



ANNUAL MEETING OF THE MEMBERS PROGRAM

June 21, 2018

10:30 a.m. - Registration

11:00 a.m. - Business meeting

Call to Order

Invocation

Introduction of Directors

Steve Rau, President

Reading of the Notice of Annual Meeting

Reading of Affidavit of Mailing of Notice of Annual Meeting

Approval of Agenda (Annual Meeting Program)

Minutes of Last Annual Meeting

Ryan Kress, Secretary/Treasurer

Reading of the Nominating Committee Minutes

Robert Hanson, Nominating Committee Chairman

Introduction of Attorney

Introduction of CEO

Steve Rau, President

Introduction of 2017 Youth Tour Alumni

Introduction of Jim Wolfe, IAEC Job Training/Safety Instructor

Steve Marlow, CEO

Drawings for Door Prizes (must be present to win)

Steve Rau, President

Adjournment of Business Meeting

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BUILDING A SMARTER COOPERATIVE



7,064 MEMBER-CONSUMERS STRONG

ECI REC Annual Report

2017



A Touchstone Energy® Cooperative 

Powering Forward for Our Members



STEVE RAU,
President



STEVE MARLOW,
CEO

EAST-CENTRAL IOWA REC is powering forward for our members while remaining focused on delivering safe, affordable, reliable electricity in an environmentally responsible manner. In doing so, ECI REC continues to keep the cooperative guiding principles at our forefront.

We have not forgotten our heritage and what brought us to where we are today. Over the past two years, ECI REC celebrated landmark anniversaries in our Cooperative's history. In 2017 and 2018, our parent cooperatives, Benton County ECA and Buchanan County REC, would have been in existence for 80 years, respectively. We take serving our members seriously and continue to look toward the future to the benefit everyone we serve. Not only are we your electric utility provider, we are also a local business that brings pride and prosperity to our communities.

While it is important to celebrate the accomplishments of 2017, we are continuing to power forward in 2018. By the end of the calendar year, smart meters will be installed on all member accounts, an update that positions us to leverage the electric grid of the future. We also anticipate keeping you informed through the planned launch of a new website. We envision further completion of the 2017–2020 Construction Work Plan, which targets infrastructure to facilitate new growth while decreasing the risk of unplanned outages. All these added benefits will not affect your cost for electricity in the near future; electricity rates are anticipated to go unchanged. These are just a few ways ECI REC plans to continue powering forward for our members in 2018!

Here are some highlights of how we provided safe, affordable, reliable electricity in an environmentally responsible manner in 2017.

THE COOPERATIVE DIFFERENCE

The power of cooperative membership and ownership is the Cooperative Difference. Members of ECI REC have a voice in how your electric co-op is run. You get a say in what's best for the community and in the decisions that allow ECI REC to provide affordable electricity for your home or business.

- » Each of our members is represented by a member on the Board of Directors, which is elected by the membership. The ECI REC Board of Directors worked hard in 2017. From budgets, to attending educational classes, to advocating for ECI REC members legislatively, the Board of Directors made decisions in your best interests. One decision was the retirement of \$500,112 in patronage dividends to current and former members. This included 100% of our 2002 and 10% of our 2010 deferred patronage dividends.
- » ECI REC Director Ryan Kress earned the Director Gold Certificate, while Director Jim Barz was awarded the Credentialed Cooperative Director Certificate. Both programs are designed by the National Rural Electric Cooperative Association to provide cooperative directors with essential

knowledge and skills.

