

JONES-ONSLOW ELECTRIC MEMBERSHIP CORPORATION

Minutes of the 85th Annual Member Meeting

Jacksonville, North Carolina

March 22, 2024

Pursuant to due notice thereof, the following displays of the various services being offered and equipment by the Cooperative, registration of the members and entertainment by *Curtis Hylar & Jubilation*, the 85th Annual Member Meeting of Jones-Onslow Electric Membership Corporation (“Jones-Onslow”) or the (“Cooperative”) was held at River of Life Church beginning at 7:00 p.m. on Friday, March 22, 2024.

Chairman Pierce welcomed the members to the meeting and called the meeting to order. Prior to the conduction of any official business, Chairman Pierce stated that a quorum of members was present. He recognized and thanked the earlier entertainment, *Curtis Hylar & Jubilation*. Following his acknowledgments, Chairman Pierce introduced Pastor Chris Phillips of River of Life Church to pronounce the invocation. Thereafter, with Chairman Pierce presiding and these minutes transcribed under the direction of Secretary Cecil Hargett, the following proceedings were had:

1. Chairman Pierce introduced Mr. Steve Goodson, the Cooperative’s Vice President of Communication and Business Strategy, who welcomed the membership and called upon the Northside High School Junior ROTC for the presentation of colors. Mr. Goodson then led the members in the Pledge of Allegiance. Mr. Goodson next introduced Veronica Garcia, who sang the National Anthem. Following this performance, Mr. Goodson thanked Ms. Garcia as well as the Northside High School Junior ROTC. He also recognized Mr. Tim Foster, Chairman of the Onslow County Commissioners and Sammy Phillips, Mayor of Jacksonville.

2. Mr. Steve Goodson then made certain special announcements and explained the procedures that would be followed for the drawing of prizes throughout the evening.

3. Chairman Pierce returned to the podium and offered to read the Minutes of the 2023 Annual Meeting and proof of mailing of the 2024 Annual Meeting Notice. However, upon a motion duly made, seconded and unanimously adopted, the reading and approval of the Minutes of the 2023 Annual Meeting and reading of the Notice and proof of mailing of the Notice of the 2024 Annual Member Meeting were dispensed with and delegated to the Board of Directors.

4. Chairman Pierce then called upon Mr. Cecil Hargett to present the Treasurer’s Report. He began by informing the Membership that the Cooperative has assets totaling \$378 million as of the year end for 2023 which was an increase of 4% over 2022. During 2023, the Cooperative constructed over 2,700 new services. Despite this growth, energy consumption was down because of mild weather. As a result, the Board of Directors had to implement a Wholesale Power Cost Adjustment onto the bills for the months of October and November. These charges

allowed the Cooperative to increase its operating revenues to \$152.6 million. This decision was not taken lightly but was necessary to keep the Cooperative in a healthy financial position.

Despite a decrease in overall electricity consumption, the Cooperative experienced an increase in power costs in 2023 due to a change in the wholesale power contract. Power costs increased 3.6% in 2023 compared with 2022. The operations, maintenance and general expenses for 2023 were \$131 million, which was an increase of 4.4% over 2022. Fixed expenses increased 7.2% and are attributed to an increase in interest rates and additional depreciation expenses related to growth. Total overall expenses increased by 4.1% in 2023 compared to 2022 which was attributed to costs of power, increased interest rates and growth to the system.

Mr. Hargett next reported that the Cooperative's margins, commonly known as Capital Credits or member dividend refunds, totaled \$4.4 million. He was also very proud to report that the Cooperative returned an additional \$1.8 million of capital to the Membership in the form of a check or bill credit in 2023. Mr. Hargett concluded by reporting that these financial policies in place allowed the Cooperative to remain a financially sound organization, with resources in place to deliver the safe, reliable, and affordable electric service that the Membership is accustomed to. He also assured the Membership that the Board of Directors and Management is dedicated to finding new and innovative ways to meet current and future needs.

