

**SOUTHERN IOWA ELECTRIC COOPERATIVE, INC.
NOTICE OF ANNUAL MEETING OF MEMBERS**

The Annual Meeting of the Members of Southern Iowa Electric Cooperative, Inc. will be held at the Cooperative office building located at 22458 Highway 2, Bloomfield, Davis County, Iowa at 6:30 P.M. on Thursday, **September 6, 2018**, to take action upon the following matters:

1. The reports of officers, directors, and committees;
2. The election of three (3) directors of the Cooperative for a term of three years each;
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 Bylaws.

THREE-YEAR TERM
(Three to be Elected)

Joy Evans
Dan Hutchings

Trent Gregory
Ben Koellner

Travis Harris
Rusty VanHemert

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

DATED this 8th day of August, 2018

Joy Evans, Secretary

Meet Your 2018 Board of Director Nominees!

Joy Evans lives at 20528 Nuthatch Avenue, Bloomfield. She has been on the Southern Iowa Electric Cooperative Board of Directors for 42 years, and is currently serving as Board Secretary. During her years of service on the SIEC Board of Directors, Evans has served as Board President and Treasurer. She has also served as a member of the Northeast Missouri Electric Power Cooperative Board of Directors and as a member of the Iowa Association of Electric Cooperatives Board of Directors. Joy and her husband, Steve, farm approximately 500 acres and own and operate the Bike Barn, east of Bloomfield. They have two adult sons, Lane and Randy. Joy is a member of the Bloomfield Christian Church, the Optimist Club and the Davis County Development Corporation. She is also a member of the Davis County Farm Bureau and chairs the Highway 63 coalition for the expansion of the highway between Bloomfield and Ottumwa.

Trent Gregory lives at 22055 Nuthatch Avenue, Bloomfield. He and his wife, Penny, have 3 boys, Drew, Tom and Matthew. The Gregory's live on a small acreage east of Bloomfield where they row crop. Trent and his wife have been members of Southern Iowa Electric Cooperative for the past 28 years. He is employed by Citizens Mutual Telephone Cooperative as plant manager. He previously worked for Qwest Communications out of Ottumwa for 9 years, and Citizens Mutual Telephone Cooperative in Bloomfield for 10 years prior to Qwest. Trent spent 4 years in the United States Air Force as a telephone cable splicer. Trent previously served 15 years as a Director of Southern Iowa Electric Cooperative. In his spare time, Trent enjoys working around the farm, hunting, boating and spending time with his family and friends.

Travis Harris lives at 10968 250th Street, Moulton. He has been on the Southern Iowa Electric Cooperative Board of Directors for 5 years. He and his wife, Tiffany, have 3 children, Benjamin (22), Daniel (20) and Annika (14). Travis is a 1993 graduate of Truman State University, and holds a Bachelor of Science Degree in Ag-Economics and Animal Sciences. In 1996, Travis and Tiffany returned to Davis County to be a part of the family farm operation and have been members of Southern Iowa Electric Cooperative for 22 years. Since 1999, Travis has been a representative with Farm Financial Strategies, Inc. His office is located in Bloomfield where he assists area families in farm succession planning. Travis currently serves on the board of the Davis County Community Foundation. Travis and his family are members of Lancaster Christian Church where Travis serves as an elder.

Nominees Continued on next page...

Southern Iowa Electric Cooperative, Inc.

Balance Sheets

December 31,	2017	2016
Assets		
Utility Plant		
Electric plant in service	\$46,959,086	\$45,192,161
Construction work in progress	<u>34,788</u>	<u>1,662,807</u>
	\$46,993,874	\$46,854,968
Accum. provision for deprec.	<u>(8,054,567)</u>	<u>(8,501,421)</u>
Net Plant	<u>\$38,939,307</u>	<u>\$38,353,547</u>
Other Assets		
Investment in assoc. org's.	\$6,283,452	\$6,053,094
Other assets and investments	<u>1,604,341</u>	<u>2,014,712</u>
	<u>\$7,887,793</u>	<u>\$8,067,806</u>
Current Assets		
Cash and temp. investments	\$820,820	\$529,474
Accounts receivable	1,401,885	1,336,541
Current portion of notes rec.	274,000	192,480
Materials and supplies	336,075	322,481
Accrued interest receivable	4,626	4,614
Other current and accrued assets	<u>94,422</u>	<u>72,182</u>
Total Current Assets	<u>\$2,931,828</u>	<u>\$2,457,772</u>
Deferred charges	<u>\$448,914</u>	<u>\$528,970</u>
Total Assets	<u>\$50,207,842</u>	<u>\$49,408,095</u>
Equities		
Memberships		
Patronage and other equities	<u>\$20,959,303</u>	<u>\$20,067,400</u>
Total Equities	<u>\$20,959,303</u>	<u>\$20,067,400</u>
Liabilities		
Current liabilities		
Accounts payable	\$810,066	\$780,199
Notes Payable-Line of Credit	\$325,000	\$ -
Current maturities of long-term debt	1,181,136	1,263,585
Customer deposits	120,159	118,431
Other current and accrued liabilities	<u>440,786</u>	<u>617,316</u>
Total Current Liabilities	\$2,877,147	\$2,779,531
Other Liabilities		
Long-term debt, net	26,257,776	26,451,147
Post-employment benefits	96,819	94,989
Deferred Credits	<u>16,797</u>	<u>15,028</u>
Total Liabilities	<u>\$29,248,539</u>	<u>\$29,340,695</u>
Total Equities & Liabilities	<u>\$50,207,842</u>	<u>\$49,408,095</u>

