

**SAM HOUSTON ELECTRIC COOPERATIVE, INC.
MEETING OF THE MEMBERS
June 11, 2019**

The registration of Members began at 12 noon for the 2019 annual meeting of Sam Houston Electric Cooperative, Inc.'s. Cooperative employees greeted the members and entertainment and refreshments were provided beginning at 12:00 Noon.

Mr. Keith Stapleton directed the members' attention to the Operation Round Up table where the members could learn more about the program and/or sign up to participate as well as a table where they could learn about the online portal, MySamHouston.net.

Mr. Keith Stapleton announced the prizewinners for the drawing for those Members who mailed in ballots.

Mr. Keith Stapleton welcomed the Board of Directors to the stage and everyone to the Annual Meeting which was held at the Polk County Commerce Center located in Livingston, Texas.

Mr. Stapleton welcomed everyone that attended the meeting. He thanked Walter Plant for entertaining us for 31 years and announced that Mr. Plant had his CD's for sale. He thanked Debbie Maze and her staff of the Commerce Center for their hospitality. He also awarded two scholarships, one to the Livingston High School Band Boosters and the other to the Karen Coward Memorial Scholarship Fund. He thanked Rachel Frey and Chad Simon for their efforts in planning and

making the Annual Meeting come together and thanked the Sam Houston employees that were there to help.

Mr. Stapleton called the Meeting to order at 1:35 p.m. at the Polk County Commerce Center in Livingston, Texas.

Mr. Stapleton introduced director Don Boyett who provided the invocation. Mr. Boyett also led the audience in the Pledge of Allegiance. Mr. Walter Plant sang the National Anthem.

Mr. Stapleton resumed the Meeting with the following introductions:

Board of Directors:

District 1 – Angelina, Polk and Trinity Counties

Mr. Don Boyett, Treasurer	Polk County
Mr. Mike Older	Polk County
Mr. Milton Purvis, Vice-President	Polk County
Mrs. Casey Davis	Polk County

District 2 – San Jacinto County

Mr. James Elmore	San Jacinto County
Mr. Gary Jenke	San Jacinto County

District 3 - Jasper and Tyler Counties

Mr. Robert C. Boyd, President	Tyler County
-------------------------------	--------------

District 4 – Hardin & Liberty Counties

Mrs. Kathy Hardin, Secretary

Liberty County

Mr. Chuck Turner

Hardin County

District 5 – Montgomery and Walker Counties

Mr. Jim Seale

Walker County

Mr. W. E. “Ernie” Miles

Montgomery County

Management Staff :

Mr. Doug Turk, General Manager/CEO

Mrs. Dana Massey, Executive Assistant

Attorney:

Mr. Mark Davis – Holland & Knight in Austin, Texas.

Mr. Stapleton recognized Sam Houston Electric retirees and current employees that were in attendance.

Mr. Stapleton introduced the President of the Board of Directors (“Board”), Mr. Robert Boyd. Mr. Boyd welcomed everyone to the annual meeting and thanked them for attending and participating in the process. Mr. Boyd thanked Mr. Walter Plant for providing the entertainment over the years. Mr. Boyd also thanked the employees for all of their hard work and the work they have accomplished over the past year. He then turned the meeting over to Katherine Hardin, Board Secretary.

Mrs. Hardin reported that there were 7,642 members present or by cast ballot. Therefore, a quorum is present, and business may be transacted at the 2019 Annual Meeting of the Members of Sam Houston Electric Cooperative

Mr. Boyd thanked Mrs. Hardin and asked if there was a motion to dispense with the reading of the minutes from the 2018 annual meeting. A motion was made and seconded from the floor to dispense with the reading of the minutes from the previous year's annual meeting of the members. The motion passed.

Mr. Boyd welcomed Mr. Mark Davis, our attorney with Holland and Knight to report on the Board Election. Mr. Davis stated that the notice of the Annual Meeting and the ballots for the director elections were sent via mail and email on May 13, 2019 to the Members as they appeared on the Cooperative's mailing list. He also stated that all Co-op members who have an email address on file received ballots via email as well and in the event that a member voted by mail-in ballot and by online voting, only their first vote submitted was counted.

Mr. Davis stated the Election Committee, which is made up of one member from each of the five districts, met on February 19, 2019 and reviewed all candidates for Directors of Sam Houston Electric Cooperative, Inc. The committee received no petitions for election from membership. The following three incumbents running for re-election were placed on the ballot:

District 1/Place 3 serving Angelina, Polk and Trinity Counties

Casey Davis

District 2/Place 2 serving San Jacinto County

Gary Jenke

District 4/Place 2 serving Hardin and Liberty County

Chuck Turner

Mr. Davis stated that voting was conducted by mailed ballots and by electronic voting. The ballots were counted and verified by the independent firm of Survey & Ballot Systems.

Mr. Davis stated that the Members of the Cooperative cast the following votes:

Casey Davis	7,312 votes
Gary Jenke	7,116 votes
Chuck Turner	7,112 votes

Mr. Davis stated that no other member petitioned to be placed on the ballot, and there were no others receiving votes.