- » We were honored to welcome Mary McLaury, former Chief Operating Officer of Touchstone Energy® Cooperative, as a guest speaker at the 22nd Annual Meeting of the Members. Board elections were completed during the meeting. Jeff Elliott (District 11), Chris Sackett (District 12), and Steve Rau (District 26) were all re-elected to serve three-year terms. Steve Rau was also re-elected to the office of president during the Organizational Meeting of Board of Directors. Elected to new leadership positions were Jeff Elliott, vice president; Ryan Kress, secretary/treasurer; and Chris Sackett, assistant secretary/treasurer.
- » Another aspect of the Cooperative Difference was demonstrated when Hurricane Irma made landfall in the United States. In the past, when our service area has been struck by disaster, help has arrived from other areas. This time, Iowa's electric cooperatives banded together and sent employees to help with hurricane recovery efforts. Two representatives from ECI REC joined others to clean up debris and restore power to cooperative members in the affected areas.

ENERGY WISE

Even though electricity remains a good value, costs continue to climb. To keep your costs down, ECI REC offered several programs and educational opportunities to encourage more efficient use of electricity, which could save you money and decrease your carbon footprint.

- » In January, ECI REC released the 2017 details for our extensive energy-efficiency rebate programs, which target residential, agricultural, and commercial members. The programs were well received; 3,068 members took advantage of these opportunities. Approximately \$220,597 rebate dollars were returned to those who participated. Incentives for rebates included items that increased efficiency through weatherization, ENERGY STAR® appliances, home construction incentives, and more. ECI REC also helped members get rid of outdated appliances through the Pull the Plug program. We partnered with local retailers as part of the Be Bright lighting program; discounts for approved lamps and fixtures were marked on the shelf price at participating retailers.
- » The ECI REC website, in conjunction with the SmartHub app, continued to

offer links to Energy Wise information, including the Energy Resource Center and Watts Smart. Members could also access self-energy audits, secure 24-hour bill pay, and account information.

- » ECI REC stayed connected with contractors through participation at Momentum is Building. This annual contractors' conference provided a forum for electric technology and energy-efficiency education, along with the opportunity to build relationships with trade professionals who influence member decision-making about electricity needs during new construction, installations, and/or remodeling.
- » We supported renewable energy production. A volunteer option was offered to support the development of renewable energy production facilities in Iowa through monthly bill payments. Eighty-nine members donated \$4,213 toward this cause. Additionally, the Urbana Solar Acres project—initiated in 2016 and located near the ECI REC headquarters site—generated 1,653,000 kWh of electricity, which is enough electricity to power 140 homes for one year.
- » ECI REC continued to promote the Take A Load Off the Peak program, which encourages reduction of energy consumption during peak use hours. Decreasing electricity use during peak hours—when the demand for, and cost of, electricity is at its highest—is an increasingly important component of becoming Energy Wise. ECI REC hopes to offer even more incentives to Take A Load Off the Peak in the future.

COMMUNITY CONNECTED

ECI REC was proud to be Community Connected in 2017, supporting the members and communities within our service area.

- » The Co-Op Connections® card continued to be offered to members patronizing participating businesses, while the RECare program assisted low-income members within our service area. Seventy-four ECI REC members donated \$5,238 to the RECare program. This donation was distributed via community action agencies within Benton and Buchan-

an Counties, helping pay for heating bills or the cost of home winterization. ECI REC representatives also presented safety and education programs at schools, community functions, and health fairs throughout the year.

- » ECI REC utilized unclaimed patronage dividends to give back to the community. The Community Reinvestment Fund, along with minimal general funds, gave more than \$38,000 to 38 community organizations. Twelve individuals were awarded \$1,000 scholarships. Three scholarships were distributed to young men planning to pursue careers as lineworkers through the Powerline Technician program at Northwest Iowa Community College. The other nine went to graduating seniors planning to further their education in a diverse range of professions.
- » High school students Cade Shramek and Macy Arbuckle were sponsored by ECI REC for the 2017 Youth Tour to Washington, D.C. Joined by more than 1,500 high school students from across America, Cade and Macy participated in leadership training, engaged in one-on-one conversations with elected officials, jump-started their national peer network, learned about electric cooperatives, and toured D.C.

SAFETY

ECI REC has a vested interest in keeping our members safe, as well as our employees. Our communications to you this year relayed information on ways to avoid electrical accidents. Our employee trainings were also ongoing throughout the year, decreasing injury risk.

