



Corning | Mount Ayr | Stanton

Southwest lines

A monthly publication for members of Southwest Iowa Rural Electric Cooperative

August 2019

Official Notice of the Annual Meeting

Southwest Iowa Rural Electric Cooperative

The Annual Meeting of the Members of Southwest Iowa Rural Electric Cooperative will be held at the **Lenox Community Center located at 210 E Dallas Street at Lenox, Iowa, at 6:30 p.m. on Thursday, September 5, 2019** to take action upon the following matters:

1. The reports of officers, directors and committees;
2. The election of three (3) Directors; and
3. All other business which may legally come before the meeting or any adjournment or adjournments thereof.

In connection with the election of Directors scheduled for this meeting, the following members have been nominated for Director by the Committee on Nominations appointed by the Board of Directors of the Cooperative pursuant to the By-Laws.

THREE-YEAR TERM (Three to be elected)

REGION #1: DISTRICT #4:

Richard "Dick" Ballantyne ~ Terry Barnes

REGION #2: DISTRICT #8:

Fred Hossle ~ Greg Wallin

REGION #2: At-Large:

Mark Herzberg ~ Jed Palmer

You are urged to attend the meeting, hear the reports of the officers, election of directors and transact such other business as may come before the meeting.

Dated this 10th day of August, 2019.

Richard Ballantyne

Richard Ballantyne - Secretary



Annual Meeting Program

Thursday, September 5, 2019

Lenox Community Center at 210 E Dallas Street

5:30 p.m. - 6:30 p.m. Registration of Members & Guests
Meal cooked by Taylor County Cattlemen
Vendor Prize Drawings

6:30 p.m. Welcome and Invocation
Meeting Notice – Richard Ballantyne, Secretary
Minutes of 2018 Annual Meeting
Nominating Committee Report
Treasurer's Report
President's Remarks – Marilyn Werner
Youth Tour Presentation - Anika Wenstrand
Manager's Report – Phil Kinser
Report of Election Results
Adjournment
Drawing for FREE ELECTRICITY PRIZES



See pg. 8 for details!

GRAND PRIZE
1 Year Free Electricity*

2ND PRIZE
6 Months Free Electricity*

ATTENDANCE GIFT
\$10 Credit on Members' Electric Bills

Annual President's and General Manager's Report

Please make plans to attend the Annual Meeting of the Members on September 5th. Each membership registering at the annual meeting will receive a \$10 energy credit on their electric bill plus a chance to win ***FREE ELECTRICITY** for a whole year as the grand prize or ***FREE ELECTRICITY** for six months as the consolation prize. If you've never been to an Annual Meeting or haven't attended recently, please join us and your fellow members this year and participate in one of the most valuable benefits of being a member – the election of your local board of directors. **The ballot for this year is being mailed separately so look for it in your mailbox and follow the instructions provided.** Your mail-in ballot must reach our office BEFORE the meeting to be counted. You may also cast your ballot in person at the Annual Meeting. 2018 was another solid year for your electric cooperative. We had record sales of electricity (111,133,513 kilo-watt hours) which were 8.34% higher than 2017 and beat budget by 6.22%. After all expenses, we recorded total margins of \$821,473 which was 34.64% less than 2017 and 20.13% less than budget. This decrease in margins was due to additional depreciation charges recorded for the planned retirement of our existing automated metering infrastructure. During the year deferred patronage dividends of \$315,041 were retired (paid out) to current and former members. Since inception, a total of \$8,540,687 has been returned to the members. We were able to meet the financial targets set by our lenders and an independent audit of the books resulted in a clean audit opinion.

