

NOBLES COOPERATIVE ELECTRIC
WORTHINGTON, MINNESOTA
Minutes of the Members' Annual Meeting
May 7, 2019

MEETING HELD PER ARTICLES AND BYLAWS	The annual meeting of the members of Nobles Cooperative Electric (NCE) was held at the Murray County Central High School Auditorium in the city of Slayton, Minnesota, at 7 p.m. on May 7, 2019, 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.
PLEDGE OF ALLEGIANCE AND WELCOME	Ronald Schwartau, president of the board of directors led everyone in the <i>Pledge of Allegiance</i> and welcomed the members and guests to their annual meeting.
INVOCATION	The invocation was given by Pastor Ethanie Schmidt from the United Methodist Churches in Slayton and Lake Wilson.
INTRODUCTIONS	President Schwartau introduced special guests and NCE's Board of Directors.
CALL TO ORDER	The meeting was called to order by President Schwartau, who presided, and David Clarke, secretary of the cooperative, kept the minutes of the meeting.
APPROVAL OF AGENDA	The agenda was printed in the <i>Current Matters</i> Annual Report and mailed to each member of the cooperative. A motion was made, seconded, and carried to approve the agenda as printed.
APPROVAL OF MINUTES	The minutes of the last annual meeting of the members, as held April 5, 2018, was printed in the 2019 Annual Report. There being no corrections, additions, or deletions, a motion was made, seconded, and carried to approve the minutes as printed.
ESTABLISH QUORUM	A registration of members attending the annual meeting was taken as members entered the school. 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.
PARLIAMENTARIAN	Chairman Schwartau appointed Attorney Andrew E. Hagemann, Jr. as parliamentarian for the meeting.
NOTICE OF MEETING AND PROOF OF MAILING	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 <i>Worthington Daily Globe</i> and <i>Murray County Wheel-Herald</i> or newsletter as per Article II, Section 2 of the Bylaws. Such notice and proof thereof was ordered annexed to the minutes of the meeting.
MOTION FOR BALLOTS	President Schwartau then entertained a motion that the dates on the absentee ballots and the ballots distributed at the annual meeting be changed to May 7, 2019, instead of April 11, 2019, since the date of the annual meeting was rescheduled due to weather. The motion was made, seconded, and carried.
BUSINESS/ENTITY	Mr. Schwartau introduced Chad Felstul of Pemberton Law as the new attorney

VOTING BYLAW for the cooperative since Mr. Hagemann was retiring. Attorney Felstul then explained the business/entity voting bylaw to the membership.

BALLOTING PROCEDURE The balloting and voting procedures for the election of directors and nominating committee members, along with the bylaw changes was explained by Attorney Hagemann.

TELLERS Chairman Schwartau appointed the tellers and inspectors of the election.

ELECTION FOR DIRECTORS FROM DISTRICTS 3 AND 5; NOMINATING COMMITTEE MEMBERS FROM DISTRICTS 1 AND 2

The next order of business was to take action on the election of two directors and two nominating committee members to serve for a period of three years or until their successors have been duly elected and qualified. President Schwartau presided during the election.

Chuck Vasgaard, chairman of the nominating committee, reported that the nominating committee had met on November 1, 2018, and January 23, 2019. They nominated Gary Clarke and Cheryl Janssen as director candidates from District Three. Director Candidates Clarke and Janssen addressed the membership.

Nominating Committee Chairman Vasgaard reported that the nominating committee had nominated Cindy Hokeness, David Mastbergen, and Michael Nolte as director candidates from District Five. Director Candidates Hokeness and Mastbergen addressed the membership. Mr. Nolte was unable to attend.

President Schwartau instructed the members to mark their ballots for director of District Three and Five.

Nominating Committee Chairman Vasgaard reported that the nominating committee had nominated Stacy Barstad and Cody Fritz as nominating committee candidates from District One. Members were instructed to mark their ballots for nominating committee member of District One. President Schwartau thanked Lynn Miller for her many years of service as District One Nominating Committee member.

RESULTS FOR NOMINATING COMMITTEE MEMBER FROM DISTRICT 2

Nominating Committee Chairman Vasgaard reported that he was the candidate for District Two, as their effort to find other candidates was unsuccessful. A motion was made, seconded, and carried to cast a unanimous ballot to elect Charles Vasgaard as nominating committee member for District Two. He was elected for a three-year term or until his successor has been duly elected and qualified.

PROPOSED BYLAW CHANGES

Attorney Hagemann explained the proposed Bylaw changes, which included an arbitration provision and limitations on former directors becoming employed by the cooperative. Members were then instructed to mark their ballots and the tellers collected them.

PRESIDENT AND MANAGER'S REPORT

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

General Manager Tromblay welcomed everyone to NCE's Annual Meeting and recognized the employees.

The 2019 Ice Storm was exactly six years to the day of the April 2013 Ice

Storm. The difference between the two storms was the damage that occurred to the transmission lines across the area, with hundreds of broken transmission poles from Great River Energy (GRE), ITC and Xcel that carry power to NCE's distribution system. Extra crews were brought in totaling over 70 crew men working to restore power.

