



CLARKE REC Headlines

The official publication of Clarke Electric Cooperative

SAFETY DRIVEN | ENERGY SMART | COMMUNITY INVESTED

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Board President & Manager's Report

2016 WAS A YEAR FOCUSED ON POWERING LIVES and Communities. With that in mind, in 2016 at our board and management meeting we created new strategic initiatives, to support our current plans that were already in progress. These initiatives include investments in our distribution system to power our members' lives and initiatives that allow us to support our communities.

POWERING LIVES

Service Reliability. In 2016, we cleared roughly 150 miles of line. We will begin a methodical ROW maintenance this year to maintain a clear ROW throughout our system. For many years the trees were allowed to grow in, under and around the power lines, where they shouldn't be. The overgrowth of trees and brush was our number one cause of outages, thereby increasing overtime, truck rolls, members' unhappiness, safety and overall reliability problems. I am pleased to say that the number of outages and the length of time a member experiences an outage has improved the past several years. We have a great crew of linemen who are genuinely dedicated to restoring the power quickly when there is an outage.

Technology. 2016 was the culmination of implementing many technology applications. We use technology in our payment and billing area, but we also began using it in our operations department. We are doing everything we can to take advantage of technology that keeps our service high and our costs low. 55-36-04-01

Pay by Phone. The new Pay by Phone feature allows our members to call a toll-free automated phone number to make payments over the phone at any time. They can also pay online through the system and sign up for automatic payment plans. SmartHub has a new feature that ensures our member's payment information is as safe and secure as regulations mandate. SmartHub allows our members to sign up for outage notification by email for planned outages. It can also notify you when your

location has an outage and when it is restored.

Mobile Workforce.

Another new technology for us is the Mobile Workforce which allows cooperative employees to use iPads, iPhones and other tablets to upload and download information reducing the need for paper while receiving immediate results. We are also using iPads to view our system maps and have access to accurate member information while in the field.

24 Hour Communication. We contracted with a new after-hours call dispatch service, giving our members the same reliable 24-hour service our members expect and deserve.

Solar Power. Our power provider, CIPCO, continued to diversify its generation portfolio to further reduce carbon emissions. In partnership with CIPCO, our 5.5MW Solar Farm was energized in December. The solar farm generates enough electricity to serve up to 63 homes a year.

POWERING COMMUNITIES

Our Board Members and our employees support rural life by working and living in the communities we serve. Growing the business base of the communities we serve is important to Clarke Electric. We do this by providing good and stable jobs; offering educational opportunities on energy efficiency and safety programs; student leadership; paying local; county and state taxes promoting economic development; volunteering within our communities and distributing patronage capital back to our members.



KYLE KELSO
Board President



DAVE OPIE
General Manager

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2017
ANNUAL MEETING
CLARKE ELECTRIC COOPERATIVE | 9.11.17

Clarke Electric Cooperative
Annual Meeting
Monday, Sept. 11, 2017

Clarke County
Event Center
Clarke County
Fairgrounds
2070 W. McLane St.,
Osceola

5 PM: Free pork sandwiches by Madison County Pork Producers

6:30 PM: Business Session

Drawings throughout the evening: 5 \$100 cash prizes; 10 \$50 cash prizes, 2 kids bikes

Golf cart shuttle available from parking lot to event center

Reading pays! We have hidden two of our members' account numbers in this issue. If you find your member location number, call during August to have \$10 deducted from your monthly energy account.



CLARKE
ELECTRIC COOPERATIVE, INC.

PO Box 161, 1103 N Main, Osceola, IA 50213-0161

Your Touchstone Energy® Cooperative

President's Report...continued from pg. 1

Youth Tour. Each year, we sponsor one student from our service territory to travel to Washington, D.C., as part of the NRECA Youth Tour. It is our investment in the leaders of tomorrow.

Safety Programs. Each year our member service manager visits schools to remind students about the dangers of live power lines, water and car accidents and overall electrical safety in and around homes and farms.