Reliability of service and ensuring that our electric grid is resilient is a top priority here at your cooperative. In 2018, we spent \$1.84 million on operations and maintenance of the electric distribution system and also added \$3.03 million of new utility plant. Continual improvement and increased investment in the electric system infrastructure is necessary. We operate and maintain 2,533 miles of electric line and this is a commitment we take very seriously. Our Average Service Availability Index (ASAI) in 2018 was 99.9723%, including major storm events. In other words, the average member was without power 146 minutes during the year. Day to day, it can be easy to forget just how different we really are from other energy companies. That can be true in any industry—over time, the exceptional starts to seem ordinary. But while talking with the Member Advisory Committee earlier this year, we were struck once

again by how remarkable our electric cooperative really is. The Member Advisory Committee has given us great feedback that will help us in our goal of engaging our membership and remaining relevant to them. Last October we conducted a member survey to get feedback on how we are serving your needs. Of the responses received, 92.21% indicated that they were satisfied or very satisfied with Southwest Iowa REC. A good response indeed but we also see it as a challenge to improve that result.

Before this starts to sound immodest, let's make something clear: What makes us remarkable is you. After all, as an electric cooperative, we are led by consumer-members like you who understand and listen to the community. We don't answer to outside investors who are only interested in using us as a way to make a buck. And this key difference has been part of the plan from the beginning. You see, we were built by the communities we serve from day one, which means that we have been shaped to respond to the specific needs of you and your neighbors. As an electric cooperative, we were created from the ground up by the people who live here and have a long-term interest in seeing their communities thrive. We are proud to invest in our communities through programs like Operation Round Up® which makes charitable awards to deserving groups and individuals. Since inception in 2009, \$217,459 has been awarded. This is made possible by the generous and voluntary contributions of our members. We also invest in our youth by annually sponsoring a student to participate in the national Youth Tour event in Washington D.C. This event is a great opportunity for our future leaders to learn more about cooperatives and our political system. Anika Wenstrand was our representative this year and she will share highlights of her experience at the annual meeting. Another great program we offer is scholarships which are awarded on a competitive basis to graduating seniors choosing

to further their post-high school education. If you live on our lines today, you're playing an important role right now in shaping our future as an energy company. Your choices help us in our mission to efficiently deliver affordable, reliable, and safe energy. Thanks to you, we've secured 24/7 energy sources and a balanced energy mix to make that possible. We're also investing in more efficient technology, like the new automated metering system which was recently installed, and cleaner sources of energy to ensure that tomorrow is even brighter for our consumer-members. One great example of this is the Southwest Solar Farm located just west of Corning that came online in February 2018. This 2-megawatt solar farm consists of 7,128 panels that produces enough electricity on average to power 300 homes each year. This clean source of renewable electric generation is owned by all of you and it directly serves local member load requirements.

All these decisions and advances are thanks to people like you, because we belong to the communities we serve. So sure, you may be used to getting your energy from us, but we love the energy we get from you. It's a pleasure to serve you and we hope to see you at the annual meeting on September 5th where we will share additional information on the positive things happening at your cooperative. Thank you!



Phil Kinser
CEO / General Manager



Marilyn Werner
President

**See details on FREE ELECTRICITY promotion elsewhere in this annual report.*

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SOUTHWEST IOWA RURAL ELECTRIC COOPERATIVE
Your Touchstone Energy Cooperative

2018 Annual Meeting of Members

The Annual Meeting of the Members of Southwest Iowa Rural Electric Cooperative was held at the Lenox Community Center in Lenox, Iowa at 7:00 p.m., on the 13th day of September, 2018. The meeting was called to order by Marilyn Werner, President of the Cooperative, who presided as Chairman, and Richard Ballantyne, Secretary of the Cooperative, acted as Secretary of the meeting and kept the minutes thereof. Chair Werner introduced the guests in attendance at the meeting. Special recognition was awarded to Directors and employees for their years of service. Also present were Attorneys John Ward and Amanda James of Sullivan & Ward, P.C.

An invocation was offered by Director Richard Ballantyne and followed by the recitation of the Pledge of Allegiance.

The Chair stated that the members who had registered at the door had been checked, and that a quorum was present for the transaction of business. She stated that it would be in order for the registration to be accepted in lieu of roll call, whereupon a motion was duly made, seconded and carried, to accept the members' registration at the door in lieu of roll call. A list of the members who registered in attendance at the meeting is attached to these minutes and made a part hereof by reference.

