



2018 ANNUAL MEETING
 CLARKE ELECTRIC COOPERATIVE | 9.10.18

Clarke Electric Cooperative Annual Meeting
 Sept. 10, 2018
 Clarke County Event Center
 Clarke County Fairgrounds
 2070 W. McLane St., Osceola

5:00 p.m. Registration & dinner with free pork sandwiches by the Madison Co. Pork Producers
 6:30 p.m. Business Meeting

Welcome.....Kyle Kelso
 Invocation.....Dave Opie
 Pledge of Allegiance.....John Heilman
 Roll Call & Official Notice.....Attorney
 Nominating Committee Report.....Jason Boyer
 Nomination by Petition / Closing of Election.....Attorney
 Minutes of Previous Meeting/ Pres./Treas. Report.....Attorney
 General Manager's Comments.....David Opie
 Youth Tour Winner.....Max Vonnahme
 Operation Round-Up Report.....Jason Gibbs
 Introduction of Employees.....David Opie
 Election Results.....Attorney
 Door Prize Drawings.....Kyle Kelso
 Adjournment.....Kyle Kelso

Drawings throughout the evening: 1 kids bike, 1 tablet, 1 TV

Golf cart shuttle available from parking lot to event center

CLARKE ELECTRIC COOPERATIVE, INC.
 Safety Driven • Energy Smart • Community Invested
 Your Touchstone Energy® Cooperative

P.O. Box 161 1103 N. Main
 Osceola, IA 50213-0161
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Board President & Manager's Report

It's a New World

IT IS A BRAND NEW WORLD AT CLARKE Electric Cooperative. So many changes are taking place: new employees, new technologies and new power sources, to name a few. However, even with the "new" things going on, Clarke Electric is led by the traditions of 78 years. We are progressive, embracing changes when it comes to making sure our members are always "on." We keep tradition in mind in everything we do and yet we strive every day to improve, which often means change.

Amidst the changes we don't forget our roots buried six feet underground along with 38,000 poles that support our distribution system.

The last few years we've had a number of employees retire, all of whom were with us for decades. Their experience and knowledge leaves with them but through succession planning, we have nurtured current employees into capable leaders.

In 2017, a number of things happened. Equipment on our lines was updated, incorporating more technology. Tools, machinery and trucks were upgraded and improved upon for safety and efficiency. Transformers and substation equipment were replaced and bolstered to handle bigger loads and provide better reliability.

Distribution designs were modified and deployed to reduce animal and lightning outages. New lines were built to tie existing lines together for better redundancy. Right-of-way clearing procedures were followed and monitored for effectiveness. New SmartHub software was deployed to allow for better data collection and retention of historical information to increase communication

between employees and our members. More electronic communication options regarding electric usage, payment options and outage reporting were rolled out for member convenience. A rate increase was implemented in October to cover the cost of providing reliable electric service. A new cooperative solar farm was brought online. We continued to explore viable renewable energy sources for their value, efficiency and cost effectiveness while providing an uninterrupted power source.

Increased community engagement remains a valuable investment in our local communities. We encourage our employees and board members to be active in the communities where they live and serve. We are always looking for ways to promote the quality of life in rural America. It is the cornerstone of our seven cooperative principles and our mission statement.

Employees Jason Gibbs and Doug Reasoner each donated countless hours of work for the successful dedication of the Clarke County Freedom Rock. We helped with the purchase of a fire truck for Garden Grove, we presented a safety demonstration at the Wayne County Fair and, one of our own lineman, Tim Lupkes, was awarded the "Good Farm Neighbor" award.



DAVE OPIE
 General Manager



KYLE KELSO
 Board President

continued on pg. 3

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.

2017 Annual Meeting Minutes

THE ANNUAL MEETING OF THE members of Clarke Electric Cooperative, Inc. was held at the Clarke County Event Center at the Clarke County Fairgrounds in Osceola, Iowa at 6:30 P.M. on the 11th day of September, 2017.

