

March 29, 2025
Keystone Heights, Florida

**MINUTES OF THE 2025 ANNUAL MEETING OF THE MEMBERS
OF
CLAY ELECTRIC COOPERATIVE, INC.**

The 87th 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 29, 2025, 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 Kelley Smith, who welcomed all those present to the 87th 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 Smith 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 6th, 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 Smith announced that a quorum was present and that the business of the Cooperative could proceed. President Smith then asked if there were any corrections, additions or deletions that the members wished to consider, and hearing none, President Smith announced that the minutes stand approved.

President Smith then announced the election results noting that an election was held for Trustee Districts 1, 8, and 9 earlier this year. More than 19,000 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 1, incumbent Cindy Loose was re-elected.
- For District 8, Terri Kane was elected.
- For District 9, incumbent Karen Hastings was re-elected.
- The By-Law Amendment to Article 3 Section 3 was approved.
- The By-Law Amendment to Article 4 section 3 was approved.

President Smith then recognized the members of the Board of Trustees and noted their years of service. He first advised that he represents District 2 from Palatka and has been serving as Trustee for the last 38 years. Representing the remaining eight districts are:

1. District 1 Cindy Loose of Keystone Heights with 2 years of service.
2. District 3 Susan Reeves of Hawthorne with 43 years of service.
3. District 4 Carl Malphurs of Alachua with 16 years of service.
4. District 5 Dewitt Hersey of Starke with 13 years of service.
5. District 6 Jimmy Wilson of Middleburg with 11 years of service.
6. District 7 John Henry Whitehead of Lake Butler with 18 year of service.
7. District 8 Jo Ann Smith of Wacahoota with 13 years of service.
8. District 9 Karen Hastings of Ft. McCoy with 10 years of service.

President Smith then expressed his appreciation to the members for taking time to attend the meeting. He also thanked his 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.

He then recognized Jo Ann Smith for her leadership for the past 13 years. He 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 members were billed for the electricity each member used during the time the member was a member of the Cooperative. The Board of Trustees approved a Twelve Million Dollar capital credit refund this year. This refund is available to the Cooperative members, because Clay Electric is a non-for-profit Cooperative. At the end of each year, the board looks 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, President Smith thanked the members present for attending this annual meeting gathering and for being a part of our Cooperative family.

President Smith then introduced special guests and the elected officials.

President Smith then introduced Mr. Richard K. Davis, the Cooperative's General Manager/Chief Executive Officer, give a presentation.

Mr. Davis then thanked the members present for attending the Annual Meeting and welcomed them to the 87th annual meeting. Mr. Davis's prepared remarks are as follows:

"In 13 more years, Clay will be celebrating its 100th anniversary. Reaching this milestone is a testament to the dedication and hard work of both past and present board members and employees, who have ensured Clay remains a strong and successful organization.

Today I want to talk to you about the way Clay Electric Cooperative is involved in the communities we serve and the many ways we serve you.

Your Cooperative follows seven Cooperative Principles that help us serve you. Today, I would like to talk about four of those seven principles and expand those topics to show you how Clay Electric is more than your utility provider – it is part of your community.

Clay Electric exists for the purpose of bringing you reliable and competitively priced electricity. I am pleased to announce that we are meeting that purpose. Our rate for the benchmark of 1,000 kWh is very competitive with neighboring utilities. When you factor in the refund of capital credits, our rate is even better!

Part of providing excellent service is to remain financially stable. This involves one of the Cooperative principles, which is Members' Economic Participation. I want to let you know that your Cooperative is in very good financial condition.

As Kelley mentioned, one example of financial strength is the recent decision by our Board of Trustees to approve a \$12 million capital credits refund!

This is another example of how Clay Electric looks out for the best interest of our members.

Clay Electric also maintains a stable credit rating to ensure continued stability and lower interest rates.

The executive staff and the Board of Trustees continually monitor outside conditions that affect Clay Electric. Some of those external conditions include financial, legislative, regulatory, and the cost of natural gas, and coal used to fuel the power plants.

To give an example: We have all seen increases at the grocery store. Who would have thought the cost of a dozen eggs would have increased so much, they have increased more than 53% in the last year.

We have also seen increases like this in materials used to provide you with electricity. From early 2020 to mid-2024, the average cost of wire and insulators used on power poles are up 58%; transformers are up almost 100% and crossarms, which are also used in power pole construction, are up 103%. These are just a few examples of material increases experienced in recent years. We have had to increase our inventory value from \$15 million to \$42 million due to uncertainty caused by delays in the supply chain.

Hurricanes are also a big expense. Restoration costs for the last three hurricanes (Deby, Milton and Helene) were around \$18 million. We hope to receive about \$13 million of that back from FEMA but that could be a couple of years.