The Secretary then presented a copy of the Notice of the meeting, together with proof of the due mailing thereof to all members of the Cooperative, and such Notice and proof were ordered to be annexed to the minutes of this meeting.

The Chair stated that the next order of business was the election of four Directors for a term of three years each. She reported that, in accordance with the By-Laws, the Board of Directors had appointed from the members of the Cooperative a Nominating Committee consisting of Carolyn Burroughs, Erin Taylor, Charles Abarr, John A. Overholtzer and Jack Stephens, Chairman, who had nominated the following members as candidates for Director:

THREE YEAR TERM (Four to be elected)

Region 1 - District No. 1

Roger Baker
Aaron Gladfelder
Jason Smith

Region 1 - District No. 3

Jenifer Breneman
Landry McGahuey
Dale Walkup

Region 2 - District No. 5

Joe Bevington
Deena Moore

Region 2 - District No. 7

Jill Cooper
Dana Morgan

The Report of the Nominating Committee was ordered to be identified by the Secretary and annexed to the minutes of the meeting.

The Chairman then appointed Sheri Berggren, Fred Berggren, Douglas Wallace, Carolyn Burroughs, Mary K. Overholtzer, John A. Overholtzer, Jack A. Stephens and Charles Abarr as Inspectors of Balloting. The ballots were delivered to the Inspectors, who proceeded to count the same.

Upon motion duly made, seconded and carried, the reading of the minutes of the Annual Meeting of the Members of Southwest Iowa Rural Electric Cooperative held on September 7, 2017 was waived. The minutes were thereupon declared approved and were ordered to be filed in the records of the Cooperative.

The annual report of the President was presented. Copies of the President's report had been distributed to the members and appeared in the Annual Meeting program. President Werner introduced the directors and their spouses. Following discussion, the annual report of the President was directed to be filed in the records of the Cooperative.

The annual report of the Treasurer was presented. The members had received copies of the Treasurer's report, in the form of the balance sheet and statement of revenue and expense for the year ending 2017, both of which were published in the Annual Meeting program distributed to the members. Following discussion, the annual report of the Treasurer was approved and directed to be filed in the records of the Cooperative.

Chair Werner introduced Youth Tour winner Mallorie Wookey who presented a report on the Youth Tour to Washington, D.C. and thanked the

Cooperative for sending her.

The annual report of Manager Phil Kinser was presented. After presentation, the report was directed to be filed in the records of the Cooperative. Mr. Kinser introduced the employees of the Cooperative and commented on the length of service of the employees. A legislative update was presented by IAEC representatives Kevin Condon and Haley Smith. A presentation of the Southwest Solar Farm update was provided by Central Iowa Power Cooperative representative Terry Fett.

The Certificate of Inspectors of Election was then presented and read, certifying that the following members, having received the highest number of votes cast, had been duly elected as Directors of the Cooperative to hold office for the term specified, and until their successors shall have been duly elected and qualified:

THREE YEAR TERM

Region 1 - District No. 1
Jason Smith

Region 1 - District No. 3
Dale Walkup

Region 2 - District No. 5
Deena Moore

Region 2 - District No. 7
Dana Morgan

The Chairman directed the Secretary to annex the Certificate of the Inspectors of Election to the minutes of the meeting, and thereupon declared the above members duly elected directors of the Cooperative to hold office for the term specified, and until their successors shall have been elected and qualified.

Meal was provided by Taylor County Cattlemen prior to the meeting.

Each registered member received a door prize of \$10.00 credit on member's electric bill and participated in a drawing for Grand Prize of one year free electricity and second prize of six months free electricity.

There being no further business to come before the meeting, upon motion duly made, seconded and unanimously carried, the meeting adjourned.

