The Annual Meeting of the Stockholders (hereinafter referred to as “Members”) of Lyon-Lincoln Electric Cooperative, Inc. (Cooperative) will be held at the Lyon-Lincoln Electric Headquarters Building., in Tyler, Minnesota at 7:15 PM, on Wednesday, June 5, 2019, to take action upon the following matters:


2. The election of Directors of the Cooperative.
   
a. One director from each of the three districts into which the Cooperative is divided will be elected for a term of three years.

3. All other business which may come before the meeting or any adjournments thereof.

In connection with the election of Directors scheduled for this meeting, the following members have been nominated for Directors by the membership within their respective voting districts. In accordance with the Bylaws of the Cooperative, the names have been arranged in order of preference indicated by the respective district vote.

<table>
<thead>
<tr>
<th>DISTRICT</th>
<th>ELECTION</th>
<th>CANDIDATES</th>
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</thead>
<tbody>
<tr>
<td>District I</td>
<td>For 3 Year Term</td>
<td>Kathleen Schreurs, Tony McChesney</td>
</tr>
<tr>
<td>District II</td>
<td>For 3 Year Term</td>
<td>James Rokeh</td>
</tr>
<tr>
<td>District III</td>
<td>For 3 Year Term</td>
<td>Merv Anderson, Barry Gronke</td>
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Donna Stone, Secretary-Treasurer
May 15, 2019
2019 Annual Meeting
Lyon-Lincoln Electric Cooperative, Inc.
Wednesday, June 5th

Lyon-Lincoln Electric Headquarters Building
Tyler, Minnesota

5:00 – 7:00  Registration

5:30 – 7:00  Dinner
Served by: Lincoln County Pork Producers and Country House

7:15 – 8:15  CALL TO ORDER, Sandy Ludeman, President

National Anthem
Report of Quorum
Reading of Notice of Annual Meeting....................Donna Stone, Secretary
Approval of Minutes of 2018 Meeting....................Donna Stone, Secretary
Election of Directors ................................................Mike Cable, Attorney
  Introduction of Nominees
  Appointment of Tellers and Balloting

Financial Report ..................................................Vickie Rost, Manager of
  Finance & Administration

President and Manager’s Report ...............Sandy Ludeman and Tim O’Leary
Operation RoundUp® ...............................Tim O’Leary, General Manager
  Introduction of Operation RoundUp® & Basin Scholarship Winners

Balloting Results
  Director Elections

Adjournment

Prize Drawings – Must be present to win

Bring the Family -
Something for Everyone!

Bounce House, Bucket Ride for Kids, Kids Drawing.
Your Board of Directors

District I
Mary Gunnink

District I
Kathy Schreurs

District I
Scott Johnson

District II
Galen Grant
Vice-President

District II
Jim Rokeh

District II
Sandy Ludeman
President

District III
Donna Stone
Secretary-Treasurer

District III
Dale Fier

District III
Merv Anderson

Legal Counsel
Mike Cable, Attorney

Lyon-Lincoln Electric Cooperative, Inc.
The annual meeting of stockholders (hereinafter referred to as “members or member-owners”) of Lyon-Lincoln Electric Cooperative, Inc., was held at the Headquarters Building in Tyler, Minnesota, at 7:00 o’clock P.M., on Wednesday, June 6, 2018, pursuant to a notice mailed to each and every member personally not less than fifteen days prior to the date of the meeting and publication of said notice.

Sandy Ludeman, President, called the 79th Annual Meeting of Lyon-Lincoln Electric Cooperative, Inc. to order at 7:00 o’clock P.M. and designated Cooperative Attorney, Michael W. Cable, to keep the minutes thereof.

At that time the members of the Cooperative stood and joined in the National Anthem.

President Ludeman indicated on behalf of the Board of Directors and employees of the Cooperative that he welcomed the members to the 79th Annual Meeting indicating that said Annual Meeting was held once a year to give the members the Cooperative’s financial position, to elect directors to the Board, and to conduct other Cooperative business.

President Ludeman introduced the Board and spouses of the Board being Vice-President, Galen Grant, and his wife Marie, Secretary-Treasurer, Donna Stone, and her husband Leonard, Director Merv Anderson, Director James Rokeh and his wife Helen, Director Mary Gunnink and her husband Tom, Director Sandy Ludeman and his wife Rhonda, Director Kathy Schreurs and her husband David. President Ludeman indicated Director Dale Fier and his wife Amy were unable to attend the Annual Meeting. President Ludeman introduced Michael W. Cable who is the Attorney for the Cooperative. President Ludeman then introduced his wife Peggy.

