



Join us for your 2018 Annual Meeting

Fulda High School Gymnasium
410 N. College Avenue

Annual Meeting Agenda

- Registration 6:00-7:00 p.m.
- Welcome and Call to Order 7:00 p.m.
- Approval of Agenda and Minutes
- Establishment of Quorum
- Proof of Publication
- Election Process
- President and Manager's Report
- Power Supply Report
- Old and New Business
- Results of Election
- Adjourn
- Draw for Door Prizes *(members must be present to win)*

Thursday April 5

At this meeting, action will be taken on:

1. The reports of officers, directors and committees
2. The election of three directors and two nominating committee members of the cooperative
3. All other business which may come before the meeting of members

Annual meeting minutes

The annual meeting of the stockholders (herein referred to as “members”) of Nobles Cooperative Electric (NCE) was held at the Wilmont VFW in the city of Wilmont, Minnesota, at 9:30 a.m. on April 8, 2017, pursuant to notice duly published for the 15 days prior to the holding of the meeting, as required by NCE’s Articles of Incorporation and Bylaws.

Ronald Schwartau, president of the board of directors, acknowledged and thanked Pianist Michelle Weineke, who played prior to the annual meeting. Mr. Schwartau then led everyone in *The Pledge of Allegiance*.

Dave Reetz, Mayor of Wilmont, welcomed the members and guests to Wilmont.

The invocation was given by Pastor Joe Vanden Akker from the Ebenezer Christian Reformed Church in Leota.

President Schwartau acknowledged National Lineman Appreciation Day on April 10 and recognized the linemen. He then introduced special guests and NCE’s Board of Directors.

The meeting was called to order by President Schwartau, who presided, and David Clarke, secretary of the cooperative, kept the minutes of the meeting.

The agenda was printed in the *Current Matters* Annual Report and mailed to each member of the cooperative. A motion was made, seconded, and carried to approve the agenda as printed.

The minutes of the last annual meeting of the members, as held April 9, 2016, was printed in the 2017 Annual Report. There being no corrections, additions, or deletions, a motion was made, seconded, and carried to approve the minutes as printed.

A registration of members attending the annual meeting was taken as members entered the VFW. Secretary Clarke stated that such registration indicated more than 50 members were present and the required quorum was therefore established as per Article II, Section 7 of the Bylaws.

Chairman Schwartau appointed Attorney Andrew E. Hagemann, Jr. as parliamentarian for the meeting.

Andrew E. Hagemann, Jr., attorney for the cooperative, presented the Notice of Annual Meeting, along with the Proof of Publication of said notice as published in the *Worthington Daily Globe* and *Murray County Wheel Herald* as per Article II, Section 2 of the Bylaws. Such notice and proof thereof was ordered annexed to the minutes of the meeting.

Attorney Hagemann then explained the

balloting and voting procedures for the election of directors and nominating committee members.

Chairman Schwartau appointed the tellers and inspectors of the election.

The next order of business was to take action on the election of two directors and three nominating committee members with President Schwartau presiding during the election.

Chuck Vasgaard, chairman of the nominating committee, reported that the nominating committee met on January 4 and February 8, 2017. They nominated David Balster and Jerry Beckering as director candidates from District Four, along with Bruce Barber as director candidate from District Six. Their effort to find other candidates for District Six was unsuccessful.

He then reported that the nominating committee nominated Lyle Kramer from District Three, Randy Buntjer from District Five, and Jim Buschena from District Seven as nominating committee candidates. Their effort to find other candidates was unsuccessful.

A motion was made, seconded, and carried to cast a unanimous ballot to elect Bruce Barber as director for District Six. He was elected for a three-year term or until his successor has been duly elected and qualified.

Director Candidates Beckering and Balster addressed the membership.

A motion was made, seconded, and carried to cast a unanimous ballot to elect Lyle Kramer, Randy Buntjer, and Jim Buschena as nominating committee members from Districts Three, Five, and Seven respectfully. Each were elected for a three-year term or until their successor has been duly elected and qualified.

Members were then instructed to mark their ballots for District Four Director.

President Schwartau and General Manager Adam Tromblay reported to the membership in a shared PowerPoint presentation.

Mr. Schwartau stated that informed and involved members are the cornerstone of NCE’s strength; the focus is not on generating a profit, but providing members the service they desire and deserve. The cooperative’s vision and mission is NCE’s commitment to improving the quality of members’ lives, distributing energy and services to benefit the member, and to be valued in the community. As an organization, NCE holds five core values (Safety, Team, Accountable, Responsive, and Transparent) important in the way they conduct business. In 2016, a random survey was conducted. President Schwartau thanked the members for the high marks from the survey and support given to the cooperative. NCE is a member-owned and democratically controlled cooperative. Members elect the directors and have a say in what the cooperative does and how business is conducted. Mr.

