

**SAWNEE ELECTRIC MEMBERSHIP CORPORATION
81st ANNUAL MEMBERSHIP MEETING
CUMMING, FORSYTH COUNTY, GEORGIA**

October 5, 2019

The 81st Annual Meeting of the Members ("Meeting") of Sawnee Electric Membership Corporation ("Corporation") was held at the Corporation's Headquarters Facility in Cumming, Georgia, on the 5th day of October 2019.

Prior to the business session of the Meeting, the members were entertained by "8 Up With Dixie" and the Dawson County High School Chorus.

At approximately 10:05 a.m., the Meeting was called to order with 448 registered members present and a total of approximately 1,200 people in attendance. Mr. Zack Rice, Jr., Attorney, presided over the Meeting, at the pleasure of the Chairman of the Board of Directors, Mr. Rodney H. Reese, and Mr. Roger T. Coker, Secretary-Treasurer, acted as Secretary of this Meeting.

Mr. Michael A. Goodroe, President and Chief Executive Officer (CEO), introduced the Directors of the Corporation. In addition, he recognized members of the Annual Meeting Credentials and Election Committee, members of the Corporation's Consumer Advisory Task Force, and the SEMC Foundation Board of Directors.

The CEO gave a brief welcome and thanked all the members for participating in this important activity of their Cooperative.

Several other activities occurred, including:

- 1) Recognition of the 2019 SEMC Foundation Youth Scholarship Program winners, who each received a \$5,000 scholarship;
- 2) Recognition of the 2019 Washington Youth Tour participants who represented the Corporation in Washington, D.C.;
- 3) Recognition of service awards to eight (8) of the Corporation's employees who had served the Cooperative for 20 years; and
- 4) Recognition of members of the Corporation's family of employees and others affiliated with the Corporation who had passed away over the last year.

CALL TO ORDER - Mr. Zack Rice called the business session of the Meeting to order at approximately 10:20 a.m. Mr. Rice stated that based on the Corporation's Bylaws, Article 3, Section 3.04, Quorum, and information from the the registration desk, a quorum was present and it was now in order to transact any and all business that may properly come before the membership, at this time.

READING OF OFFICIAL NOTICE - As the first item of business, Mr. Rice read the Official Notice of the Meeting that was mailed to each member of the Corporation. The notice was as follows:

**Sawnee Electric Membership Corporation
Official Notice
September 13, 2019**

**81st Annual Members' Meeting
To be held on October 5, 2019**

Dear Sawnee EMC Member,

In accordance with Article 3, Section 3.03, Notice of Member Meeting, of the Bylaws of Sawnee Electric Membership Corporation ("the Corporation"), notice is hereby given that the 2019 Annual Membership Meeting of the Corporation will be held Saturday, October 5, 2019, at Sawnee EMC's headquarters located at 543 Atlanta Highway, Cumming, Georgia. Registration will be from 8:00 a.m. to 11:00 a.m. The Annual Meeting will convene at approximately 9:30 a.m., with the business session scheduled to begin at approximately 10:20 a.m.

The purpose of the meeting is to transact any and all business that might properly come before the membership, at that time. Reports from officers, directors, committees and the district election(s), as well as any unfinished and/or new business, will be presented to the membership.

We urge you to make plans to attend this very important meeting of your Cooperative.

Respectfully,

Gary G. Porter

Gary Porter
Secretary-Treasurer

READING OF CERTIFICATION OF MAILING - Mr. Rice then read the Certification of Mailing stating that each member of the Corporation had been mailed an Official Notice of the Meeting of the Corporation, with postage prepaid, and that notices were deposited in the U.S. Post Office, Atlanta, Georgia, on September 13, 2019, as follows:

SECRETARY'S CERTIFICATION OF MAILING

I, Gary G. Porter, being first duly sworn on oath deposes and says that he is the only elected, qualified and acting Secretary of the Sawnee Electric Membership Corporation, that on the 13th day of September, 2019, he mailed to each member of the Corporation at the address as it appears on the records of the Corporation, a notice of the Annual Membership Meeting of the members of the Corporation to be held on the 5th day of October, 2019, by depositing in the U.S. Mail, U.S. Post Office, Atlanta, Georgia, and that the attached notice is a true and correct copy of said notice of said meeting mailed as aforesaid.

APPROVAL OF MINUTES - As to the next order of business, Mr. Rice called for the approval of the minutes of the Annual Members' Meeting held on October 6, 2018. Mr. Rice asked for a motion to dispense with the reading of these minutes and upon motion duly made and seconded, and with no further discussion, it was carried by a majority of those present to approve the minutes of the Annual Members' Meeting held on October 6, 2018, as written.

REPORT ON 2019 DIRECTOR ELECTIONS – Mr. Rice reported on the director election results for the three (3) directorate districts that were up for consideration by the members of these districts during 2019 due to term expirations of the Corporation's Board of Directors.

