

SUMTER ELECTRIC COOPERATIVE, INC.

VIRTUAL ANNUAL MEETING MINUTES March 25, 2021

The Virtual Annual Meeting of the Members of Sumter Electric Cooperative, Inc. was held on the grounds of Sumter Electric Cooperative, Inc., in Sumterville, Florida, on March 25, 2021.

A Virtual Annual Meeting was held instead of the traditional “in person” meeting due to the Public Health Emergency declared by Governor DeSantis and CDC advisories related to the COVID-19 pandemic.

The Board of Trustees, senior management and key staff members physically attended (although socially distancing to avoid close contact), but members virtually attended via a livestreaming broadcast and could participate via Facebook messaging, email or telephone.

President Richard Dennison called the Meeting to order at 4:30 p.m. and welcomed those who were tuned in online to SECO Energy’s 83rd Annual Meeting and second virtual meeting.

President Dennison shared that the SECO Energy Bylaws and Florida statute require electric cooperatives to hold an Annual Meeting however, the CDC continues to caution against large gatherings, therefore the virtual-only meeting was once again this year’s best option to minimize the risk of COVID. He stated that the health of SECO Energy’s members, employees and the public are our highest priority, and he thanked the online viewers for understanding and for joining the meeting virtually.

President Dennison called the Virtual Meeting to order. He officially closed voting so that Annual Meeting Business votes could be tallied and prize winners could be randomly selected. (Winners to be announced at the end of the webcast).

President Dennison 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 and then led the members in the Pledge of Allegiance to the flag.

A video rendition of the National Anthem was played. Ms. Gloria shared that the recorded National Anthem was sung by Tim Wallace, Manager of Consumer Billing & Accounting.

Ms. Gloria introduced the following Trustees:

Richard Dennison, President, District 4
Jerry Hatfield, Vice President, District 9
Gerald Anderson, Secretary-Treasurer, District 3
Scott Boyatt, District 1
Joyce Anderson, District 2
Ray Vick, District 5
Michael Muffett, District 6
Joseph Kusiak, District 7
William James, District 8

Ms. Gloria also introduced the Cooperative's Chief Executive Officer, James Duncan, the Cooperative Attorney Scott Gerken and the Executive Administrator for the CEO and Board Nora Brown.

Ms. Gloria also introduced District 9 Trustee-Elect Morgan Hatfield.

Ms. Gloria then invited Board President Dennison back to the podium to Chair the meeting.

President Dennison appointed Nora Brown as Recording Secretary.

President Dennison then called Secretary-Treasurer Gerald Anderson to the podium.

Secretary-Treasurer Anderson read the Certification which stated that between the dates of February 12, 2021 and March 15, 2021, he had mailed to each member of the Cooperative with their electric bills, a notice of the Annual Meeting of the Members of the Cooperative, March 25, 2021, by depositing such notice in the U.S. mail.

President Dennison thanked members for joining the meeting, again stating that Florida cooperatives are required by statute to hold an Annual meeting.

He shared that during the meeting the cooperative is required to meet a quorum in order to conduct official business, and that with the help of a Bylaws revision the members passed two years ago, achieving a quorum was now more efficient and inclusive as we can now count member participation in voting on Annual meeting business electronically, by phone, in person or by mail as part of the quorum.

He shared that member voting participation had helped SECO to achieve a quorum this year even under a COVID-cautious environment and with a virtual Annual Meeting. He again thanked the members who cast their votes.

He advised that every member who voted is entered in the prize drawing and to stay tuned until the end of the meeting for the prize drawing.

President Dennison then stated that on behalf of the entire SECO Board, he wanted to thank the membership, stating that the nine-member Board of Trustees is elected by the membership.

President Dennison explained that the Board sets the policies and approves the budgets that guide the Cooperative, and that CEO Jim Duncan along with his Senior Staff manage the Cooperative under these policies.

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

In closing, he shared that the members would hear from CEO Jim Duncan with a "state of the company" address to the virtual membership.

President Dennison then introduced CEO Jim Duncan.

CEO Duncan welcomed the members to SECO Energy's 83rd Annual meeting and SECO's 2nd Virtual Annual Meeting.

CEO Duncan stated that with the continued COVID-cautious environment, we decided to once again this year hold the meeting virtually for the wellbeing of our members, guests and employees.

He thanked the thousands of members who voted online, by mail or on the phone - and stated that they might just win one of the 100 great prizes that are up for grabs. He advised the members that the prize winners would be announced after the presentation and that a full list would be published at SECOEnergy.com.

He invited those tuning in virtually to reach out to us today with questions or comments - via our special email address, phone number or by Facebook. He shared that there are employees standing by to interact with members, and to respond to questions.