Schwartau called on the members for help in finding director candidates for Districts One, Two, and Seven, plus nominating committee candidates for Districts Four and Six in 2018.

Legislation affects NCE. Local democratic control has worked well since NCE was founded. However, a legislative bill has threatened how NCE does business and may put a substantial financial burden on NCE. Chairman Schwartau thanked Senator Bill Weber for sponsoring a local democracy bill to maintain that the cooperatives regulate themselves. Minnesota electric cooperatives support members that chose to use an on-site generation system to supply their own electric needs. However, that choice should neither degrade electric safety and reliability, nor be a cost burden to other electric members.

President Schwartau stated that our biggest challenge continues to be increasing power costs. Electric cooperatives use a diverse mix of fuels, which includes renewable resources, coal, natural gas, and nuclear. NCE receives power from Great River Energy (GRE), Southern Minnesota Energy Cooperative (SMEC), and Western Area Power Administration (WAPA) dams in North and South Dakota.

General Manager Tromblay stated that homeowners have opportunities to manage their energy cost by turning down their thermostat, replacing an old refrigerator, installing a ground source heat pump, or signing up for a load management program. Rebates are also available for homes and businesses. The cooperative is offering a residential energy audit to make sure the member gets the best value out of the energy they use each month. NCE will be introducing a new member portal that will allow members to see the electricity used any day they choose, giving more control and better knowledge to the member. A highlight of the year was the refinancing of \$9 million with CoBank. This will save NCE \$2.9 million over 19 years and the overall long-term interest rate dropped. Manager Tromblay then reported on the 2016 financials and capital credits paid to the members. He mentioned the National Lineman Appreciation Day and recognized all of the employees.

President Schwartau thanked the membership for attending the annual meeting and supporting their cooperative. Manager Tromblay and President Schwartau then responded to a question from the floor regarding the grid access fee.

Chairman Schwartau announced that the Wilmont Fire Department was the recipient of the NCE/CoBank “Sharing Success” Grant. They were awarded \$10,000 (\$5,000 from NCE and \$5,000 from CoBank) to help in their purchase of a fire truck.

President Schwartau recognized retiring Director Dick Ruiter. Mr. Ruiter was presented a commemorative “electric meter” lamp

for over 17 years of service to the membership.

Dick Ruitter addressed the membership and thanked them for supporting him. He stated many changes have occurred over the years and was confident that these changes will be positive for the members. Mr. Ruitter also thanked the board and staff.

Rick Lancaster, vice president and chief generation officer from GRE, NCE's wholesale power supplier, addressed the membership. He gave a brief background on GRE and mentioned the highlights in 2016. A map was shown of where GRE's renewable resources are located. He discussed Stanton Station's economics and the necessity to close the plant. Mr. Lancaster compared the capacity and energy sources from 2005 to what GRE is expecting in 2017. Both in capacity and energy, coal usage has declined over time and the renewable energy percentage has increased. GRE is purchasing a large percent of their energy from the wholesale market, where market prices are low. GRE has flexibility to lower production to a minimum in a timely fashion at Coal Creek Station and allow GRE to take advantage of low prices in the wholesale power markets.

On behalf of GRE, Mr. Lancaster presented Chairman Schwartau a \$1,000 donation to NCE's Operation Round Up program.

President Schwartau asked if there was any old or unfinished business to come before the cooperative's annual membership meeting. No such business was presented.

The chairman asked if there was any new business to come before the cooperative's annual membership meeting, but no such business was presented.

Senator Bill Weber addressed the membership regarding the local democracy bill and explained that the legislature is ahead of schedule. They have moved deadlines up, bills getting to the governor sooner, conference committees will start, and the legislature has asked the governor to visit with them to avoid future vetoes. Senator Weber heard the message from voters "Get up there and get the work done." He then thanked NCE's membership for the opportunity to attend the annual meeting.

President Schwartau announced the results of the election. Jerry Beckering was elected as director from District Four for a term of three (3) years or until his successor has been duly elected and qualified.

He then thanked the tellers for their service.

There being no further business to come before the meeting, Chairman Schwartau adjourned the meeting.

Respectfully submitted,
David D. Clarke, Secretary

Notice of annual meeting for members

The annual meeting for Nobles Cooperative Electric members will be held at the Fulda High School Gymnasium in Fulda, Minnesota, on Thursday, April 5, 2018, at 7 p.m. to take action on the following matters:

1. The reports of officers, directors and committees.
2. The election of three directors and two nominating committee members of the cooperative.
3. All other business which may come before the meeting, or any adjournment or adjournments thereof.