President Ludeman introduced the following special guests Bill Weber, State Senator, Tom Boyko, General Manager of East River Electric Power Cooperative, Inc.; Dustin Zubke from East River Electric Power Cooperative, Inc.; Steve Norman, Director at Minnesota Valley Co-op Light and Power Association; Daryl Bursack, Director at Minnesota Valley Co-op Light and Power Association; Tim Velde, Director at Minnesota Valley Co-op Light and Power Association; Mark Peterson, Director at Minnesota Valley Co-op Light and Power Association; Henning Hansen, Director of Sioux Valley Energy; Dean Fultz, Director of Redwood Electric Co-op; Richard Nelson, Director of Redwood Electric Co-op; Sebastian Schwing, Past Director of Lyon-Lincoln Electric Cooperative, Inc.; Joe Schomacker, Representative for the Minnesota House; and John Bolton, Past Director of Lyon-Lincoln Electric Cooperative, Inc. President, Sandy Ludeman, also asked that all veterans or military members stand and be recognized.

President Ludeman advised the membership that the registration list showed that 166 members were present and therefore declared there was a quorum.

Secretary-Treasurer, Donna Stone, read the Notice of the Annual Meeting and in the Affidavit of Publication it was indicated that said notice had been mailed and published pursuant to Minnesota law and the rules of the Cooperative. A motion was made, seconded and unanimously carried to waive a roll call vote of the members and to substitute the registration list therefore. President Ludeman directed that the registration list be filed for the establishment of a quorum and to make it a part of the minutes of the meeting.

President Ludeman advised the membership that the minutes of the 2017 Annual Meeting were printed in the Annual Report. There was a motion to waive the reading of the minutes and to approve the minutes as presented and said motion unanimously carried.

President Ludeman advised the membership that in accordance with the Bylaws, the Board of Directors took action on December 18, 2017 to call a separate meeting of the members of each district for the purpose of selecting two persons as candidates for director in each District where a current director’s term will expire. The District Meetings were held on April 9, 2018; April 10, 2018; and April 12, 2018. The certified copy of the minutes of each of the District Meetings was ordered annexed to the minutes of the meeting.

President Ludeman indicated that it was time to elect directors that would represent the membership on the Cooperative’s Board of Directors. He advised the membership that the ballots were included in the material received when each member registered. The membership was advised that there was a ballot distributed to each member describing the individuals that were placed in nomination at the District Meetings. He advised the membership that if they reviewed pages 8 and 9 of their 2018 Annual Meeting Report they could read more about the candidates that were up for election.

President Ludeman introduced Cooperative Attorney, Michael W. Cable, and indicated that Mr. Cable has been the Cooperative’s Attorney for the last 23 years and will be handling the voting portion of the business meeting.

Cooperative Attorney, Michael W. Cable, thanked President Ludeman for introducing him and advised the members that there were District Meetings held for District One, District Two, and District Three for the purpose of selecting candidates to be presented at the Annual Meeting to be elected to serve on the Board of Directors for a 3 year term.

Mr. Cable advised the members that the procedure for determining these candidates is for the Nominating Committee to present for each District, candidates to be voted on at the Annual Meeting for the Board of Directors. Mr. Cable advised the members that there is also a petition process to allow additional candidates to be presented which would add additional candidates not presented by the Nominating Committee. Because of this procedure, the Bylaws were amended to prevent additional nomination for directors being made from the floor at the Annual Meeting.

The members were advised that the following individuals were nominated as candidates for the Board of Directors to serve for a three year term and to be elected at the Annual Meeting. Those individuals were asked to stand and were as follows:

**DISTRICTS**

<table>
<thead>
<tr>
<th>DISTRICT</th>
<th>CANDIDATES</th>
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</thead>
<tbody>
<tr>
<td><strong>DISTRICT ONE</strong></td>
<td>For Three Year Term</td>
</tr>
<tr>
<td></td>
<td>Mary Gunnink</td>
</tr>
<tr>
<td><strong>DISTRICT TWO</strong></td>
<td>For Three Year Term</td>
</tr>
<tr>
<td></td>
<td>Sandy Ludeman</td>
</tr>
<tr>
<td><strong>DISTRICT THREE</strong></td>
<td>For Three Year Term</td>
</tr>
<tr>
<td></td>
<td>Donna Stone</td>
</tr>
</tbody>
</table>

Mr. Cable asked that Secretary-Treasurer, Donna Stone, place in nominations those persons as the official candidates for election as directors and the Secretary-Treasurer placed them in the nomination.