Richard Ballantyne

Richard Ballantyne - Secretary

Financial Report - December 31, 2018

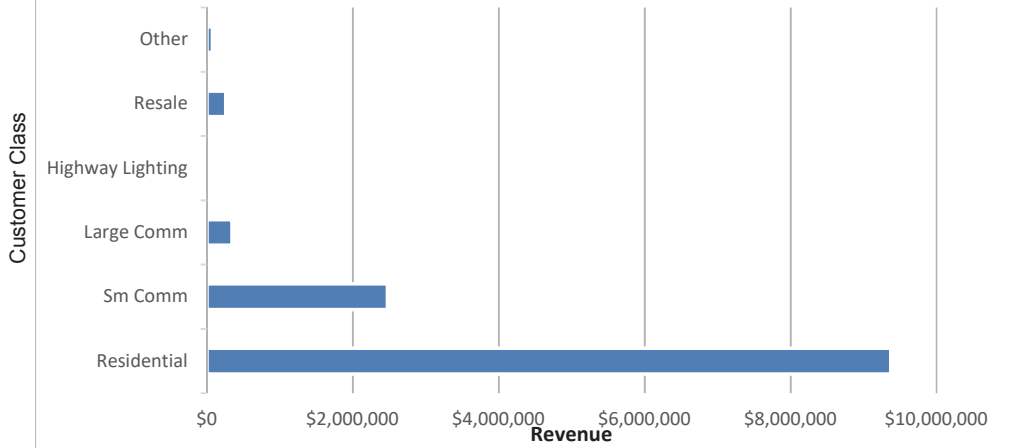
Balance Sheet

ASSETS	12-31-18	12-31-17
ELECTRIC PLANT		
Electric plant in service	\$45,101,131	\$43,375,297
Construction work in progress	1,282,021	1,067,485
LESS: Accumulated Depreciation	(16,518,403)	(15,544,000)
Electric Plant (net)	29,864,749	28,898,782
OTHER ASSETS AND INVESTMENTS	4,401,381	4,326,333
CURRENT ASSETS		
Cash and cash equivalents	132,779	136,591
Accounts receivable (net)	1,340,190	1,395,076
Materials and supplies	549,072	528,291
Other current and accrued assets	72,264	84,033
	2,094,305	2,143,991
DEFERRED CHARGES	37,014	48,413
	\$36,397,449	\$35,417,519
LIABILITIES AND MEMBERS' EQUITY		
EQUITIES AND MARGINS		
Patronage Capital	\$6,811,636	\$6,873,433
Other Equities	9,184,106	8,617,468
	15,995,742	15,490,901
LONG-TERM DEBT, less current maturities	16,630,288	16,400,730
CURRENT LIABILITIES		
Accounts payable	893,772	842,188
Current Maturities of long-term debt	877,000	807,000
Notes Payable	900,000	860,000
Other current and accrued liabilities	891,629	835,514
	3,562,401	3,344,702
DEFERRED CREDITS	209,018	181,186
	\$36,397,449	\$35,417,519

Statements of Revenue and Expense

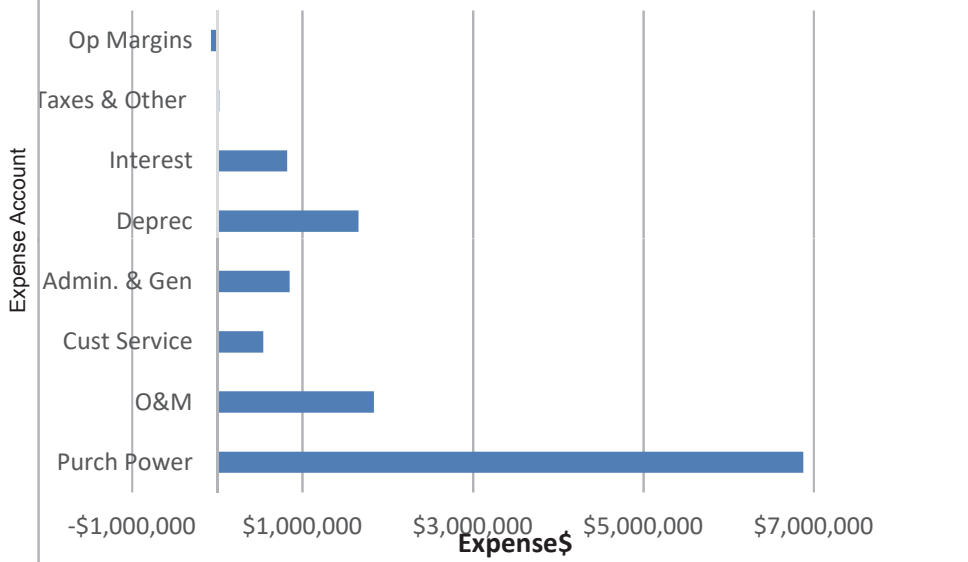
OPERATING REVENUE	\$12,538,633	\$12,045,090
OPERATING EXPENSES		
Cost of power	6,876,592	6,531,589
Distribution expenses - operations & maintenance	1,841,037	1,771,875
Consumer accounting / information / assistance	542,054	507,315
Administrative and general expense	848,470	856,640
Interest on long-term debt	819,831	799,612
Taxes and other deductions	25,514	21,753
Depreciation and amortization	1,659,730	1,206,243
	12,613,228	11,659,027
Operating margins before patronage allocations	(74,595)	350,063
DEFERRED PATRONAGE ALLOCATIONS (non-cash)	622,038	672,960
Net Operating Margins	547,443	1,023,023
NONOPERATING MARGINS	274,030	233,782
NET MARGINS	\$821,473	\$1,256,805