We try our best to cut expenses where we can, but some things are just out of our control. No one likes to discuss the possibility of a rate increase, but it is a necessary thing to keep your Cooperative financially stable. I want to be transparent and tell you we are working with a rate consultant on the need for a rate increase. We will keep you informed in the coming months and continue to reduce costs where we can.

Our power supplier, Seminole Electric Cooperative, Inc. has developed a diversified generation portfolio to ensure continued and stable power generation at a reasonable price. We are

thankful to Seminole for their efforts in providing you with reliable electric service. I will discuss Seminole more in a moment.

Another principle is Democratic Member Control

You – as a member of Clay Electric can vote on your Board Trustee and other governing matters including bylaw changes. We have transitioned to an online/mail-in ballot platform making it easier for all members to vote. This year we had over 19 thousand members vote online.

- Today we also are pleased to report two bylaw amendment changes that were approved by our membership base.
- **Notice of Members’ Meetings** increases the maximum number of days for official notice from 45 to 90 days. This change will allow us to send members the official notice for elections & annual meetings before the election begins.
- **Qualifications** Trustees will be disqualified if they have been convicted of or pled guilty to a felony or if they have been convicted of a first-degree misdemeanor five years before or while an active trustee.

Thank you to everyone who exercised their right to vote and participated in our cooperative’s democratic member control process.

The third governing principle I would like to discuss is Education, Training, and Information.

Clay Electric provides a multitude of training and informational materials. Information is shared through our website, social media, and publications such as the Powerline and the Kilowatt, as well as brochures. In addition to printed materials, our employees give presentations to schools, civic groups, and events such as county fairs, job fairs, etcetera. We are here to educate and serve you in every possible way.

Cooperation Among Cooperatives is another important principle.

This principle provides strength in numbers. By joining forces with larger cooperative organizations like the Florida Electric Cooperatives Association, partnering with our power supplier, Seminole Electric Cooperative, Inc., and engaging with the National Rural Electric Cooperative Association, we can achieve far more than we ever could alone.

Another way cooperation among cooperatives is beneficial is through mutual aid. This occurs when cooperatives utilize the help of other cooperatives to assist in a time of need such as storm restoration. Clay Electric has used the assistance of other cooperatives during hurricane restoration, and at other times, we send our crews to help other cooperatives for the same purpose.

Again, we can do more collectively than we can alone.

Clay Electric’s power supplier, Seminole Electric, is also a cooperative. Today, Seminole is one of the largest G&Ts in the country. Its purpose is to provide essential wholesale services to nine Member distribution electric cooperatives.

Approximately two million people and businesses in forty-two Florida counties rely on electricity provided by Seminole through Member distribution cooperatives.

Seminole has a diversified generating portfolio consisting of the coal-fired Seminole Generating Station in Putnam County, and the adjacent natural gas fired Seminole Combined Cycle Facility. It also owns the Midulla Generating Station, which is a combined cycle facility on the

Hardee/Polk County line that uses primarily natural gas as a fuel source, and adjacent to the Midulla plant is a 2.2-megawatt Cooperative Solar Facility, and Seminole recently added approximately an additional 300 megawatts of solar to its portfolio. Just like Clay Electric, Seminole looks out for those it serves, and it is involved in the local communities.

Concern for Community is a governing principle and a priority at Clay Electric

This principle is the core of being a cooperative. Clay Electric goes above the mark and not only embellishes concern for the communities served, but also shows community support, growth, and development. Through its community involvement, Clay Electric is more than your utility provider. We are involved in the communities through monetary support – including grants through the Operation RoundUp program, environmental stewardship, civic group activities, school activities and overall support of the needs of our local communities.

We support the next generation of leaders through the Cooperative’s scholarship program and Youth Tour events.

Our employees spend their own time and money to support charities, local ball leagues, service organizations, churches, and perform community service projects. Together, we can make a difference.

In 2024, we added new service to 4,582 accounts; we have almost 200,000 accounts in place. We serve just under 164,000 members using over 14,000 miles of line.

That is a lot of infrastructure to support and maintain, but through the efforts of every employee, this infrastructure is solid and ready to serve you. Please join me in giving the employees a hand for the work they perform daily.

I am honored to serve as the General Manager and CEO of Clay Electric, leading an organization committed to exceptional customer service, community value, and a dedicated workforce. Our cooperative is built on strong principles, ensuring that we continue to serve our members with integrity and excellence.

I extend my sincere gratitude to our Board of Trustees, management, and employees for their unwavering dedication. Each of them plays a vital role in lighting the way and empowering the communities we serve. Thank you for being here today—your support is the foundation of our success, and we truly appreciate you.

Thank you. That concludes my report.”

Mr. Davis then asked if there was any old or new business to be brought before the Board. Hearing none, he asked if there were any objections to close the business portion of the meeting and hearing none, declared the business portion of the meeting closed.

Mr. Davis then called on Derick Thomas for any further announcements, following which the meeting was adjourned.

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