- » We again earned the Rural Electric Safety Achievement Program certification through the National Rural Electric Cooperative Association (NRECA) and the Iowa Association of Electric Cooperatives (IAEC). This certification is long-standing in the history of ECI REC.
- » ECI REC also delivered safety information to members via our website and newsletters. Representatives visited schools, community events, and health fairs to teach electricity safety and showcase linework ca-

reers. We shared electrical safety tips on a broad range of topics with our members, such as the importance of planting trees away from power lines, the dangers of electrical outlets to children, and grain bin safety. We also continued to promote Iowa One Call.

- » ECI REC, along with other Iowa electric cooperatives and utility groups, developed a public awareness campaign dedicated to the safety of line personnel along roadways. These organizations urged drivers to take an online pledge to obey Iowa's Move Over or Slow Down law, requiring motorists to move or reduce their speed when approaching a utility vehicle stopped on the side of the road with lights flashing. The pledge remains available at <https://ia.moveoveriowa.com/>.
- » A near real-time Outage Map is accessible 24/7 via our website and SmartHub app. Using the map, members can remotely track outages affecting them or determine if their home or business is affected by an outage. As a result, members can put in place emergency back-up plans to safeguard their investments.

KEEPING THE LIGHTS ON

The disruption to members' lives when electrical outages occur is recognized by ECI REC. Our planning is focused on Keeping the Lights On to avoid outages before they occur—whether they are caused by adverse weather, cyber security concerns, or power supply interruption. The 2017 Outage Report revealed ECI REC outages were lowest on record. Power interruption was limited to 0.02% time throughout the year; in other words, members' lights were on 99.98% of the time. On average, members were out of power for 45 minutes during the year.

- » ECI REC celebrated the completion of a modern operations facility in Independence. The new building replaced a 66-year-old structure that was no longer capable of supporting business operations. Nine full-time employees are positioned at the Independence site, which provides operational service to members in the northern part of ECI REC's service

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Financials

STATEMENT OF REVENUE AND EXPENSE

REVENUE	2017	2016
Operating Revenue and Patronage Capital.....	\$22,099,544	\$22,143,144
EXPENSE		
Purchased Power.....	\$12,943,346	\$13,292,348
Distribution Expenses - Operations.....	\$1,853,939	\$1,799,415
Distribution Expenses - Maintenance.....	\$534,393	\$579,862
Customer Accounts Expense	\$497,528	\$499,623
Customer Service & Informational Expense.....	\$314,529	\$321,768
Administrative & General Expense.....	\$1,296,467	\$1,534,911
Depreciation.....	\$1,867,469	\$1,857,673
Taxes - Property & Other	\$22,093	\$22,123
Interest on Long-Term Debt.....	\$1,015,599	\$1,002,386
Other Deductions & Interest Expense	\$52,506	\$39,890
TOTAL EXPENSE.....	\$20,397,869	\$20,949,998
Operating Margins.....	\$1,701,675	\$1,193,146
Non-Operating Margins.....	\$ (779,772)	\$62,343
Generation & Transmission Capital Credits	\$1,014,757	\$1,016,545
Other Capital Credits & Patronage Dividends.....	\$163,188	\$150,351
Total Operating & Non-Operating Margins.....	\$2,099,848	\$2,422,384

BALANCE SHEET

ASSETS	2017	2016
Current Assets & Other Debits.....	\$13,653,313	\$14,169,424
Fixed Assets (Net Utility Plant)	\$50,531,042	\$47,435,842
Total Assets & Other Debits.....	\$64,184,355	\$61,605,266