WHERE THE MONEY COMES FROM



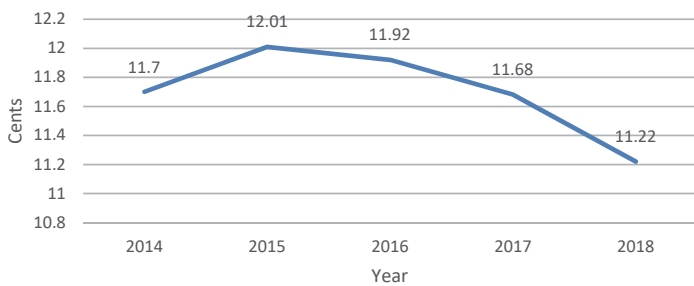
Residential	\$9,373,002
Sm Comm	\$2,471,941
Large Comm	\$344,491
Highway Lighting	\$15,468
Resale	\$258,824
Other	\$74,907

WHERE THE MONEY GOES

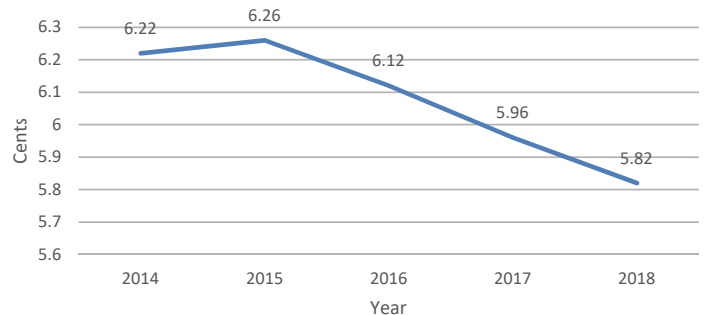


Purch Power	\$6,876,592
O&M	\$1,841,037
Cust Service	\$542,054
Admin. & Gen	\$848,470
Deprec	\$1,659,730
Interest	\$819,831
Taxes & Other	\$25,514
Op Margins	-\$74,595

Revenue Per KWH Sold



Cost Per KWH Purchased



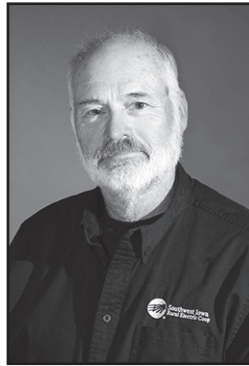
Nominee Bio's

Region 1 - District #4

Richard "Dick" Ballantyne:

Region 1 – District 4: Lamoni

Dick and his wife Bonnie live on a farm near Lamoni. They have three children and three grandsons. Dick has cattle, corn, soybeans and hay on his farm, but was raised on a dairy farm. He is a graduate of Iowa State University in Farm Operations. Dick has served on the Decatur County Farm Bureau board, the Lamoni Community School board and the Bloomington Congregation Community of Christ. In his spare time, he enjoys attending the Iowa State Fair, reading and deer hunting. Dick has served four terms on the Southwest Iowa REC Board of Directors.