5. Chairman Pierce then called upon Mr. Gary Ray to present the CEO's Report. Mr. Ray began by telling the membership that he was recently hired by the Board in the position of CEO and gave a background on his past. Mr. Ray told a little about his education and experience and how he began his career in the electrical industry at Jones-Onslow as an electrical engineer and then was promoted to Vice President of engineering. He left Jones-Onslow in 2008 when he became CEO of Albemarle EMC in the northeastern part of North Carolina. He was there approximately twelve and half years and the opportunity at Jones-Onslow came about and he was blessed that the Board gave him the opportunity to return back home. His first day on the job was October 30, 2023 and so far it has been a wonderful experience. His first week on the job he had an all employee meeting and he reported that everyone has been outstanding and has welcomed him with open arms. Following his background Mr. Ray then went over the mission statement which includes the core tenants of the Cooperative delivering reliability, affordability and safety. He reported that reliability and affordability have become challenges throughout the industry. Recent legislation, coupled with coal plant shutdowns, have resulted in concern within the industry on the ability to deliver reliable energy. He pointed to the situation on December 24, 2022 when Duke had a shortage of energy and had to implement rolling blackouts. He urged the membership to join the Cooperative and NRECA to contact representatives and the EPA to slow down the process transitioning sources of power so reliability would not be at risk.

Mr. Ray was very pleased to report in 2023, Jones-Onslow had a reliability rate of 99.985%. He acknowledged that outages are inevitable, but it is a conscious effort to keep that number as low as possible. This is done through maintenance of the Cooperative's right of way and infrastructure, as well as a concerted effort on restoration where Jones-Onslow has excelled.

The second aspect of the mission statement that Mr. Ray addressed was affordable energy. Unfortunately, with inflation, all material and labor used to build infrastructure has increased. Interest rates have increased and the Cooperative is highly capital intensive. As a result the cost of debt is increasing. As far as Jones-Onslow, rates have not changed in over ten years. Recently, a WPCB charge was necessary for October and November of 2023 and the facilities charge increased by \$10 per month for all accounts on January 1, 2024. These changes were necessary in order to keep the Cooperative financially sound and able to meet all of its financial goals. Currently a rate study is being implemented by an outside company and rates will be adjusted accordingly. Jones-Onslow continues to be one of the fastest growing cooperatives in the state and nation with an addition of 2,500 to 3,000 meters per year. The Cooperative currently has 84,000 meters and 175 employees.

Mr. Ray told the Board about a new substation on Franktown Road that was recently completed and energized. He also reported on major line upgrades which have been completed all over the system. He explained that the use of technology is evolving to better connect with the members and enhance the overall member experience. Mr. Ray also acknowledged what he described as incredibly dedicated employees. He expressed his appreciation in the short time he has been back at the Cooperative. He has been very impressed with the employees. He closed by thanking the Board of Directors for having faith and trust in him to lead what he described as an amazing organization. He expressed his appreciation to the Membership and hoped they felt appreciated and proud to be a member of this organization. Mr. Ray thanked the Membership for attending the 2024 Annual Meeting and closed with a short personal story concerning his favorite basketball team, the North Carolina State Wolfpack.

6. Chairman Pierce then introduced the Cooperative General Counsel, Robert A. Warlick of the Law Offices of John Drew Warlick, P.A. Mr. Warlick welcomed the Members to the 85th Annual Meeting and indicated that the next order of business was to conduct the election of directors. Mr. Warlick described the procedures for nomination and election of Directors provided in the Cooperative's Bylaws. He explained that a member can have his or her name placed in nomination for a seat on the Board of Directors either by action of the Nominating Committee or by having a petition signed by any 0.5% or more of the members and filed with the Cooperative not less than 35 days prior to the Annual Meeting. Mr. Warlick then called on Ms. Pansey Horne, the Chairperson of the Nominating Committee. Ms. Horne reported that Nominating Committee met on February 15, 2024 and unanimously nominated the following persons for 3-year terms: Directorate District no. I-Mr. Dale Powell; Directorate District no. II-Mrs. Iris Horne; and Directorate District no. III – Mr. Thomas Waller and Mr. Michael Chad Meadows. With there being no further nominations by petition, Mr. Warlick announced and certified the election of Mr. Powell, Mrs. Horne, Mr. Waller and Mr. Meadows for three-year terms as authorized in section 4.03 of the Cooperative's Bylaws.

7. Thereafter, Mr. Warlick called of any old or new business. There was none. There being no further business, upon motion duly made and seconded, the Business Meeting was adjourned, subject to an award of prizes and the final door prize for a 2015 Chevrolet Silverado truck.

SIGNED:

Cecil Hargett, Secretary

APPROVED:

John L. Pierce, Chairman