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

Welcoming remarks were offered by Chairman Kelso and he introduced the Members of the Board of Directors and their spouses and General Manager David Opie. 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 employee John Heilman.

Attorney J. T. Ward 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 12, 2016 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 Bradley Hobbs, Ted Hall, Craig Justice, Shane Page, Gary Alley and Burton Prunty. Bradley Hobbs 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. 1: Emil Segebart, Bill Willis

District No. 3: Darren Mann, Cody Miller, Mike Roan

District No. 7: Don Bethards, Larry Jackson

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 Tim Marienau, Bradley L. Hobbs, Shane Page, Gary Alley and Burton Prunty as Inspectors of Election.

Attorney Ward 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.

The Annual Reports of President Kyle Kelso and Treasurer Larry Keller were waived as their reports were included with the Annual Meeting Notice.

The Chairman then introduced Ally Bedwell, 2017 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. 9-11-05-04

A Safety Report was presented by Member Services Manager Jason Gibbs.

General Manager Opie introduced and recognized all of the employees.

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. 1: Bill Willis

District No. 3: Cody Miller

District No. 7: Larry Jackson

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.

Treasurer's Report

Sam Walkup & Larry Keller

CLARKE ELECTRIC COOPERATIVE'S financial records for 2017 were audited by BKD CPAs & Advisors, LLP, of West Des Moines who reviewed the balance sheet and related statements of operation, member's equity, cash flows and the related notes to the financial statements. In their opinion, "the financial statements referred to above present fairly, in all material respects, the financial position of Clarke Electric Cooperative, Inc. as of December 31, 2017, and the results of its operations and its cash flows for the year then ended are in accordance with accounting principles generally accepted in the United States of America." The accounting firm presented the audited financials to the Clarke Electric Cooperative board at its April 2018 meeting.

As you can see from the financial statements, the year-end margin for 2017 was \$758,819.00. Revenues and expenses were slightly lower than budgeted. Capital credits and patronage dividends were higher than budgeted at \$594,083.00 which made a significant impact on the total margin. We receive credits/dividends from certain organizations we do business with, which includes our power supplier, Central Iowa Power Cooperative (CIPCO). As directed by the board of directors a general retirement of \$232,188.61 in patronage capital was paid back to the members for the years 1998, 1999 and a portion of 2000. This includes current and past members' December bill. Paying back patronage capital is one of the biggest differences between a member-owned cooperative and an investor-owned utility.

Residential sales continue to be our largest revenue source at 69 percent of total revenue with an average number of 5,027 residential members during 2017. Cost of purchased power far exceeds all other expenses at 53 percent with the next leading expense of operations and maintenance coming in at 19 percent of total expenses.

Throughout the United States, rural electric cooperatives were established to provide electricity to their rural members. What was then considered to be an essential service now appears to be basic and expected. Flip the switch and the lights come on, our refrigerators keep our food and drinks cool and fresh. The cooperative provides the electricity we need to keep warm in the winter and cool in the summer. It also allows us to use our computers, smart phones and other

continued on pg. 3

devices to electronically explore the world and stay in touch with family and friends anywhere. Given all these examples and many more, electricity does not seem so basic and plain.

Your board of directors, leadership team and employees have a high level of dedication and commitment to our members. Maintaining the standard of living we have all grown so accustomed to is very important to your cooperative. Member service and satisfaction drive the operations at Clarke Electric and we are proud to serve our members every day.

New World...from pg. 1

So, what is on the horizon for our Brand New World? For one, our office and warehouse buildings have been a part of our history since the early 1950's. To maintain efficiency and equity in our structures, the board and employees researched the viability of a remodel versus a new building. After reviewing the options, the decision to remodel over the next couple of years was the most economical and feasible.

More information will be published in upcoming newsletters as we move forward with this exciting project.

In October, we will launch our Operation Round-Up program. This is a great way for our members to support community projects and to help local families overcome tragic events. The idea is simple: each month we round up participants' bills to the next whole dollar. The money collected goes back out to our communities in the form of grants.