Rural Economic Development Loans & Grants (REDL&G)/Economic Development. In 2014, Clarke Electric and CIPCO partnered to help with a hospital expansion at the Clarke County Hospital using the United States Department of Agriculture (USDA) Rural Economic Development Loan & Grant (REDL&G). To date, we have been instrumental in securing REDL&G funds for four participants and subsequently using the repaid money in a revolving loan fund (RLF) to provide low interest loans, assisting with eight new projects.

Rate Increase. Due to several factors such as mild weather, little growth in kWh sales and increased cost of doing business, we are expecting to institute a rate increase this fall. The board takes their job of balancing member rates and financial integrity of the cooperative very seriously. When it is necessary to increase rates we use as many tools as we can to make sure we find the ratio that will work for everyone. We believe we have a good plan that will allow us to collect the revenues required to stay financially healthy, without over-collecting.

Clarke Electric continues our commitment to powering lives and communities while providing our member-owners with strong leadership, reliable and affordable power and great customer service. We are your cooperative and we are committed to you.

2016 Treasurer's Report

THE BOARD OF DIRECTORS AT CLARKE ELECTRIC

Cooperative, Inc. is elected by you, the membership, to make sure the Cooperative remains financially stable. Every month the directors review the current financial statements, and comparisons are made with the annual business plan and financial position of the previous year.

Our Annual Independent Financial Audit, performed by BKD CPA's & Advisors, LLP, of West Des Moines, was completed in February 2017 and presented to the Board of Directors on April 26, 2017. The report included the balance sheets, statement of operations, equity, long term debt, patronage capital, statement of cash flows and assets. The Board approved the year-end audit report which officially closed the 2016 books.

The Cooperative works every year to improve and sustain the electric distribution system for reliability and efficiency. In order for us to do this systematically, we follow our three-year Construction Work Plan. In 2016, investment in the electric distribution system totaled \$866,856.00.

Highlights from the auditor's report show that even though we had a very mild fall and winter in 2016, we increased our kWh sales over 2015's sales totaling more than 98 million kwh.

The chart on pg. 3 shows that kWh sales remained relatively flat until 2013, with an increase for two years and then 2015 and 2016 depict lower sales. Much of our sales is weather driven and can be attributed to the mild years we've recently had. As in the past, the bulk of our sales (70%) comes from our residential class members, with the remaining 30% coming from our commercial classes, government sales and resale of electricity.

continued on next page

CEC Annual Meeting of Members - Sept. 12, 2016 Minutes

THE ANNUAL MEETING OF THE MEMBERS OF CLARKE ELECTRIC

Cooperative, Inc. was held at the Clarke County Event Center at the Fairgrounds in Osceola, Iowa at 7:00 P.M. on the 12th day of September, 2016.

The meeting was called to order by Frank Riley, President of the Cooperative, who presided, and Kyle Kelso, Secretary of the Cooperative, acted as Secretary of the meeting and kept the minutes thereof.

Welcoming remarks were offered by Chairman Riley and he introduced the Members of the Board of Directors and their spouses and General Manager David Opie and his wife. He also introduced special guests in attendance including legislators, former directors and employees, and representatives from neighboring cooperatives.

An invocation was offered by Director Randy Gaumer. The Pledge of Allegiance was led by Chairman Riley.

Attorney Dennis L. Puckett reported that the members present had been checked and that a quorum was present for the transaction of business. He then presented a copy of the Notice of the Annual Meeting of Members, together with proof of the due mailing of said Notice to all members of the Cooperative, and such Notice and Proof were ordered to be annexed to the minutes of this meeting.

Copies of the minutes of the Annual Meeting of the Members of September 14, 2015 had been previously distributed to each of the members. A motion was duly made, seconded and carried, to waive the reading of said minutes, and they were thereupon declared to be

approved and were ordered to be filed in the records of the Cooperative.