Dan Hutchings lives at 21442 Highway 63, Bloomfield. He and his wife, Jane, have 2 grown children and 2 grandsons. Dan has owned and operated DC Diesel for 24 years. He has been a member of Southern Iowa Electric Cooperative for 37 years. His family were members at the inception of rural electrification. He has been an active member of the Davis County Fair board for almost 40 years, and has served as a board member of the Association of Iowa Fairs. Currently, he sits on the advisory board of the Diesel Tech program at Indian Hills Community College. Dan has a special interest in historic preservation and restoration. He has a museum of Davis County historical items at his residence and has restored the Pottorff Standard Station in Bloomfield. As a board member, Dan would work to ensure the continued success of the cooperative.

Southern Iowa Electric Cooperative, Inc.
Statements of Revenues, Expense and Patronage Capital

Years Ended December 31,	2017	2016
Operating Revenue		
Total Operating Revenues	<u>\$13,284,568</u>	<u>\$13,146,161</u>
Operating Expenses		
Power production expense		
Cost of purchased power	\$7,103,626	\$7,136,452
Distribution expense-Operation	799,444	856,897
Distribution expense-Maintenance	861,052	732,957
Customer accounts	296,144	293,835
Sales	130,833	111,345
Administrative and general	960,509	1,246,362
Depreciation and amortization	1,223,595	1,228,856
Taxes	13,323	13,441
Other Deductions	<u>22,865</u>	<u>14,764</u>
Total Operating Expenses	\$11,411,391	\$11,634,909
Interest on long-term debt	<u>1,054,721</u>	<u>1,022,712</u>
Total Cost of Electric Service	<u>\$12,466,112</u>	<u>\$12,657,621</u>
Operating Margins	\$818,456	\$488,540
Interest Income	138,670	73,450
Non-operating margins-Other	(82,783)	(2,969)
G & T Capital Credits	<u>433,719</u>	<u>437,294</u>
Patronage Capital & Margins	\$1,308,062	\$996,315
Balance		
	Statements of Patronage Capital	
	2017	2016
Beginning Balance	\$8,024,067	\$7,880,008
Allocated to patrons	400,000	532,816
Patronage capital & margins	-	-
Estates	(125,810)	(57,059)
Retirement of captial credits	<u>(400,002)</u>	<u>(331,698)</u>
Ending Balance	<u>\$7,898,255</u>	<u>\$8,024,067</u>

Ben Koellner lives at 12301 300th Street, Milton. He and his wife, Meghan, have three children, Alex (13), Abby (10) and Andy (6). Ben is a partner with his brothers in the family farm corporation that includes row crops, cattle and trucking. Meghan is a master teacher with teacher leadership at Van Buren Middle School/High School. Ben is a life-long resident of Van Buren County, graduating from Fox Valley High School and Iowa State University. He has served as a director for Southern Iowa Electric Cooperative for one term. Ben is also a member of the Van Buren County Farm Bureau. Ben and Meghan have been members of Southern Iowa Electric Cooperative for the past 14 years.

Rusty VanHemert lives at 13518 Copperhead Road, Ottumwa with his wife, Heather, and 4 children. Rusty has lived in Bloomfield since 1999, but moved out to Copperhead Road and onto Southern Iowa Electric Cooperative's line in 2013. He works at Cargill in Eddyville as an Operations Manager where he oversees three departments in Operations. Rusty and his family enjoy camping, fishing and riding the bike trails in the summer, and hunting in the winter.

**WATCH FOR YOUR BALLOT & REGISTRATION CARD
TO ARRIVE IN THE MAIL SOON!
VOTE BY MAIL FOR CHANCE TO WIN A \$100 BILL CREDIT!
REGISTRATION BEGINS AT 4:30...MEAL PROVIDED BY BRENT'S BBQ**