CEO Duncan spoke about the theme of the Virtual Annual Meeting – "Just Business" stating it ties in perfectly with this year's virtual meeting presentation.

He shared that though we miss the days of our large on-site meetings and the fellowship with our members, a virtual format is our best option.

CEO Duncan then, following a yearly tradition, stated he would like to pay tribute to our members who have served or are serving in the various branches of the military.

A video played with the flag for each branch of service shown on the screen and a small portion of the theme song for each branch of service was played.

CEO Duncan thanked all for their service – past or current.

He also asked that the Lake Weir High School Jazz Band be recognized for their renditions of the service branch theme songs.

Then he asked that everyone recognize the dedicated first responders who have worked hard during the pandemic to keep our medical facilities functioning. He shared that local law enforcement, fire and rescue personnel, EMS and others who serve in first responder roles have difficult duties, and extended gratitude to those who serve our cooperative and our membership in the name of public and personal safety.

He also asked that we recognize retired or active law enforcement officers, corrections officers, firefighters, dispatchers or EMS personnel.

CEO Duncan shared (on a more personal note) that the day was bittersweet for him – and that earlier this year he announced his plan to retire from SECO Energy in January 2022, making this his last Annual Meeting as CEO.

He went on to share that after 42 years the decision to retire was a difficult and emotional one, and that he and his wife Connie, who have been married 53 years, are looking forward to more vacations, scuba diving and family time with their sons and grandchildren.

He shared that he began his career with SECO in 1979 as Director of Accounting and Finance, and at that time SECO was known as Sumter Electric Cooperative and the meter count was only 37,000.

He went on to say that from 1979 to 1990 when he was promoted to CEO, Central Florida experienced a steady amount of growth, and with new members joining at a fast pace the meter count grew to 66,000.

CEO Duncan shared that SECO celebrated reaching 100,000 meters in 1999, and the 200,000 meters milestone in 2017. He shared that as of year-end 2020, SECO Energy served 216,477 Central Florida homes and businesses and that it was quite possible that we would see 220,000 meters by year-end.

He stated that during his three-decade tenure as CEO he had experienced unprecedented growth in our service area, sharing that currently our member count makes us the third-largest cooperative in Florida and the seventh largest in the nation.

CEO Duncan shared that the national median size of an electric cooperative is between 15,000 and 20,000 members and they never experience the level of growth we have grown accustomed to.

CEO Duncan went on to say that SECO Energy has celebrated a number of customer satisfaction wins that gained national recognition in recent years and that some of his proudest moments as CEO came when SECO won three coveted J.D. Power awards in 2015, 2016 and 2017. He shared that our scores those three years topped all utilities in the nation that were surveyed.

He also shared that in 2020 SECO upheld its position as a customer satisfaction leader in the American Satisfaction Index with a score of 91, which is phenomenal in the energy industry. He shared that IOUs and municipal utilities averaged 72 and all co-ops averaged 73.

CEO Duncan shared that SECO is a winner when we compare our ACSI score of 91 to Amazon's 83, Lexus' 82, Home Depot's and Lowe's at 78, Bank of America's 75, and our score even beat Chick-Fil-A's 84!

CEO Duncan went on to discuss reliability stating that due to the hard work of our Board, Staff and employees much has changed during his three decades as CEO, reminding members that back in the day the company was referred to as "Sometimes Sumter". He shared that during that time not only was our reliability somewhat marginal, our rates were some of the highest in the state.

He shared that during his tenure as CEO, collectively we have dramatically improved members' service reliability through increased investments in our electric infrastructure and a strengthened vegetation management program.

He also shared that one measurement of reliability in the energy industry is the System Average Interruption Duration index or the average minutes of interruption per member during the year, and that for year-end 2020 the average outage duration was 69.84 minutes and that the number of times a SECO member's service was interrupted was only 1.19. He stated that these outage indexes have shown significant improvement over the last decade.

CEO Duncan, changing topics, stated as we look toward summer SECO is Storm Ready and prepared for the upcoming 2021 Atlantic hurricane season which begins on June 1.

He shared that last year's storm season set a record with the number of named storms and that thankfully we simply got lucky last year. He urged members to prepare for hurricane season and advised them to watch for the pre-hurricane season tropical forecast to be released in early April.

CEO Duncan also shared that the National Weather Service announced it would begin its daily Tropical Weather Alerts on May 15 (two weeks before the start of hurricane season) because each year, named storms seem to crop up a little earlier in the season, sharing that in the last six hurricane seasons a named Atlantic storm has formed in May.

At this point a video was played to help members understand being Storm Ready.