The Chairman stated that the next order of business was the election of three (3) directors for a term of three (3) years each. The Chairman further stated that in accordance with the Bylaws, the Board of Directors had appointed from the members of the Cooperative a Nominating Committee consisting of Alan Shields, Randy Barnard, Frank Riley, Marianne Lester, Marshall Hildreth and Tom Carson. Marianne Lester was elected Chairman. The Chairman of the Committee then presented the Report of the Nominating Committee, nominating the following members for directors:

Three-Year Term (Three to be Elected)

District No. 2:	Randy Barnard	Mike Henrichs
District No. 4:	Jodee Jorgenson	Dave Offchiss Lydda Youmans
District No. 5:	Maurice Dean	Ed White

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

The Chairman appointed Marianne Lester, Alan Shields and Marshall Hildreth as Inspectors of Election.

Attorney Puckett explained the election process and made the final call for any remaining ballots in the audience prior to closing the election. The balloting was then declared closed. The ballots were delivered to the inspectors, who proceeded to count the same, including those received by mail.

Treasurer's Report...continued from pg. 2

Margins for 2016 were \$704,770.00. A part of the Cooperative philosophy is to return the profits (patronage capital) to our membership. In 2016, \$227,714.67 in patronage capital was paid back to the members for the year 1998. This includes members on the system presently and in the past. The Board of Directors is responsible for developing a deferred patronage capital retirement program that strives to rotate to the membership on a cycle not to exceed 20 years. They annually determine the financial condition of the cooperative so that it will not be impaired when assigned patronage capital is returned.

One of the major components of our budget is power cost which represents over 55% of the total cost of providing you with electrical service. We receive our power from our Generation & Transmission cooperative, CIPCO, and we then distribute the power to our members. The graph to the right depicts this expense in relation to the cooperative's other expenses. The Board of Directors and staff work diligently to ensure all auditing standards are followed and all requirements are met.

2016 Annual Meeting Minutes...continued from pg. 2

The Annual Reports of President Frank Riley and Treasurer Randy Gaumer were waived as their reports were included with the Annual Meeting Notice.

The Chairman then introduced Adeline Frank, 2016 Clarke Electric Cooperative Youth Tour winner, who presented a report on the Youth Tour to Washington, D.C. and thanked the Cooperative for sending her.

The Annual Report of the General Manager was then presented by General Manager David Opie and ordered to be filed in the records of the Cooperative. 24-12-01-53

Manager of Operations Don Lange provided a report on right of way clearing. Director Tom Carson provided a report on the Cooperative's power supplier, Central Iowa Power Cooperative. Manager of Engineering Brad Wilson gave a report on the Clarke/CIPCO solar farm. Chairman Riley introduced and recognized all of the employees. Manager of Communications Jodee Eckels recognized retiring Directors Frank Riley and Tom Carson.

The Certificate of the 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 directors of the Cooperative to hold office for the term specified, and until their successors shall have been elected and qualified.

Three-Year Term

District No. 2: Randy Barnard

District No. 4: Lydda Youmans

District No. 5: Ed White

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

Attendance prizes were awarded by lot. A meal was served prior to the meeting by the Madison County Pork Producers and music was provided by Pat Meade.

