

VIRTUAL ANNUAL MEETING OF MEMBERS
CHOCTAWHATCHEE ELECTRIC COOPERATIVE, INC.
SATURDAY, APRIL 18, 2020

The Virtual Annual Meeting of Members of Choctawhatchee Electric Cooperative, Inc. (CHELCO) was held on Saturday, April 18, 2020, and broadcasted to members via the internet from the Cooperative's Technology Center, 655 Highway 331 North, DeFuniak Springs, FL.

Mr. Gerald Edmondson, President, called the meeting to order and led in the Pledge of Allegiance. A recording of the national anthem was played. Trustee Jim Bishop gave the invocation.

Mr. Edmondson welcomed viewers to the 79th Annual Meeting, the first virtual annual meeting due to the Centers for Disease Control and Prevention's ("CDC") guideline for a maximum of 10 attendees to gather in a group during the Coronavirus pandemic. Those present signed an attendance sheet for the record. Mr. Edmondson introduced the Board of Trustees by district, and their photos were displayed.

Mr. C. Jeffrey McInnis, the CHELCO General Counsel, provided the notice of the meeting and proof of due publication and mailing. He reported that on March 23, 2020, 44,191 ballots were mailed to the active members of the Cooperative. All votes received by 5 p.m. on April 13, 2020, at the offices of Purvis, Gray, and Company, Certified Public Accountants, were considered. A total of 5,235 valid ballots were received by that date. A two percent (2%) quorum (at least 884) of 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 3</u>	<u>VOTES RECEIVED</u>
James C. Bishop Unopposed	5,067 (Winner)
<u>DISTRICT 5</u>	
Ronald C. Jones Unopposed	5,086 (Winner)
<u>DISTRICT 8</u>	
Gayle G. Hughes Unopposed	5,072 (Winner)

Mr. Edmondson stated at the advice of General Counsel, the 2019 Annual Meeting minutes will be held for approval by members at the 2021 Annual Meeting of members.

Mr. Edmondson provided the President's Report. 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 who have a vested interest in the quality and cost of service. Rates are stable and lower than the local investor-owned utility. He reported Operation Roundup was started in early 2019. Members voluntarily rounded up nearly \$15,000 of their bill payments to the next dollar, and those donations were returned via 23 grants to qualified and deserving charitable organizations in the area.

Mr. Edmondson reported following a cost analysis and facilities study, the Board approved new facilities to accommodate an increased workforce, growing cooperative, and outdated structures. Last year, some employees relocated to the new Technology Center on Highway 331 near the DeFuniak Springs Operations Center. Southland Utility Services, CHELCO's subsidiary, recently moved into a new building to conduct its business. Once a new administrative wing is constructed by the Technology Center, a majority of employees will be in one location to better serve members. All of the above has been accomplished without an increase in rates. He thanked the Board, senior staff and leadership for their hard work during these unprecedented times.

Ms. Gayle Hughes presented the Treasurer's Report. She reported financial information typically distributed in person at the Annual Meeting is available on the Cooperative's website. A recent independent audit of the financial position for the year ending December 31, 2019, was performed by Purvis, Gray & Company, certified public accountants from Tallahassee. The auditors were of the opinion the financial statements presented fairly and accurately CHELCO's financial position and noted no matters of material weakness in the Cooperative's operations nor internal control structure. The auditors gave CHELCO the highest possible rating. Assets total nearly \$345 million which is mostly infrastructure. Last year, 56 miles of power lines and 1,646 new members were added. Ms. Hughes thanked everyone for their continued support of the co-op.

President Edmondson introduced Mr. Rhodes, who provided the CEO Report. Mr. Rhodes stated this is the first-ever virtual meeting without members present, due to the Coronavirus. He stated that fewer than 10 people were in attendance in the room pursuant to CDC guidelines, as members viewed the business meeting online, and Board members tuned in nearby. He thanked the IT Department and staff for pulling the event together on short notice. Mr. Rhodes congratulated Jim Bishop, Gayle Hughes, and Ronnie Jones for being re-elected to the Board. He thanked the full Board for their dedication and for allowing him the privilege of leading the organization the past seven years. Mr. Rhodes paused to honor the memory of Trustee Pat Carlyle of District 1, who passed away last August after a brief illness.

Mr. Rhodes commented a month ago the stock market was at historic highs and the unemployment level was at historic lows. The severity in the change to our economy has been staggering and unexpected, and the Coronavirus has affected everyone personally and professionally unlike anything prior, including many acts of nature which hit our area. Our business continuity crisis plan was enacted. In addition, all offices are closed to the public; over 25% of our workforce works at or from home; social distancing is enforced, and face masks are required in certain situations. Non-essential travel and training has been cancelled, and employees suspected to be sick are quarantined. No employees have contracted the virus at this time. Arrangements are being made with members who struggle to pay their bills, and disconnects for non-payment have been temporarily suspended. The employees have risen to the occasion as

always. Despite their justifiable fears of being exposed to the virus, they have stepped up and rallied to keep electricity provided to our members.

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 we maintained excellence in the other four metrics. We rank in the top 25% of 850 electric co-ops nationally who measure those metrics. The CEO's most important goal is to make sure each employee goes home safely each and every day. There have been 258 days without a lost time injury. We work hard to educate members of the dangers of electricity.

Wholesale power costs are 67 percent of the cost members pay for electricity. The co-op focuses on the remaining controllable costs which are local distribution costs. We have reduced those costs by 21 percent since 2014, and saved members \$3.3 million in 2019 – approximately \$60 per account. A portion of the 2019 margins will be refunded to members in a special capital credit retirement of \$1.4 million, and there will be no base rate increase this year.

Mr. Rhodes provided an update on the Cooperative Solar project which was started two years ago and enrolls 96 member subscriptions through a solar array mounted on the DeFuniak Springs west campus Operations Center. He reported the DeFuniak Springs facilities plan provides much-needed enlarged and modernized facilities. Renderings were displayed of the Technology Center, and Mr. Rhodes reported the Headquarters facility will relocate to a new administrative wing soon to be constructed. Mr. Rhodes acknowledged three recently-retired Executive Team members and thanked them for their outstanding service: Donny Fugate, VP of Operations; Steve Wolfrom, VP of Member Services, and Wayne Thompson, CFO.

Mr. Rhodes assured the membership everyone at the Cooperative will continue to do their very best to keep rates affordable and provide excellent electric service.

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

Following a drawing for six scholarships and other prizes, 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 23, 2020, was 44,191.

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 17th day of April, 2021; 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.

Corporate Secretary