Absentee ballots for director and nominating committee member elections are available upon request.

David D. Clarke, Secretary
Dated: February 16, 2018

Absentee ballots

Absentee ballots for voting on the director elections for Districts One, Two and Seven; along with nominating committee member elections for Districts Four and Six are available for any member unable to attend the annual meeting. Call the office at 507-372-7331; ask for Julie. Otherwise, email NCE (nce@noblesce.com) and an absentee ballot application will be mailed to you.

Upon return of the absentee ballot application, you will be mailed two ballots, instructions and a return envelope. Your absentee ballots must be received by Wednesday, April 4 at 4:30 p.m..

Your vote counts

Make your voice heard

This is your opportunity to participate in the democratic process. Vote for directors from Districts One, Two and Seven; along with nominating committee members from Districts Four and Six.

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Director Ballot

3-Year Terms

(Nominated by Committee)

Director Election for District One
(Vote for one by placing an "X" in the box)

1. Ronald Schwartau*

Director Election for District Two
(Vote for one by placing an "X" in the box)

1. Brent Miller

2. Lee York*

Director Election for District Seven
(Vote for one by placing an "X" in the box)

1. Matthew Loosbrock

2. Gary Sieve*

* Incumbent

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Nominating Committee Ballot

3-Year Terms

(Nominated by Committee)

Nominating Committee Member Election for District Four
(Vote for one by placing an "X" in the box)

1. Verlyn DeKam*

Nominating Committee Member Election for District Six
(Vote for one by placing an "X" in the box)

1. John Ahlers

2. Jeffrey Barber

* Incumbent

Your co-op by the numbers

1,441,256

kWh ENERGY SAVINGS

264

kW DEMAND SAVINGS

\$121,253

ENERGY EFFICIENCY REBATES PAID TO MEMBERS

\$928,838

CAPITAL CREDITS RETURNED

197,604,607

kWh SOLD

6,800

MEMBERS

2,257

MILES OF LINE

532

FACEBOOK LIKES

24

EMPLOYEES

2

COUNTIES SERVED
MURRAY AND NOBLES

Balance sheet

	2016	2017
Utility plant		
Lines, buildings and equipment	\$ 61,383,494	\$ 60,185,406
Less: provisions for depreciation	19,572,536	20,859,291
Net utility plant	\$ 41,810,958	\$ 39,326,115
Cash and investment accounts		
General funds	\$ 3,289,448	\$ 5,734,180
Investments	7,069,624	7,508,112
Accounts receivable	2,323,946	4,691,380
Materials and supplies	401,068	489,146
Prepayments	186,566	209,531
Deferred debits	473,813	414,459
Interest receivable	56,949	5,985
Total cash and investments	\$ 13,801,414	\$ 19,052,793
Total assets	\$ 55,612,372	\$ 58,378,908
Liabilities		
Accounts payable	\$ 3,098,741	\$ 3,668,305
Long-term debt	26,967,084	27,351,886
Deferred credits	885,340	724,515
Total liabilities	\$ 30,951,165	\$ 31,744,706
Equity		
Patronage capital - prior years	\$ 21,271,331	\$ 23,122,305
Capital reserve and other equity	3,389,876	3,511,897
Total equity	\$ 24,661,207	\$ 26,634,202
Total liabilities and owner equity	\$ 55,612,372	\$ 58,378,908

Statement of operations

	2016	2017
Operating revenues	\$ 19,757,956	\$ 20,977,087
Operating expenses		
Purchased power	\$ 12,135,822	\$ 12,900,319
Power production expense	79,776	63,325
Operations	936,752	897,009
Maintenance	838,839	860,135
Customer account expense	570,889	653,826
Administrative and general expense	1,117,128	1,074,915
Depreciation expense	1,711,909	1,802,941
Interest on long-term debt	771,162	763,773
Other income deductions	9,598	10,056
Total operating expenses	\$ 18,171,875	\$ 19,026,299
Net operating margins	\$ 1,586,081	\$ 1,950,788
Generation and transmission plus other cooperative capital credits	\$ 479,843	\$ 514,695
Net non-operating margins	\$ 430,355	\$ 390,050
Total patronage capital and margins	\$ 2,496,279	\$ 2,855,533

Management's comments

The preliminary financial statements for the 12-month period ended December 31, 2017, and December 31, 2016, are presented here. The 2017 Audit is scheduled for March 2018 to be audited by CliftonLarsonAllen, LLP, in accordance with generally accepted auditing standards and government auditing standards issued by the U.S. Comptroller General. The above is a condensed presentation of the financial statements. The auditor's report will be on file at the cooperative's office. At the time of printing, the audit was not complete.