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

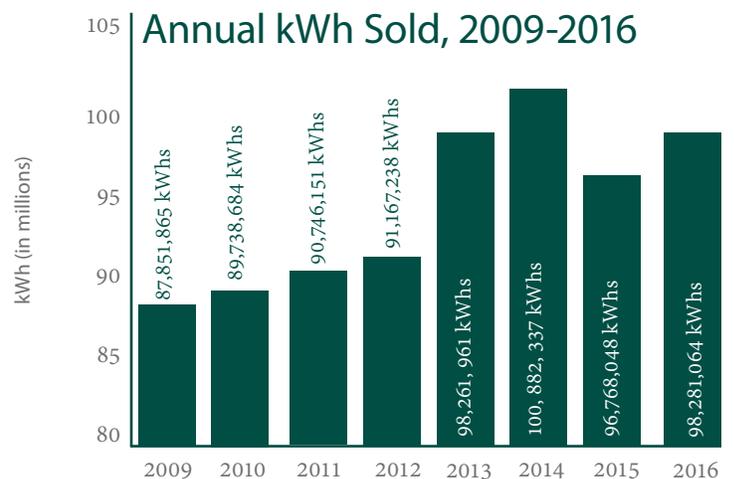
2015-2016 Financial Stats

Assets	2016	2015
Total Utility Plant	\$39,565,262	\$38,925,204
Less Depreciation	(11,765,567)	(11,564,662)
Net Utility Plant	27,799,695	27,360,542
Patronage Capital	2,848,994	2,609,059
Investments	2,490,417	2,840,357
Cash/Temp. Investments	637,983	585,492
Accounts Receivable	1,217,583	1,174,946
Other	369,481	398,213
Total	\$35,364,153	\$34,968,609

Liabilities	2016	2015
Memberships	\$22,170	\$22,045
Member Patronage	3,524,574	3,491,946
Other Margins/Equity	11,018,289	10,594,219
Long Term Debt	18,328,468	19,076,821
Notes/Accounts Payable	1,380,968	735,607
Consumer Deposits	95,049	95,499
Other Liabilities	994,635	952,472
Total	\$35,364,153	\$34,968,609

Revenue & Expenses	2016	2015
Total Revenue	\$11,950,872	\$11,980,575
Power Cost	6,519,114	6,615,645
Operations/Maintenance	2,208,373	2,026,751
Consumer Accounts	269,270	201,757
Customer Service/Sales	118,663	90,751
Administration/General	928,249	810,785
Depreciation	1,175,385	1,154,071
Interest on Long Term Debt	625,239	644,570
Other Expenses	16,625	13,352
Total Expenses	\$11,860,918	\$11,557,682

Margins	2016	2015
Operating Margins	\$89,954	\$422,893
Non-Operating Margins	31,256	16,896
G & T Co-op Capital Credits	503,572	334,549
Other Org. Capital Credits	79,988	83,060
Net Margins	704,770	\$857,398



2017 Board Candidates

District 1 Candidates



EMIL SEGEBART

Emil Segebart is a candidate for District 1. Emil and his wife, Deborah, have five grown children and nine grandchildren. The Segebarts live in White Oak Township of Warren County. Emil attended lineman training at Northwest Iowa Community College and majored in education at the Open Bible College. He retired from a 30-year career in the utility industry, with the last 12 as a general manager. Emil is also a retired first sergeant with the Iowa Army National Guard. Emil is a current member of Indianola Community Church, Optimist Club, Indianola American Legion Post 165 and the Ironman Group. He enjoys spending time with family, farming, reading, restoring a 1952 Chevy truck, and working on vehicles and tractors. Emil has been a member of CEC for 34 years.



BILL WILLIS

Bill Willis is the incumbent director for District 1. He and his wife, Mary Ann, have three children and nine grandchildren. They live in Squaw Township of Warren County. Bill retired, after 27 years, from the USDA Soil Conservation Services as a district conservationist. He is currently a self-employed dirt contractor in New Virginia. He received his BS in ag economics from the University of Missouri. Bill is the past president of the Lions Club in Atlantic, past mayor of Wiota, a past Squaw Township trustee, and a former deacon and elder of the Presbyterian Church. His hobbies include volunteering in his community. As a director, Bill has earned the Cooperative Credential Director Certificate and the Board Leadership Certificate. He has been a member of CEC for 18 years.

District 7 Candidates



DON BETHARDS

Don Bethards is a candidate for District 7. Don and his wife, Doris, have two grown children and five grandchildren. They live in Jefferson Township of Wayne County. Don retired after a 45-year career as the assistant to the engineer for the secondary road department with Wayne County. He also currently still farms. Don served on the Chariton Valley Transportation Planning Technical Advisory Committee, the Corydon Methodist Church board, and volunteered with the Corydon Cub Scouts. He is also a past president and member of the Corydon Golf Club board. Don enjoys golfing, camping, hunting and fishing. He has been a member of CEC for 13 years.