Everyone's expectations and reliance on 24/7 electricity continues to grow. Electric vehicles are gaining attention, and our daily activities keep us online and communicating constantly, which means our dependence upon electricity is vital.

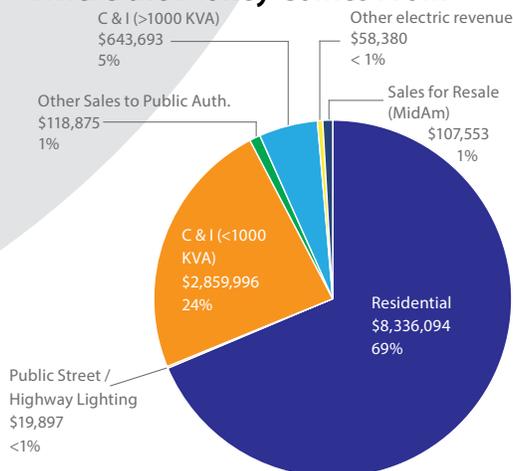
To meet these expectations and demands, Clarke Electric is committed to investing in technologies and infrastructure that improve our reliability and reduce the number and length of outages. 32-04-11-01

Even though it is a Brand New World at Clarke Electric Cooperative, we believe more than ever that uninterrupted power means an uninterrupted life for our members. We are here to support our members, grow our industry, change the way we do things and deliver electricity in an ever-changing world so you can receive the power you count on.

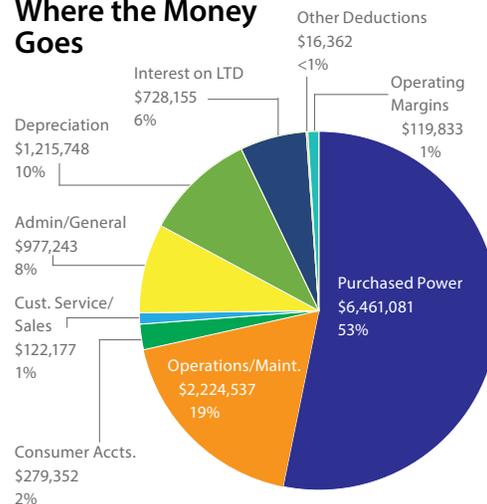
2016-2017 Financial Stats

	2017	2016
Assets		
Total Utility Plant	\$40,981,907	\$39,565,262
Less Depreciation	(12,692,546)	(11,765,567)
Net Utility Plant	28,289,361	27,799,695
Patronage Capital	2,991,736	2,848,994
Investments	2,209,217	2,490,417
Cash/Temp. Investments	1,344,729	637,983
Accounts Receivable	1,265,483	1,217,583
Other	439,082	369,481
Total	\$36,539,608	\$35,364,153
Liabilities		
Memberships	\$22,420	\$22,170
Member Patronage	3,729,988	3,524,574
Other Margins/Equity	11,320,602	11,018,289
Long Term Debt	19,241,178	18,328,468
Notes/Accounts Payable	869,262	1,380,968
Consumer Deposits	99,377	95,049
Other Liabilities	1,256,781	994,635
Total	\$36,539,608	\$35,364,153
Revenue & Expenses		
Total Revenue	\$12,144,488	\$11,950,872
Power Cost	6,461,081	6,519,114
Operations/Maintenance	2,224,537	2,208,373
Consumer Accounts	279,352	269,270
Customer Service/Sales	122,177	118,663
Administration/General	977,243	928,249
Depreciation	1,215,748	1,175,385
Interest on Long Term Debt	728,155	625,239
Other Expenses	16,362	16,625
Total Expenses	\$12,024,655	\$11,860,918
Margins		
Operating Margins	\$119,833	\$89,954
Non-Operating Margins	44,903	31,256
G & T Co-op Capital Credits	510,665	503,572
Other Org. Capital Credits	83,418	79,988
Net Margins	\$758,819	\$704,770