NCE continues to seek feedback and engagement from the members and community to guide long-term decisions. We are always seeking to keep pace with the changing energy environment, evolving technology and shifting member expectations. While the times may have changed, NCE's mission and outlook have not.

With 61 cents of every dollar received going directly to our power suppliers, the cooperative message needs to be heard at the state and national political levels. We ask that the membership interact with our representatives, so they know when mandates and restrictive laws affect the cooperative.

Manager Tromblay stated that the board voted to allocate over \$1.2 million dollars back to the membership in the form of capital credits. Even with an increase in energy sales, there was a decrease in revenues due to lowering the power costs. This savings was passed on to the member through power cost adjustments. With a mix of sales, diversity allows flexibility to offer a wide array of programs and products to help NCE control power costs more than other utilities.

President Schwartau stated that operationally, 2018 was a good year. Ninety-three new or rebuilt services were connected, more than 15.8 miles of overhead line to underground were upgraded, and 230 rejected poles were replaced. NCE introduced a new website, upgraded phone system to Voice over Internet Protocol, held the first "It's All about YOUth" program, installed over 100 new two-way load control modules in the field for testing, sold Briggs & Stratton residential generators, received a USDA grant for LED security lights, sold a Southern Minnesota Energy Cooperative transmission line to GRE and WildBlue/Exede business, distributed over \$104,000 in rebates, and helped 81 low income families and 131 children with the K12 Program.

NCE is also making significant investments to improve service reliability and overall service to the membership in 2019. This includes converting 21 miles of overhead to underground, installing three miles of new underground, construction of a substation near Lismore, tree trimming, service upgrades, and security light replacements.

President Schwartau then shared some thoughts on the future. He stated that we need a balanced portfolio of wind, solar, coal and natural gas to maintain an affordable, reliable, and sustainable system. There are also opportunities for every homeowner to manage their energy costs.

A plan for 2019 is to build awareness around electric vehicles (EVs) through education. At NCE, "Every day is an EV day" with Tesla Model 3 test drives being offered.

President Schwartau announced that the city of Ellsworth was the recipient of the NCE/CoBank "Sharing Success" Grant and was awarded \$10,000 (\$5,000

from NCE and \$5,000 from CoBank) to help in their purchase of a civil defense siren that was damaged in a fire.

He then thanked the membership for attending the annual meeting and supporting their cooperative.

MREA REPORT

Darrick Moe, president and chief executive officer from Minnesota Rural Electric Association (MREA) stated that *The New York Times* best-selling book “Why Nation’s Fail” makes a compelling case for democratic local control. Rural electric cooperatives are an excellent example of governing your local cooperative. The membership elects the governing board that makes key strategic decisions. The board needs to stay abreast of the rapidly changing electric utility industry and make tough decisions balancing a lot of factors from keeping rates affordable and the system reliable to making decisions that make the grid greener and reduce carbon. Wind has become a very competitive resource to build as this transition has taken place. The market is rapidly working to shift the power supplier to renewables without further mandates being posed. Unfortunately, the Minnesota House of Representatives is working on passing new legislation by imposing substantial new mandates on electric power making prices rise and reliability at risk. MREA will continue to work to keep the system affordable and reliable without mandates, while working on reforming the energy conservation program called CIP to pass in St. Paul. A program that should be there to reduce total system energy but today focuses only on reducing electricity. MREA works with the legislature in St. Paul and NCE on safety and education training programs, while partnering with cooperatives around the country to bring electric to other parts of the world without electricity.

OLD AND NEW BUSINESS

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

RETIRED DIRECTOR PRESENTATION

Chairman Schwartau recognized retiring Director David Clarke. Mr. Clarke was presented a gift for over 20 years of service to the membership. He thanked the board, employees, and members for their support.

RESULTS OF ELECTION FOR DIRECTORS FROM DISTRICTS 3 AND 5, NOMINATING COMMITTEE MEMBER FROM DISTRICT 1, AND PROPOSED BYLAW CHANGE

President Schwartau announced the results of the election, which are as follows:

<u>District Three Director</u>	<u>Votes</u>	<u>District Five Director</u>	<u>Votes</u>
Gary Clarke	101	Cindy Hokeness	135
Cheryl Janssen	82	David Mastbergen	36
		Michael Nolte	8
<u>District One Nominating Committee</u>	<u>Votes</u>	<u>Proposed Bylaw Change</u>	<u>Votes</u>
Stacy Barstad	90	Yes	171
Cody Fritz	85	No	14

He stated that Gary Clarke was elected as director from District Three, Cindy Hokeness was re-elected as director from District Five, and Stacy Barstad was elected as nominating committee member from District One. Each were elected for a three-year term or until their successor is duly elected and qualified. The proposed bylaw changes were passed. Certificates of the inspectors of election are attached to these minutes.

RETIRED ATTORNEY
PRESENTATION

President Schwartau recognized retiring Attorney Andy Hagemann. Mr. Hagemann was presented a gift for over 30 years of service to the membership. Mr. Hagemann thanked the members and the board for the many years he worked for them.

ADJOURN

There being no further business to come before the meeting, Chairman Schwartau adjourned the meeting and the prizes were drawn.