

ANNUAL MEETING OF MEMBERS
CHOCTAWHATCHEE ELECTRIC COOPERATIVE, INC.
SATURDAY, APRIL 27, 2019

The Annual Meeting of Members of Choctawhatchee Electric Cooperative, Inc. (CHELCO) was held at Freeport High School in Freeport, FL, on Saturday, April 27, 2019.

The Northwest Florida State College Soundsations Show Choir provided entertainment.

Mr. Gerald Edmondson, President, called the meeting to order. The Presentation of Colors was given by Walton High School JROTC. Trustee Brady Bearden led in the pledge of allegiance. Kimberly Miller sang the national anthem, and Trustee Jim Bishop gave the invocation.

A printed list of those members present in person is on file in the CHELCO corporate offices for review and is incorporated into these meeting minutes by reference.

Mr. Edmondson welcomed everyone to the 78th Annual Meeting, which included several public officials in attendance. He thanked the employees for their work and for helping with the meeting.

Ms. Megan Camp, Certified Public Accountant with Purvis, Gray & Company, provided the notice of the meeting and proof of due publication and mailing. She reported that on March 22, 2019, 42,339 ballots were mailed to the active members of the Cooperative. All votes received by 5 p.m. on April 22, 2019, were considered. A total of 5,116 valid ballots were received by that date. A two percent (2%) quorum of (at least 847) responses was met, which is a requirement of Article II, Section 4 of CHELCO's bylaws. The results of the voting are as follows:

<u>DISTRICT 2</u>	<u>VOTES RECEIVED</u>	
Terry Pilcher	4,930	(Winner)
Unopposed		
<u>DISTRICT 4</u>		
Brady Bearden	2,655	(Winner)
Dewyne Douglass	2,404	
<u>DISTRICT 6</u>		
Gerald Edmondson	4,915	(Winner)
Unopposed		

Mr. Edmondson thanked Ms. Camp for the report and asked for a motion to approve the 2018 Annual Meeting minutes which were posted throughout the premises. With no requested changes to the minutes, they were approved as published following a motion, second and vote to approve.

Mr. Edmondson provided the President's Report. He thanked the members for their attendance and participation in the election process. He stated it is the Board's responsibility to develop strategy, set policies, oversee the CEO, and represent the members. Mr. Edmondson reminded everyone the Board is made up of members of the Cooperative. He informed the membership CHELCO is managing their resources in the most efficient manner. Rates remain stable and lower than the investor-owned utility in our area. Events this year included 1) a cooperative solar project; 2) linemen and employees of our subsidiary – Southland Utility Services, assisting our neighbors to the east following Hurricane Michael, 3) a new Technology Center being constructed without a rate increase after years of planning to improve efficiencies throughout the organization.

Mr. Prutzman presented the Treasurer's Report. He reported that a recent independent audit of the financial position for the year ending December 31, 2018, was performed by Purvis, Gray & Company, certified public accountants from Tallahassee. The auditors were of the opinion the financial statements presented fairly CHELCO's financial position and noted no matters of material weakness in the Cooperative's operations nor internal control structure. Assets total nearly \$320 million which is mostly infrastructure. Last year, 45 miles of power lines and 1,179 new members were added. Mr. Prutzman thanked everyone for their continued support of the co-op.

President Edmondson introduced CEO Steve Rhodes, who provided the CEO Report. He welcomed everyone and thanked the employees for their assistance every day and for helping with the Annual Meeting. He thanked the Board for allowing him to lead the organization and for their service to the co-op. He congratulated Brady Bearden, Gerald Edmondson, and Terry Pilcher on their re-elections.

Mr. Rhodes informed the members the business goal is to control costs while maintaining or improving safety, reliability, member satisfaction, and employee engagement. The Cooperative improved its performance in five of the nine metrics tracked within those categories, and ranks in the top 25% of 850 electric co-ops nationally who measure those metrics. He shared excerpts of communications from satisfied members who praised employees for their excellent customer service.

Mr. Rhodes reminded everyone the single most important goal is for every employee to go home safely each and every night. We have reached 760 days of no lost time injuries; we provided electric safety training to over 600 people in the community in 2018; members were saved \$3.8 million in controllable costs, and \$1.5 million in margins will be returned to members in a special capital credit retirement in a few weeks. Mr. Rhodes reported there will be no increase to base rates in 2019.

CEO Steve Rhodees explained CHELCO's winning of the Eglin Air Force Base utility privatization 50-year contract, executed August 2017. The Department of Defense will make payments of nearly \$450 million during that term for the operation and maintenance of Eglin's system. The contract is a wonderful opportunity for Eglin, the co-op, and its members.

Mr. Rhodes provided an update on the Cooperative Solar project which enrolls 92 member subscriptions through a solar array mounted on the DeFuniak Springs west campus Operations

Center. He stated after six years at CHELCO, he experienced his first hurricane this past year. Almost 40 percent of members (21,000) were without power immediately afterwards. Line crews from two electric co-ops in Mississippi and seven private contractor crews assisted to restore power within three days. Afterwards, we sent line crews to Gulf Coast Electric Cooperative and West Florida Electric Cooperative for a three-week period.

He then provided an update on the plan to enlarge and modernize the DeFuniak Springs facilities due to old, technologically insufficient, and overcrowded workspaces. Drone video footage was shown of the West DeFuniak campus which includes the new Southland Utility Services building (CHELCO's subsidiary) and the Technology Center which is being constructed adjacent to the Operations Center on Highway 331 North. The facility should be complete in the summer of 2019. An Operations Center was also built on base as part of the Eglin agreement. The Headquarters building on Baldwin Avenue will be remodeled in Phase 2 of facilities planning.

Mr. Rhodes assured the membership everyone at the Cooperative will do their very best to keep rates affordable and provide excellent electric service. He thanked the members for their attendance and for supporting their electric cooperative.

President Edmondson called for any new or unfinished business, and there was none.

Mr. Edmondson reported that following a short organizational meeting, the Trustees would be available for questions following the door prize drawings. He thanked everyone for attending.

There being no further business, the meeting was adjourned.

Board President

Corporate Secretary

CERTIFICATE

I, _____, Secretary of Choctawhatchee Electric Cooperative, Inc., hereby certify that the total number of members receiving service, eliminating duplicate accounts and inactive accounts, on March 22, 2019, was 42,339.

I, _____, do hereby certify that I am the duly elected, qualified Secretary of Choctawhatchee Electric Cooperative, Inc. (hereinafter referred to as "Cooperative"), and keeper of its records; that the foregoing is a true and correct copy of the original minutes entered in the minute book of the Cooperative of the Annual Meeting of Members thereof convened and held pursuant to and in accordance with the laws of the State of Florida, and the State of Incorporation of the Cooperative, and the Articles of Incorporation of the Cooperative, and Article III, Section 4 of the Bylaws of the Cooperative on the 18th day of April, 2020; that at said meeting a quorum of more than two percent of the members of the Cooperative were present in person or by mail ballot pursuant to the Bylaws; and the said meeting was held after notice thereof duly given to all the members of the Cooperative in accordance with the Bylaws of the Cooperative; that the copies of said notice to said members and affidavit as Secretary with said minutes are true and correct copies of the originals of said notice of my said affidavit, and that none of the resolutions contained in the aforesaid copy of said minutes of the members has been rescinded or modified and that the same are in the date hereof in full force and effect.

In witness whereof, I have hereunto set my hand this 17th day of April, 2021, to be effective for all purposes as of the 18th day of April, 2020.

Corporate Secretary