SOUTHERN IOWA ELECTRIC COOPERATIVE, INC.
MINUTES OF THE ANNUAL MEETING OF MEMBERS
September 7, 2017

- The 78th Annual Meeting of the Members of Southern Iowa Electric Cooperative, Inc. was held at the Cooperative's office building at 22458 Highway 2 in Bloomfield, Iowa beginning at 6:30 P.M. on September 7, 2017.
- The meeting was called to order by Darrell Downing, President of the Cooperative, who presided. Joy Evans, Secretary of the Cooperative, acted as Secretary of the meeting and kept the minutes thereof.
- Pastor Donna Olinger of the Troy United Methodist Church gave an invocation.
- The Chairman introduced CEO/Manager Greg Proctor who welcomed the members. The National Anthem was played.
- The CEO/Manager then introduced the Directors and special guests, including representatives from neighboring Cooperatives, legislators and statewide organizations. He also gave special recognition to the members of the armed forces and recognized the employees with twenty (20) and more years of service.
- The CEO/Manager Greg Proctor introduced Rand Fisher of the Iowa Area Development Group who presented the Cooperative with an Impact Award for Community Development.
- The Chairman held a number of drawings for prizes awarded to those who mailed in their ballots and to a number of children.
- The Chairman announced that the meeting would be conducted in accord with Roberts Rules of Order and that the Cooperative's Attorney, Mark Landa, had been appointed parliamentarian.
- The Secretary, Joy Evans, announced that it had been determined from the registration of members that a quorum of the members was present in person. The Chairman then declared the Annual Meeting of the Members legally convened for the transaction of any and all business that may properly come before it.
- The Secretary read the Official Notice of the meeting, copies of which were mailed to each of the members. An Affidavit of Mailing the Notice was executed by the Secretary and the Notice and Affidavit were ordered to be annexed to the minutes of this meeting.
- The Secretary announced that the minutes of the Annual Meeting of the Members of the Cooperative held on September 8, 2016 had been mailed to the members with the Notice of the Meeting and she thereupon moved to waive the reading of the minutes. The motion was seconded and carried and the minutes were ordered to be filed in the records of the Cooperative.
- The Treasurer, David Yahnke, announced that printed copies of the Annual Financial Report of the Cooperative had been distributed to each of the members and he thereupon made a motion to dispense with the reading of the report. The motion was seconded and carried, whereupon the report was declared to be approved, and it was ordered to be filed in the records of the Cooperative.
- The Chairman introduced Attorney Landa who supervised the election of directors. Attorney Landa announced that the candidates for director had been nominated by a nominating committee consisting of the following members: Leonard Besick, Orval Stevenson, Lyle Spurgeon, Charles Warner and Gary Horn, Vice Chairman. Attorney Landa next introduced Susan Hougland, Chairman of the Committee, who presented the Nominating Committee Report, indicating that the following members had been nominated to serve as directors, with three to be elected for three year terms: Duke Ball, Stephanie Bassett, Wayne Birchmier, Rex Harris, Earl Trachsel, Dave Yahnke and Fred Zeitler.
- Attorney Landa announced that Cooperative members Marvin Strait, Karen Cantrell, Phyllis Ward, Ernest Birchmier and Marietta Huggins had been appointed as Inspectors of Election.
- Following a last call for ballots, a motion was made, seconded and carried to close the balloting. The balloting was then declared closed so that the counting and tabulation of ballots could be completed.
- The Chairman noted that Trevor Albert, John Davis, Kelly Lynch, Dylan Bragg and Haze Goodson were the 2017 Scholarship winners.
- The Chairman announced that Lauren Starnes and Lindsey Starnes were the winners of the Cooperative's NRECA Youth Tour competition and had participated in the Youth Tour to Washington, D.C. earlier this year. Lauren and Lindsey presented a report on their trip to D.C.
- The Chairman introduced CEO/Manager Greg Proctor for his report on the operation of the Cooperative. He explained the Cooperative's demand and energy charges, he described the Cooperative's rate and cost structure and discussed methods of determining the best way of communicating with the membership.
- The Chairman introduced Chuck Soderberg, the Executive Vice President/General Manager of the Iowa Association of Electric Cooperatives (IAEC). Mr. Soderberg described the statewide association's mission and services, discussed regulatory challenges and presented information on the federal Clean Power Plan, Iowa's Energy Plan, Iowa's Energy Center, the IAEC Solar Energy Guide and the newly passed Move Over Slow Down law protecting Iowa's utility workers working along Iowa's roads and highways.
- Attorney Landa facilitated the responses to written questions that had been submitted by members and called for any old or new business. No additional business came before the meeting.
- Attorney Landa presented the Certificate of the Inspectors of Election certifying the following three directors had received the highest number of votes and had been duly elected as Directors of the Cooperative to serve three-year terms, and until their successors shall have been elected and qualified. THREE-YEAR TERM (Three to be elected) Earl Trachsel, Dave Yahnke and Fred Zeitler.
- Prizes were awarded by lot during the meeting and entertainment was provided by Bridge City Country before the meeting. A meal was provided by Bailey's BBQ Barn and blood pressure checks were provided by Davis County Public Health.
- There being no further business to come before the meeting, upon motion duly made, seconded and unanimously carried, the meeting adjourned.

Joy Evans, Secretary