He stated that based on the provisions found in the Bylaws of the Corporation, the following incumbent directors were considered re-elected by the members of their respective directorate districts for a three (3) year term:

- District #2 (Chestatee) – Marshall Millwood
- District #7 (Italy) – Terry Mathis
- District #9 (Webb) – Rodney Reese

PRESIDENT AND CHIEF EXECUTIVE OFFICER'S REPORT – The CEO welcomed the members and guests to the Corporation's 81st Annual Meeting of Members. He stated that Sawnee serves almost 156,000 members and continues to be the 3rd largest electric co-op in Georgia and the 8th largest electric co-op in the

nation. He stated that based on the results of the latest Georgia PSC Retail Rate Survey, Sawnee was ranked as having the 10th lowest rates in the state out of 94 electric utilities.

He stated the focus of today's meeting was on selected events from 2018, key things that have occurred thus far in 2019, and major issues that could affect the Cooperative in the future. The CEO briefly discussed a few highlights from the 2018 Annual Report and stated that the Corporation closed out 2018 in a strong financial position. He informed the membership that, if interested, they could obtain the full Financial Audit report from the Corporation's Web site or by request.

He stated that in 2019 the Corporation continued to improve its physical plant; address continued member growth; strategically address long-term financial challenges as well as near-term challenges.

The CEO discussed the following focus areas for 2019: 1) Rates, 2) Reliability, 3) Patronage Capital Retirement, 4) Energy Management, and 5) Commitment to Community. The CEO stated that the staff and Board continue to focus on keeping retail rates as low as possible and stated that the Corporation's current rates continue to be extremely competitive in comparison to other electric utilities in the state, including Georgia Power Company. He reported that the Corporation continues to convert its distribution system to a higher operating voltage (e.g. from 12 kV to 25 kV) as well as rebuild and replace aged infrastructures (e.g. transformers, underground cables, etc.). He continued by stating that the Corporation is seeing a decrease in the number of outages experienced as well as the length of time it takes to restore an outage as a result of the new tie lines, and sectionalizing equipment that has been added.

He stated that in 2019, the Corporation made a patronage capital retirement, totaling ~\$10 million, bringing the total refund amount over the past 5 years to almost \$50 million.

The CEO discussed the importance of Energy Management to the Corporation as well as to its members. He stated that the Corporation will continue to assist members in becoming more energy efficient by offering various energy rebates and incentives through its Demand Side Management Program, which totaled \$2.02 million for 2019. He also reported that the Corporation has increased its total investment in renewable / green resources. He continued by stating that Sawnee is a participant in eleven (11) utility scale solar projects, totaling 79.7 MW of capacity. He stated that these projects have fixed prices that are very cost effective. He stated that the Corporation deployed its new "Virtual Solar" program in February 2018, which provides cooperative members with the benefits of solar, without facing the challenges of owning their own system.

He reported that the Corporation continues to score in the top 5% of cooperatives nationwide relative to Customer Satisfaction. He reviewed the favorable results of the American Customer Satisfaction Index (ACSI) Score, as well as reported that the Corporation was ranked as the 4th highest among cooperatives in the nation on the J.D. Power Satisfaction Survey in 2019.

He stated that the staff continues to show their commitment to the communities in which they live and work in. He reported that over the last 12 months, the Sawnee EMC Foundation has put \$260,179 back into the communities served by the Corporation.

In closing, the CEO discussed key strategic issues that the Cooperative will face in meeting the future energy needs of the membership. He continued by stating that the Corporation strives to be proactive in its approaches and actions to meet / exceed the needs of its members and will continue to utilize technology wisely to achieve this goal. He stated that the staff and Board look forward to the opportunities to provide the Corporation's membership with quality service and will continue to be good stewards of the assets that have been entrusted to them. The CEO thanked the members for taking part in this important meeting of their Cooperative.

OLD BUSINESS – Mr. Rice stated that, at this time, there was no old business to come before the membership.

NEW BUSINESS – Mr. Rice stated that the membership had received notice that there was one (1) item of new business for the membership to consider and that it related to a proposed bylaw amendment to revise the number of member signatures required for a petitioner to qualify to seek the office of director. Mr. Rice stated that the proposed Bylaw Amendment language, along with a summary of the proposed changes, was included in the 2018 Annual Report that was mailed to each member of record, as of the Official Record date.

The Official Notice of the Proposed Bylaw Change was as follows:

**Sawnee Electric Membership Corporation
Summary of Proposed Bylaw Change**

Sawnee EMC Members Meeting

To be held on October 5, 2019

Dear SEMC Member,

You are hereby notified that the Board of Directors of Sawnee Electric Membership Corporation will present a proposed amendment to the Corporation's Bylaws at the upcoming Annual Meeting. This letter shall serve as your Official Notice of the proposed Bylaw amendment, as required under Section 15.02 of the Bylaws.