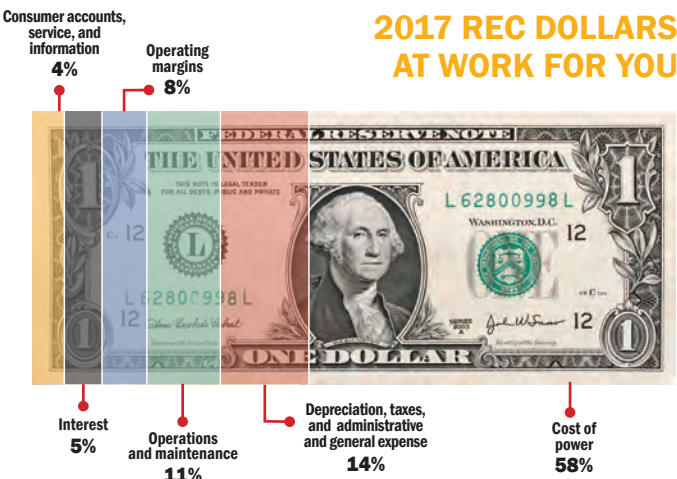
LIABILITIES	2017	2016
Total Current & Accrued Liabilities	\$4,070,454	\$3,920,992
Total Fixed Long-Term Debt & Deferred Credits	\$27,323,993	\$26,434,870
Total Margins & Equities.....	\$32,789,908	\$31,249,404
Total Liabilities & Other Credits	\$64,184,355	\$61,605,266

COMPARATIVE OPERATING STATISTICS

Miles of Line Energized.....	2,279	2,273
New Services Connected.....	109	80
Total Services in Place	9,442	9,394
kWh's Purchased From CIPCO.....	218,367,811	218,180,704
Cost Power Purchased	\$12,922,574	\$13,272,255
Percent Line Loss	4.85%	5.12%

OPERATING REVENUE	\$22,059,925	\$22,089,569
Average kWh's Used per Month per Consumer	1,981	1,984
Average Monthly Bill	\$210.19	\$211.54
Average Cost per kWh to Consumer	\$0.1061	\$0.1066

LOAN FUNDS	2017	2016
CFC	\$26,439,038	\$25,603,568
Other.....	\$400,000	\$400,000
Total Loan Funds	\$26,839,038	\$26,003,568



Powering Forward for Our Members from page 3

territory. In addition, the building is capable of serving as a complete business backup facility should headquarters in Urbana become non-operational.

- » Approximately \$4.2 million in system improvements were completed, including the replacement of 88 miles of line. These system upgrades were part of our 2017-2020 Construction Work Plan to accommodate future growth and decrease the risk of outages. Approximately \$272,500 in preventative and ongoing line maintenance programs—such as pole and meter testing, tree trimming, and transformer and breaker maintenance—were also completed to reduce the risk of unplanned outages.
- » ECI REC once again demonstrated its legacy of long-term employment. Nine Board members and employees celebrated milestone service years—recognized in five-year increments—for a combined total of 125 years of service. Job satisfaction was increased by offering advanced training and conference opportunities to employees. Training topics included power line design and staking, smart meter training, management essentials, and more.
- » In September, ECI REC announced that installation of smart meters on all member accounts would commence in 2018. Smart meters, or Advanced Metering Infrastructure (AMI) technology, are a key component of the electrical grid. Referred to as the “smart grid,” this transmission and distribution network tracks the flow of electricity with great precision. By switching to smart meters, ECI REC will increase the overall affordability, efficiency, and reliability of our electric system.