Terry Barnes:

Region 1 - District 4: Lamoni

Terry and his wife Peggy reside in southeast Ringgold County. They have two sons, Travis (wife Tessa) and Shannon, (wife Tracy) along with 4 granddaughters and one grandson. When they are not tending to their livestock they are keeping up with their grandchildren's activities. Terry is a member of Topaz lodge #438 of Kellerton Iowa.

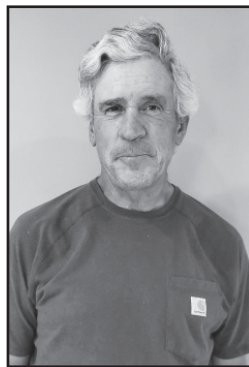


Region 2 - District #8

Fred Hossle:

Region 2- District 8: Red Oak

Fred and his wife Teresa have 3 married sons along with 4 grandkids that all live very close to them. They farm southeast of Red Oak and have been farming for approximately 45 years. Teresa works at Houghton State Bank, main branch in the loan department and has been for the past 16 years. Their farming operation consists of corn, beans, hay and a cow/ calf operation. Fred is on the Montgomery County Fair Board and is a Montgomery County Soil Commissioner on the NRCS Board. Fred and Teresa enjoy kayaking and spending time with their family.



Greg Wallin:

Region 2 – District 8: Essex

Greg Wallin is the Founder of Wallin Plumbing and Heating Inc.; which has been in business for 33 years. He and his wife, Jolene, live west of Bethesda on the family farm. Greg has 1 daughter, Katie Buchholz (husband Nate), and two step sons, Jade Hagey (wife Kayla) and Jessie Hagey (wife Becky). Greg has been on various boards, committees and charities over the years. He is an active participant in Sleep in Heavenly Peace Program which works to build and deliver beds to local kids in need. Greg and Jolene enjoy the outdoors, traveling, farm life, hunting, fishing and riding ATV's in Colorado and Arizona.



Region 2 - At Large

Mark Herzberg:

Region 2- At-Large: Villisca

Mark and his wife Dawnette have four children: Chelsea, Jackie, Emily, Olivia and 4 grandchildren. They have a farming operation near Villisca. Mark is an Asgrow-Decalb and Wyffels seed dealer. He is active in the Mt. Calvary Church, FFA Alumni and is a past UPMC Associate board member. Being on the Southwest Iowa REC Board of Directors has been a learning experience for Mark. He enjoys working with the rest of the board members, staff and management to guide the Cooperative.



Jed Palmer:

Region 2 – At-Large: Corning

Jed and his wife, Morgan, live outside of Brooks Iowa. They have one daughter, Brynlee and are expecting their second child in December. Jed has been employed at Nutrien Ag Solutions as a sprayer operator for the past 8 years. Jed and Morgan own and operate their family farm. Jed is an active member on the Adams County Cattlemen's board. When his busy work life allows, Jed enjoys spending time with family and friends and being in the outdoors.



Corning Employees



Phil Kinser
31 Years

CEO / General Manager



Lucas Dalton
2 Years
Lineman



Les Helvie
17 Years
Lineman



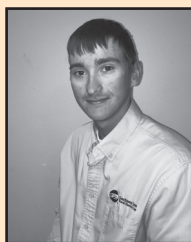
Suzy Olson
1st Year
Administrative
Assistant