Mr. Davis stated that the candidates submitted to the Members for consideration have been re-elected.

Mr. Boyd stated that this concluded the election portion of the Annual Meeting. Mr. Boyd thanked everyone for taking time to vote and for being an integral part of the Cooperative process.

Mr. Boyd introduced the new CEO/General Manager for Sam Houston Electric, Mr. Doug Turk. Mr. Turk provided a report on the operations of the Cooperative. A summary of the report is as follows:

Many electric cooperatives across Texas and the U.S. benchmark their organizations' performance based on what Sam Houston Electric Cooperative does. In a nutshell, that's why I was excited to accept the position of CEO following the retirement of Kyle Kuntz, who served in that role since 2002.

I have been part of hundreds of conversations about how electric cooperatives can best serve their members. And one question that's always asked is, "What does Sam Houston Electric Cooperative do?"

Other co-ops ask that question because of Sam Houston's commitment to ...

- the safety of our members and employees;
- well-trained, highly skilled employees;
- the use of technology to provide best in class service;
- an American Customer Satisfaction Index score that ranks among the highest of all electric utilities in the U.S.

But far more important than all of that, is you, the consumer-members we serve. Our members are the purpose for which Sam Houston Electric Cooperative was created 80 years ago.

Your involvement in your cooperative's member meetings and elections is vital to our success. Your interactions with us, and the feedback you provide, help us chart our course for the future. And your support in times of natural disasters is second to none. In short, you are the reason for Sam Houston Electric Cooperative's success.

Throughout 2018, our focus on safety was reflected in the S.T.A.R. (Stop. Think. Awareness. Responsibility.) Safety Program. Now in its second year, S.T.A.R. was created by our Continuous Improvement Team, which is dedicated to improving all aspects of safety for Co-op employees and members.

Also, in 2018, we improved system reliability by utilizing a combination of technology, electrical distribution system upgrades, as well as right-of-way maintenance. Fortunately, no hurricanes impacted our area. The right-of-way maintenance program, however, had a significant positive impact on reducing power outages caused by typical East Texas storms.

Our new, improved outage management system uses leading technology to help us respond to outages faster and restore your power more quickly. The mySamHouston online portal and smartphone app give you the ability to report an outage without having to call our office. Additionally, mySamHouston includes an outage map that allows you to view current outages and see an estimated time of restoration. mySamHouston offers several other service enhancements as well.

Financially speaking, your Cooperative is strong. We are well-positioned to maintain our facilities and plan for the growth that we are experiencing in several areas of our system, in an effort to constantly improve our service to you.

In September, Sam Houston EC retired \$3 million in capital credits, which appeared as credits on members' electric bills. Capital credits have always been one of the key benefits of being part of an electric cooperative.

Your Cooperative Board of Directors and senior management developed a strategic plan that lays out a roadmap to the future. The strategic plan has targeted goals and a long-term focus on safety, reliability, financial stewardship and service excellence.

We closed 2018 by receiving an American Customer Satisfaction Index score of 86 from our Co-op members. That is a very high score and is a full nine points higher than the industry average.

Sam Houston Electric Cooperative was chartered by the State of Texas on May 16, 1939. As we celebrate our 80th anniversary, we thank you, our members, for making your Cooperative what it is today. Thank you.

Mr. Turk invited questions from the floor from the members.

The topics of the questions asked and comments were:

Member stated she moved here in 2009. Mentioned pages on Social Media (Polk County Talk) that state that we are price gouging around Christmas/colder months. How do we respond to that?

Member said - Thank You Sam Houston Electric

Will the Hydropower plant lower our bills?

Member had a call that new meters were going to be installed in her area. Has it been done yet, are they installed?

When will the Hydropower plant come online?

Member stated she was driving down FM1013 saw a sign about smart meters posing health concerns? Should we be concerned about the smart meters installed on/around our homes? Do they cause cancer? What are the advantages to having them?

Member complimenting all the employees of SHECO for providing excellent service.

Member stated he moved her 23 years ago and bills were high. Did a small remodel, added insulation and bills were cut in half. At that time when his bills were lower, SHECO sent a tech to test the meter, probably thought he was stealing or had done something to the meter, it was tested, and it was working correctly. (Crowd laughs)

Member curious to know what sources of power generating plants are owned by SHECO. And when will the Hydropower plant come online?

Hearing no further questions and no new business, Mr. Turk thanked the Members for attending the Meeting. He also asked for a motion and second to adjourn the Annual Meeting. A motion was made and seconded from the floor to adjourn the Annual Meeting. The Annual Meeting was adjourned at 2:06 p.m.

Immediately following the Meeting, the drawing for door prizes was conducted.

CERTIFICATE OF SECRETARY

I, Katherine Hardin, Secretary of Sam Houston Electric Cooperative, Inc., hereby certify that the above copy of minutes of the Annual Meeting of the Members held on June 11, 2019 is a true and correct copy thereof.

IN WITNESS WHEREOF, I have hereunto set my hand on this 27th of May 2020.

Katherine Hardin, Secretary