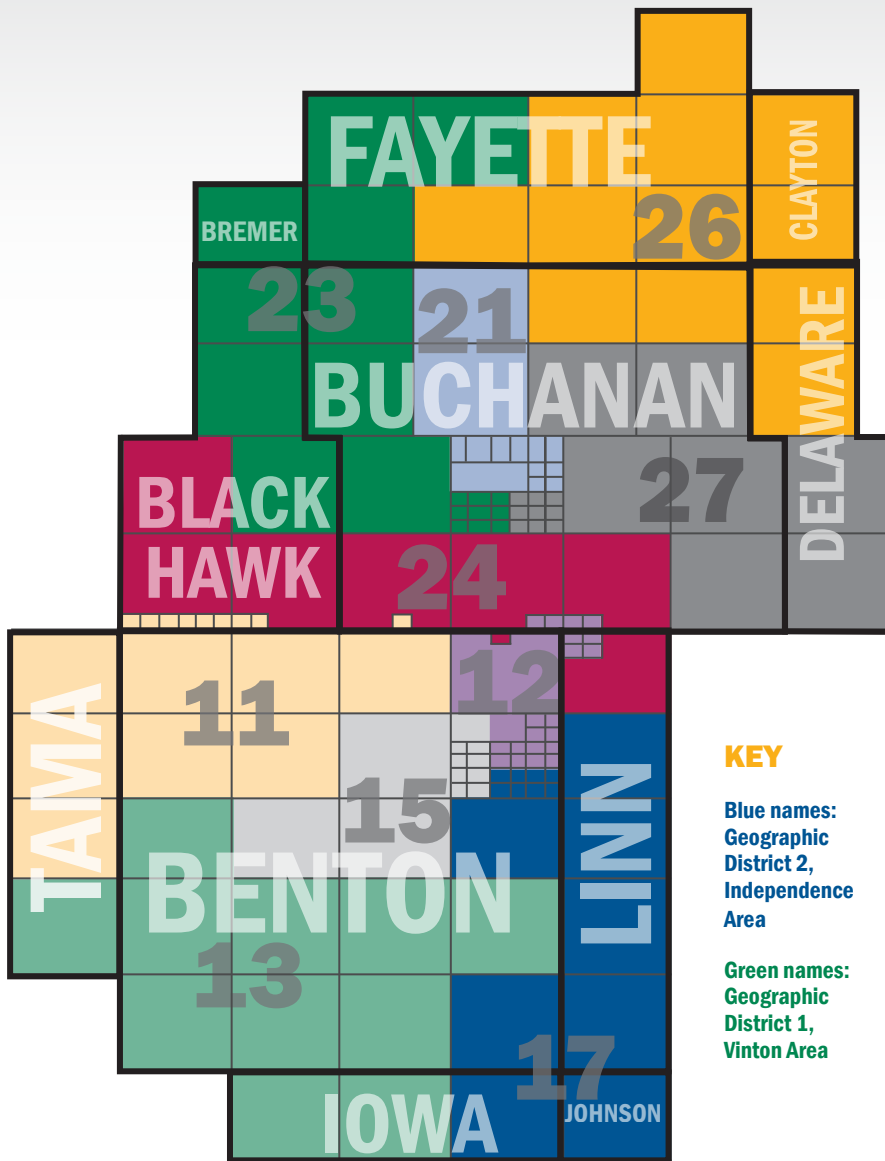
LOOKING OUT FOR YOU

What lawmakers decide in Washington, D.C., or Des Moines can have a significant impact on your electric bill. ECI REC advocated for our members at local, state, and national levels. We supported the Iowa Rural Power movement, a grassroots effort that energizes rural economic growth and advocates for cooperatives. We also continued membership in the IAEC, which promotes cooperatives at the legislative level. Our goal is to Look Out for You by engaging with and educating our legislators on issues that affect our members, including electricity costs and safety concerns. We also offered options for you to support the advocacy process through the Action Committee for Rural Electrification (ACRE) and Friends of Rural Electrification (FORE) organizations.

- » Members of the ECI REC Board of Directors and staff members traveled to meet with legislators throughout the year. At the annual January Welcome Back Legislative Reception hosted by IAEC in Des Moines, over 150 directors, managers, and staff members from Iowa's electric cooperatives discussed important issues for the upcoming session with state legislators.