This proposal (see the text reflecting the proposed language to be added and removed) will be presented to the membership at their meeting at the Annual Meeting on October 5, 2019. If approved by the membership, this Bylaw revision will become effective as of October 5, 2019.

The purpose of this amendment is to revise the number of member signatures required for a petitioner to qualify to run for the office of director.

Sawnee's Board of Directors reviewed this proposed amendment at a board meeting held on August 8, 2019 and recommends that the membership approve this Bylaw revision, as presented.

Respectfully,

SAWNEE ELECTRIC MEMBERSHIP CORPORATION



Michael A. Goodroe
President and CEO

PROPOSED BYLAW AMENDMENT

(**Added** language is underlined and **deleted** language is ~~stricken~~ through.)

SECTION 4.09. NOMINATIONS. It shall be the duty of the Board Directors to appoint, not less than sixty (60) nor more than ninety (90) days prior to the date of each Directorate District meeting of the members at which directors are to be elected, a Committee on Nominations, consisting of three (3) members from such Directorate District who are not existing employees, agents, officers, directors or known candidates for directors, and who are not close relatives (as hereinafter defined) or members of the same household of such a person. The Committee shall prepare and post at the principal office of the Cooperative at least thirty (30) days prior to the District meeting a list of nomination(s) for directors to be elected from or with respect to that District. The Committee may include more nominees than there are to be elected. Any ~~forty-five (45)~~ one percent (1%) or more of the total number of members from the Directorate District, as of the most recent January 1st, acting together, may make additional nominations in writing over their signatures, not less than thirty-five (35) days prior to the Directorate District meeting. The Secretary shall post such nominations at the same place where the list of nominations made by the Committee is posted. The Secretary shall mail to the members of each District with the notice of the meeting, or separately, but at least five (5) days prior to the date of the meeting or the opening of the early voting period for contested elections, a statement of the names and addresses of all nominees, showing separately those nominated by the Committee and those nominated by petition, if any. After all nominations so made have been duly announced, nominations shall be closed and no nominations shall be made from the floor; PROVIDED, one or more nominations may be made from the floor if any nominee made by the Committee shall have declined such nomination, or be determined to be ineligible and disqualified for such nomination, or has died or otherwise become incapable of serving.

Notwithstanding any other provision of these Bylaws, if the Nominating Committee nominates only one person for director from a Directorate District and if there are no additional nominations for director by petition, the meeting for such District otherwise in the bylaws provided for shall not be held (unless the Board of Directors decides to hold such meeting for some purpose other than the election of a director) and the Committee's nominee shall be deemed to be elected by the members from that District.

Mr. Rice called for a motion and second to approve the proposed bylaw amendment, as presented. A motion and second was received. Mr. Rice requested if there was any discussion of the proposed bylaw amendment, none was received. Mr. Rice then called for a show of hands of all those in favor of the proposed bylaw amendment, then for all those opposed. Based on the response of those present, Mr. Rice ruled that the motion carried to approve the bylaw amendment, as presented, effective October 5, 2019.

Mr. Rice then called for any other new business after which the following three members made the following comments.

A member from the floor stated his concerns with the staff cutting locks on the gate at his home to gain access to the Corporation's electrical equipment and ask that the staff contact him directly prior to such actions being taken in the future. The CEO took the podium and advised the member that in the future the staff would be sure to contact him.

Another member from the floor made comments about Sawnee EMC's fixed charges in relation to Georgia Power's ("GPC") request to the Georgia Public Service Commission to increase GPC's monthly base charge. He referenced a resolution from the National Association of State Utility Consumer Advocates (NASUCA) that high base charges lessen the incentive for energy conservation and disproportionately harm low-income, elderly, and minority taxpayers. The member expressed his concerns with EMC's not having regulatory oversight from the PSC on the amount of fees / base charges that can be assessed to their members. The Attorney thanked him for his input.

Lastly, a member from the floor noted his concerns with what actions the Cooperative is taking from a standpoint of protecting the Corporation's distribution system from acts of terrorism relative to an electromagnetic pulse ("EMP"). The CEO took the podium and provided the member with a response to this inquiry.

No other questions were asked during this portion of the meeting.

ADJOURNMENT - There being no further business to come before the membership, and upon motion duly made and seconded, it was carried by a majority of those present to adjourn the meeting at approximately 10:35 a.m.

Following adjournment, the members were entertained by "The Wiseman Brothers", and the meeting was concluded with the awarding of attendance prizes.

CERTIFICATION

I, Roger T. Coker, Secretary of the Sawnee Electric Membership Corporation do hereby certify that the foregoing is a true and correct copy of the minutes of the Annual Meeting of Members of the Sawnee Electric Membership Corporation of Cumming, Georgia, held on the 5th day of October, 2019, as appears in the minute's book of the Corporation.

*Roger T. Coker
Secretary*