the discount cards available on the table, or you can visit the Co-op Connections Card website and download the app for your iPhone or Android device.

Finally, I would like to address one final principle, which is Education, Training and Information. Clay Electric offers information on a broad spectrum of topics for you including safety, energy efficiency conservation, solar and surge protection – just to mention a few. We also educate our members on legislative issues and the benefits of a cooperative membership. For more information, visit our website and read our publications such as the Kilowatt and Power Line.

I would also like to thank the Clay Electric employees. These individuals work either in the field or behind the scenes to serve you. Please join me in thanking the employees for their dedication and hard work. ((APPLAUSE))

Receiving electricity from Clay Electric is more than a business relationship – it is a partnership founded on the cooperative principles. We're honored you are a member and a partner of Clay Electric and we have been providing power to homes since 1937. It is a privilege to serve you, and I am grateful for the opportunity to serve as your General Manager and CEO.

Thank you. That concludes my report.

1. Now I would like to know if there is any unfinished business to be brought before this Board.
2. If not, is there any new business?
3. If there are not any objections, I would like to formally close the business portion of the meeting.
4. Hearing none, the business portion is now closed. Now Derick Thomas will come and make some announcements.

There being no further business to come before the Committee, the meeting was adjourned.

The foregoing Minutes of the Annual Meeting of the Members of Clay Electric Cooperative, Inc. held on March 23, 2024, were approved by an affirmative vote of the membership on March 29, 2025.

Jo Ann Smith, Secretary