LARRY JACKSON

Larry Jackson is the incumbent director for District 7. Larry and his wife, Jean, have three children, five grandchildren and five great-grandchildren. He owned Jackson Mobile for 46 years and currently farms with a cow/calf operation. Larry is a volunteer with the Clio Festival and the Prairie Trails Museum, and a member of New Salem Baptist Church in Decatur. Larry enjoys hunting and restoring old vehicles. He also helps restore local pioneer cemeteries. As a director, Larry has earned the Cooperative Credential Director Certificate, the Board Leadership Certificate and the Director Gold Certificate. He has been a member of CEC for 39 years.

District 3 Candidates



DARREN MANN

Darren Mann is a candidate for District 3. Darren and his wife, Raquel, have three children, Cody, Sierra and Savannah. The Manns live in Troy Township of Clarke County. Darren received his BA in computer information systems from UNI. He is currently self-employed and serves as a Farm Bureau board member. Darren is also a member of Murray Church of Christ. In his spare time, Darren enjoys hunting, fishing, home repair and carpentry. Darren has been a member of CEC for 13 years.



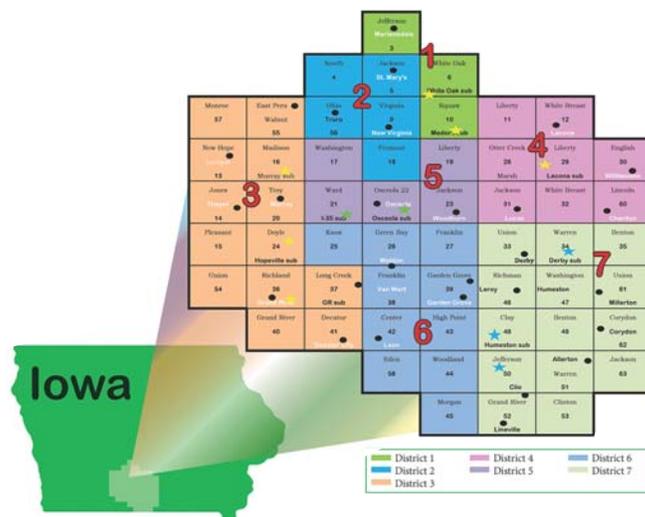
CODY MILLER

Cody Miller is a candidate for District 3. He currently lives in Jones Township of Union County. Cody received his AAS degree from Cochise Community College in intelligence operations studies. He is a 13-year U.S. Army veteran intelligence officer and currently farms while working as an equine training assistant. Cody is the legion commander for the Fred. N. Davis American Legion Post 96 in Lorimor. He enjoys spending time with his girlfriend and family, riding and working with horses, hunting, fishing and shooting. Cody has been a member of CEC for three years.



MIKE ROAN

Mike Roan is a candidate for District 3. Mike and his girlfriend, Lori, have two children each and seven grandchildren. They live in Jones Township of Union County. Mike is a graduate of East Union High School. He farms, maintains a cow/calf operation with his son, raises feeder pigs and does some custom farming. He is a member of Pleasant Valley Church and a past board member for Farmers Cooperative Company. Mike enjoys spending time with family, hunting and riding motorcycles. He has been a member of CEC for 21 years.



CLARKE
ELECTRIC COOPERATIVE, INC.

PO Box 161, 1103 N Main, Osceola, IA 50213-0161

Your Touchstone Energy® Cooperative



This institution is an equal opportunity provider and employer.

David Opie, General Manager
Office Hours: Mon - Fri 7:30 am - 4 pm
Outside Depository Available 24 Hours
641.342.2173 | 800.362.2154

www.cecnet.net

Board of Directors

- Randy Barnard, New Virginia
- Randy Gaumer, Murray
- Larry Jackson, Clio
- Larry Keller, Osceola
- Kyle Kelso, Weldon
- Randy Rouse, Corydon
- Ed White, Osceola
- Bill Willis, New Virginia
- Lydda Youmans, Indianola