CEO Duncan shared with members that StormCenter is user-friendly and available 24/7 using a smartphone or tablet and asked that members make sure to enroll in outage notifications. He went on to say that if an outage is detected at your location, StormCenter will proactively notify you by email, text or voice message or all three based on your enrollment preferences. He shared that you can also set “Do not disturb” times, and that members can enroll for notifications by visiting SECOEnergy.com and choosing StormCenter on the menu.

He shared that members could call anytime to report a new outage or get details on the status of an existing outage, both by using our IVR virtual assistant Electra.

Changing topics to employee recognition, CEO Duncan stated that in his 42 years at SECO he has been honored to work with the best employees in the energy industry. He said that our 400+ employees are world-class representatives of the cooperative purpose in providing exceptional customer service to our members. He stated that when he retires it will be the great employees he will miss most.

He stated that last March, because our employees are our greatest asset and are all essential workers, we decided quickly to take precautions to protect our employees from COVID-19 risk. He shared that many employees who could work remotely were allowed to do so from home and that crews who worked together stayed on the same shift to prevent cross-location exposure. He shares that these changes worked quite well, and employees continued to be productive even during a pandemic and that he saluted the employees’ commitment to member satisfaction, hard work and dedication.

Next CEO Duncan paid tribute to and thanked our Trustees for the roles they play in making this company as good as it is. He also acknowledged our newest Trustee-elect Morgan Hatfield, sharing that she will officially begin her role at the March 29th Board meeting.

CEO Duncan also wished a fond farewell to Trustee and Board Vice President Jerry Hatfield, sharing Trustee Hatfield has served as Board President, Vice President and Secretary-Treasurer among other duties. CEO Duncan asked that Trustee Hatfield come forward to accept a plaque in honor of his twenty-one years of service. President Dennison also stepped forward and presented the plaque to Trustee Hatfield. Those present applauded Trustee Hatfield for his dedicated service. Trustee Hatfield thanked the Board and the membership.

CEO Duncan went on to share that at his first Annual Meeting as CEO in 1991 he mentioned that his focus would be on his version of the Three R's – Rates, Reliability and Responsibility and that 31 years later they are still his and the cooperative's focus. He shared that he felt that this is because of an extremely successful Senior Staff, working so hard to stay focused on those three R's, and stated that he would like to introduce the Senior Staff. *(His introductions are detailed below)*

He stated that the members previously met Nora Brown, she is the Executive Administrator for the CEO and Board, who has the challenging job of keeping the CEO and the Board in line at all times, and that she does a marvelous job.

He also stated the members also already met Kathryn Gloria our Vice President of Corporate Communications & Energy Services, and that obviously her title says she is responsible for communicating to you and the world and she does a very very good job of that.

Gene Kanikovsky is our Chief Financial Officer, his job is to keep a tight rein on the dollars that our members provide us with their rates, and he does an extremely good job of that.

John LaSelva, our Vice President of Operations, has the challenging job of building our system, maintaining our system and putting it back together when storms bring it down. John is one of the best in the industry at that and has really represented you well.

Gregg Morrell, our Vice President of Corporate Services & Human Resources. His title isn't quite fully descriptive, he is responsible for all of our assets - our people, our vehicles our buildings and grounds and he does a very good job of managing all of that.

And finally, last but not least, our newest Vice President Mike White, our Vice President of Engineering, his job and his team's job is to design a system capable of providing the service we are trying to provide and to continually monitor the performance of our existing system to see where improvements can be made.

CEO Duncan stated that collectively those folks are a major reason why SECO is as successful as it is. Each of those senior leaders plays a key role in managing our work force and controlling costs.

CEO Duncan went on to say SECO's financial health remains excellent, even after an unprecedented 2020, and that due to COVID-related issues from early March through September, we suspended disconnects for non-payment, waived all late fees and offered payment extensions outside of our normal parameters – clearly those had an impact on financials.

He stated that more of our members stayed home last year and it contributed to increased residential kilowatt hour sales – last year SECO members consumed 3.54 billion kilowatt-hours which is an increase of 167.6 million kilowatt from 2019.

He shared that the growth and uptick in new construction in residential, commercial and industrial accounts demonstrate the ongoing need to maintain existing facilities and expand to meet the increased power demand to promote reliable service while controlling costs to keep rates affordable.

CEO Duncan shared that total expenses – excluding purchased power for 2020 – equaled \$141.2 million, which was under budgeted by about \$3 million.

He went on to say that at the end of 2020, our total investment in our electric facilities was quickly approaching the \$1 billion mark at \$955.9 million and predicted that our Total Utility Plan investment will surpass the \$1 billion mark in the next 12-15 months.