Where the Money Comes From



Where the Money Goes



District 6 Candidates



DAVID BRENNECKE

David and his wife, Deanna, live in Morgan Township of Decatur County. They have three grown sons and five grandchildren. He works as the Department Director for Land &

Nutrient Management for Smithfield Hog Production Division and has a cow/calf operation. He also raises Boer goats. David is a member of the Lineville Volunteer Fire Department. He is a past member of Lineville-Clio and Wayne Community School boards for 23 years, holding the offices of president and vice president. A past 4-H leader for Clio Southwesters, Wayne County 4-H advisory council and a former volunteer helper at Iowa State Fair 4-H livestock and pet shows. David enjoys attending his grandchildren's sporting events, riding bikes with grandchildren and tinkering on old tractors and trucks.



KYLE KELSO

Kyle is the current Board President, seeking re-election for District 6. He served four years as the board secretary, two years as treasurer, and two years as the board president. He and his

wife, Marni, have two grown children. They live in Garden Grove Township of Decatur County. Kyle received a Bachelor of Science Degree from Iowa State University in Health and Human Performance. He farms, owns and operates two crop insurance agencies. Kyle has served on the Grand River Mutual Board of Directors for six years. He has coached wrestling since 2004, and is currently at Central Decatur Community School. He also coached high school football from 2001-2017 at Mormon Trail and Central Decatur High Schools. Kyle obtained his Credentialed Cooperative Director Certificate in 2009, his Board Leadership Certificate in 2016 and Director Gold Credential in 2016. He enjoys motorcycle riding, hunting, fishing, traveling and spending time with his family.



LARRY KELLER

Larry is the current Board Secretary, seeking re-election for the At Large position. He and his wife Dianna live in Freemont Township of Clarke County, and have two grown children

and four grandchildren. Larry raises cattle and is a former employee of Clarke Electric Cooperative serving 38 years as a lineman. He served two years as the board treasurer and obtained his Cooperative Credentialed Director Certificate in 2016. Larry currently serves as the chairman of the board for the Child Welfare Decategorization Project (DECAT), Southern Iowa Trolley and South-Central Iowa Community Action program. He serves on the Clarke County Supervisors board and is a Clarke County Reservoir Commission alternate board member. He is also the president of the Clarke County Conservation Board. Larry is a member of the Life Point Church. He enjoys spending time with his wife, grandkids, cattle and dogs.



DOUG KINGSBURY

Doug and his wife Sue share five children and nine grandchildren. They live in Squaw Township of Warren County. Doug is a retired Journeyman Lineman from MidAmerican Energy.

He received his Bachelor of Arts Degree in Social Science from Drake University and is a member of the Indianola Methodist Church. He enjoys deer hunting, fishing, golfing, motorcycling, auto races and traveling. Doug feels his past experience will make him a good addition to Clarke Electric's board.



RANDY ROUSE

Randy is the current Board Vice President and is seeking re-election for the At Large position. He served one year as the board secretary. He and his wife Julie live in Benton Township

of Wayne County. They have three grown children and three grandchildren. Randy currently serves on the Central Iowa Power Cooperative (CIPCO) board. He is a former chairman of Future Farmers of America Advisory Board, the Agriland FS Board, President of Wayne Community School Board, and President of Wayne County Cattlemen's Association. Randy obtained his Credentialed Cooperative Director Certificate in 2015. He enjoys boating with his family.



STEVE SMITH

Steve and his wife Karen live in Franklin Township of Clarke County. He has two children and two stepchildren, five grandchildren and three stepgrandchildren. Steve is a retired insurance

appraiser for EMC Insurance Company. Steve served as a Clarke Electric Board member for 15 years, serving as vice president for 12 of those years. He is a former Clarke County Board of Health member, served four years on the Clarke County Board of Supervisors. Currently he serves as a board member for the Humeston Golf Course and Township Trustee. Steve enjoys playing golf in his spare time.



CLARKE
ELECTRIC COOPERATIVE, INC.

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Your Touchstone Energy® Cooperative

David Opie, General Manager
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