- » Over 200 cooperative supporters, including rep-

Your Board of Directors



KEY

Blue names:
Geographic District 2, Independence Area

Green names:
Geographic District 1, Vinton Area



Jeff Elliott
Vice-President

Director since 1990
Board District 11



Chris Sackett
Assistant Secretary/
Treasurer

Director since 2011
Board District 12



Allen Albers

Director since 1985
Board District 13



Gary McKenna

Director since 2016
Board District 15



Burt Byers

Director since 2007
Board District 17



Donald Shonka

Director since 2006
Board District 21



Jim Alberts,

Director since 2007
Board District 23



Jim Barz

Director since 2015
Board District 24



Steve Rau,
President

Director since 2005
Board District 26



Ryan Kress,
Secretary/Treasurer

Director since 2009
Board District 27

Powering Forward for Our Members from page 4

representatives from ECI REC, traveled to the State Capitol in March for the annual REC Day On the Hill. Cooperative representatives were present as Governor Branstad signed SF 331 into law, which streamlined energy-efficiency reporting for electric co-op staff. They also met with local elected officials to discuss issues important to Iowa's electric cooperatives, including the safety of line personnel as they work on the side of roadways and the expansion of property tax exemptions for geothermal heating and cooling systems.

ECI REC Staff



Steve Marlow
CEO
37 years



Mike
Inventory/
Maintenance
Technician
20 years



Adam
Director of
Member
Service
18 years



Doug
SCADA
Technician
20 years



Molly
Consumer
Services
Representative
17 years



Robert
Information
Services
Technician
6 years



Ben
Lineman
13 years



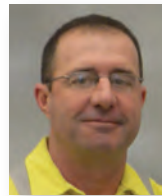
Rod
Lineman
(Retired)
30 years



Josh
Apprentice
Lineman
2 months



Dave
Engineering
Design
Technician
23 years



Pat
Lineman
28 years



Larissa
Staff
Assistant
14 years



Kelly
Consumer
Services
Supervisor
19 years



Scott
Inventory/
Maintenance
Technician
6 years



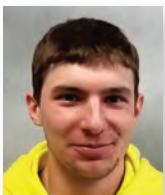
Brian
Line Foreman
19 years



Travis
Lineman
15 years



Kevin
Line
Foreman
22 years



Colton
Apprentice
Lineman
2 months

FIELD PERSONNEL

- » 2 Line Foreman
- » 10 Linemen
- » 2 Engineering Design Technicians
- » 2 Inventory/Maintenance Technicians
- » 1 SCADA Technician
- » 1 Member Service Technician

OFFICE/ADMINISTRATIVE PERSONNEL

- » 3 Consumer Services Representatives
- » 1 Consumer Services Supervisor
- » 1 Staff Assistant
- » 1 Cost Records Administrator
- » 1 Information Services Technician
- » 1 Operations Assistant
- » 1 Engineering Technician

MANAGEMENT PERSONNEL

- » 1 CEO
- » 1 Line Superintendent
- » 1 Manager of Finance and Consumer Service
- » 1 Director of Member Service
- » 1 Information Services Administrator
- » 1 Manager of Communications



Our Mission to
demonstrate the
advantages of the



Our Vision to make a
difference in the lives of
those we serve



Cole
Apprentice
Lineman
2 years



Bryce
Apprentice
Lineman
11 months



Holly
Consumer
Services
Representative
11 years



Braxton
Apprentice
Lineman
1 year



Teresa
Manager of
Finance and
Consumer
Service
26 years



Lisa
Manager of
Communications
16 years



Nathan
Information
Services
Administrator
11 years



Jared
Lineman
6 years



Gary
Operations
Manager
43 years



Scott
Engineering
Technician
4 years



Robin
Consumer
Services
Representative
7 years



Dane
Third Class
Lineman
4 years



Tom
Line
Superintendent
27 years



Jennifer
Cost Records
Administrator
22 years



Teresa
Operations
Assistant
39 years



John
Member
Service
Technician
24 years

We want to stay connected with you!

Our Communications department is focused on finding the best ways to connect with members. Like us on Facebook to access quick notes about ECIREC happenings. More in-depth information can be found at ecirec.coop. Regular newsletters and bill inserts in your mailbox round out our options for you to stay in the know about your Cooperative.