CEO Duncan stated that without question, your electric service is supported by a large, robust and well-maintained infrastructure that distributes power generated by our wholesale power provider, Seminole Electric Cooperative. He further stated that Seminole's portfolio is changing and has been changing over the last few years and that it is important to note that Seminole has taken steps in recent years to begin shuttering a coal unit, produce more power from natural gas and enter into purchased power arrangements for a higher mix of renewable energy in its portfolio.

He then moved on to the subject of solar power stating that members' interest in solar power remains high and that SECO is an excellent resource for members who want to reduce their utility-supplied power use by investing in solar systems. He further stated that our net metering approach (approved by the PSC) doesn't subsidize solar investors at the expense of members who don't feel that solar is a viable financial investment.

CEO Duncan shared that SECO has more customer-owned installations in our service territory than any other co-op or municipal utility in the state except JEA in Jacksonville and that currently we have about 2,300 members who have invested in solar and are interconnected with SECO's electric system.

He shared that members interested in solar can begin their research on SECOEnergy.com, where we have expanded the solar section of our website to include interactive technical resources and solar facts.

CEO Duncan then went on to speak about the emerging trend in our area in the increasing number of electric vehicles (EV) on the road. Members who already own an EV or who are interested in purchasing one have inquired about charging their vehicles during off-peak hours for a reduced rate. He shared that in order to make this possible on a wide

scale, we must first invest in a systemwide advanced metering infrastructure – better known as AMI or smart metering. He asked that if a member has interest in EVs to let us know so we can gauge the volume of interest in advance.

He went on to share that SECO began an AMI pilot project in November for our 6,300 members enrolled in prepaid service as these meters had reached end of life and required an upgrade to function with 5G technology.

CEO Duncan also shared that the Board had approved that purchase of Honeywell AMI meters as a replacement and that this pilot will give us the opportunity to collect data and examine the results before launching an AMI system across our service area.

He also shared that at the next Board meeting, we will be recommending another AMI pilot with a different brand of meters, which if approved, will begin shortly to ensure that SECO makes the right choice for a systemwide AMI deployment in the coming years.

CEO Duncan stated in closing remarks that he had always envisioned his final Annual Meeting address to be with a large crowd of members gathered here today in person. Unfortunately, that isn't the case.

CEO Duncan stated that he appreciated our members joining us and participating in the co-op governance process and asked that members stay tuned to hear the prize winners announced after the official business is completed.

CEO Duncan then asked Cooperative Attorney Scott Gerken to come forward and announce the voting results.

Attorney Scott Gerken took the podium at this point and stated that, as Mr. Dennison and Mr. Duncan had referenced, a member-approved Bylaws change now gives SECO the flexibility to conduct electronic and by mail voting on Annual Meeting business. The two items members voted on this year are a Bylaws Revision and the 2020 Annual Meeting Minutes.

He shared that voting had been closed at 4:31 p.m. as the meeting began today and that he had certified the voting results.

Attorney Gerken stated that the member votes for the most recent Board-recommended, Bylaws Revision were as follows:

4,263 Voted YES 93 Voted NO 220 Abstained.

Attorney Gerken stated that based upon the votes the Bylaws Revision was overwhelmingly approved by the membership.

Attorney Gerken stated the member votes for Approval of the 2020 Annual Meeting Minutes were as follows:

4,368 Voted YES 7 Voted NO 201 Abstained.

Attorney Gerken stated that based upon the votes the 2020 Annual Meeting Minutes were overwhelmingly approved by the membership.

He thanked all who voted and played a part in the cooperative's democratic process.

Attorney Gerken, moving on to old business and new business – stated this is a normal part of the agenda that takes us into the Q&A for the member engagement portion of the meeting, and he turned the meeting back over to CEO Duncan.

CEO Duncan thanked Attorney Gerken and those members who voted.

He stated that SECO's phone, email and Facebook panel (in place today) had reported that we indeed have questions to field.

He shared that for those watching at home, members could still call us at (352) 329-MEET or send a message on Facebook or email SECO2021AM@secoenergy.com and that if we didn't get to a member's question during this timeframe, we'll be sure to get back with you next week.

CEO Duncan opened the floor to questions, and he received and responded to nine questions from the membership.

CEO Duncan then stated that he was told we were running short on virtual time and need to wrap up the questions to leave enough time for announcement of the prize drawing winners.

He stated again, there are 100 great prizes up for grabs and all members who voted on Annual Meeting business are entered to win.

He thanked everyone again for tuning in, stating it was now time to adjourn the meeting and let the prize drawing begin.

CEO Duncan entertained a motion to adjourn the 2021 Virtual Annual Meeting at 5:18 p.m. The motion was made, seconded and approved by the members present.

President

Secretary