Danny Stamps
38 Years
Line Foreman



Zach Stewart
1 Year
Lineman



Dustin Smith
1st Year
Apprentice Lineman



Mount Ayr Employees



Ginny Eighmy
30 Years
Director of Finance
& Admin. Services



Sam Elsberry
5 Years
Lineman



Steven Grace
1st Year
Member Services
Technician



David Head
7 Years
Lineman



Ben Knapp
21 Years
Line Foreman



Sarah Newton
5 Years
Accountant



Tanner Rinehart
11 Years
Lineman



Duane Schafer
36 Years
Operations
Manager



Cacey Quick
1st Year
Accountant



Zach Schafer
15 Years
Lineman



Bill Scharfenkamp
21 Years
Line Foreman

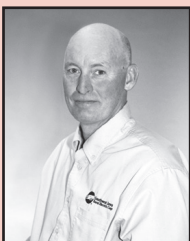


Nathan Weeda
14 Years
Lineman



Wendy Wimer
31 Years
Lead Customer
Service rep

Stanton Employees



Scott Geer
32 Years
Lineman



Denise Hallquist
42 Years
Customer Service
Representative



Shayne Larson
7 Years
Lineman



Tim Pfeiffer
12 Years
Director of Member
Services



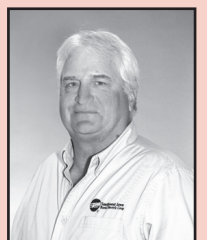
Marilyn Rubel
32 Years
Accountant



Tysen Sederburg
26 Years
Lineman



Ken Van Wyhe
32 Years
Line Foreman

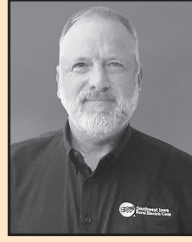


Paul Vanderholm
22 Years
Lineman

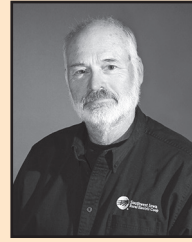
Board of Directors



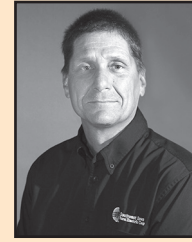
Marilyn Werner
26 Years
President



Dennis Meier
22 Years
Vice President



Richard Ballantyne
12 Years
Secretary



Mark Herzberg
9 Years
Treasurer



Kay Fast
2 Years



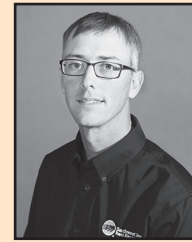
Deena Moore
4 Years



Dana Morgan
5 Years



Ken Peppmeier
9 Years



Jason Smith
4 Years



Dale Walkup
39 Years

Win 1 Year Free Electricity!

Attend your cooperative's Annual Meeting for the opportunity to win the grand prize – 1 year's worth of FREE electricity!

At the conclusion of the meeting, one lucky member's name will be drawn. That member will receive the monthly availability charge and up to 1,000 kilowatt/hours per month FREE for 1 year.

If that's not reason enough to attend, another lucky member's name will be drawn for the second grand prize – 6 months worth of FREE electricity. That member will receive the monthly service availability charge and up to 1,000 kilowatt/hours per month free for 6 months.

Make plans to join us for an enjoyable evening and the chance to win 1 year or 6 months worth of FREE electricity!

NOTE: Winners must be members of Southwest Iowa Rural Electric Cooperative, be registered and present at the Annual Meeting at the time of the drawing. Credit will be given for actual usage up to 1,000 kilowatt/hours per month with no carryover of kWh's allowed. Credit will be given in consecutive months starting with usage beginning on October 1st.

*Southwest Iowa Rural Electric Cooperative Board of Directors and employees are **NOT** eligible to win.*



Learn more about cooperative careers at the Iowa State Fair

Stop by our booth in the Rastetter 4-H building on the south side of the fairgrounds to find out why it's a great time to pursue a career in the electric cooperative industry!



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Southwest Iowa REC is an equal opportunity provider and employer.

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Mount Ayr
1502 W. South St., Mount Ayr, IA 50854

Stanton
415 Broad Ave., Stanton, IA 51573

PHONE NUMBER FOR ALL LOCATIONS:
(888) 220-4869

Board of Directors

Marilyn Werner, President

Dennis Meier, Vice President

Mark Herzberg, Treasurer

Richard "Dick" Ballantyne, Secretary

Kay Fast

Deena Moore

Dana Morgan

Ken Peppmeier

Jason Smith

Dale Walkup

Phil Kinser, CEO/General Manager