Mr. Cable advised the members that normally the Directors are elected by a printed ballot voted on by the membership at the Annual Meeting. He indicated that this is the first year that he was aware of that only 1 candidate was presented for each District. He advised the members that there have been printed ballots distributed to all of them and will be used to vote by the members if a motion for acclamation is not approved by the members. Because there was no contested election in any District and no nomination can be received from the floor and the members can vote for all Directors, Mr. Cable asked for a motion to approve and confirm that Mary Gunnink serve on the Board from District One, Sandy Ludeman serve of the Board from District Two, and Donna Stone serve on the Board from District Three, for three year terms by acclamation of the members. Mr. Cable asked for a motion and motion was made and seconded to approve the election of each Director for each to hold office for a three year term until their successors have been elected and qualified. Said motion was approved by the members by voice vote. The members were advised that Mary Gunnink, Sandy Ludeman, and Donna Stone had been elected to serve a three year term or until their successors had been elected and qualified from District One, District Two, and District Three, respectfully.

Mr. Cable thanked the members for their participation and President Ludeman again took charge of the Annual Meeting.

President, Sandy Ludeman, thanked Cooperative Attorney, Michael W. Cable, for assistance for this year’s election concerning the election of directors. President Ludeman indicated that it was time for the Financial Report and it would be given by Vickie Rost, Manager of Finance and Administration. President Ludeman advised the members that Vickie Rost had been with Lyon-Lincoln Electric Cooperative, Inc. since 1973.

Vickie Rost, Manager of Finance and Administration, indicated that she would be reviewing the 2017 Financial Statement and pointed out that it was found on pages 10 and 11 of the 2018 Annual Meeting Report. The Cooperative’s Fiscal Year Audit covered the period June 1, 2016 through August 31, 2017. The Audit was performed by EideBailly – Certified Public Accountants, from Sioux Falls, South Dakota. The membership was advised that the Auditors gave a favorable report to the Board regarding the financial position of the Cooperative. The Cooperative this past year had a total of 91,766,000 kWh sales. This is an increase of 461,000 kWh sales for 2017 as compared to 2016. The total operating revenue
for 2017 was $10,566,000.00. The operating margins for the year 2017 were $11,800,000.00. This is the amount that the Cooperative earned providing electric service to the membership. The Cooperative also had margins of $431,000.00 allocated from East River Electric Power Cooperative, Inc., those funds are paid to the membership. It was indicated that this was just an allocation on the books of Lyon-Lincoln Electric Cooperative, Inc. and it is not a cash payment received. When the Cooperative actually receives a cash payment from East River Electric Power Cooperative, Inc., those funds are paid to the membership. It was indicated that this Cooperative had margins of $56,000.00 allocated from other associated organizations such as CFC, CoBANK (our lending institutions), Federated Rural Electric Insurance, RESCO (the material supplier), and NRTC. The total margins for the year 2017 were $804,000.00. Ms. Rost noted that on page 11 of the Annual Report that it was indicated the Net Utility Plant of the Cooperative is shown as having a value of $21,820,000.00. The Cooperative also has a total Margin and Equity balance of $13,875,000.00. This is the amount allocated, but not retired, to the membership and each member’s balance account. President’s February Energy Bill that was mailed out to each member. The total Capital Credit Retired in December 2017 was $336,000.00. Lyon-Lincoln Electric Cooperative, Inc.’s portion of the refund was $306,000.00 and East River Electric Power Cooperative, Inc.’s portion was $30,000.00. The total Assets and Liabilities for the Cooperative were $31,480,000.00. Ms. Rost then closed the Financial Report and asked if there were any questions. President Ludeman thanked Vickie Rost for giving the Financial Report.

President Ludeman advised the members that General Manager, Timothy O’Leary, and himself would be giving a joint report. He introduced General Manager, Timothy O’Leary, and indicated that Mr. O’Leary has been the Cooperative’s manager since 2002. He also noted that at the time of the members’ meeting the Cooperative was in the process of developing a strategic plan to replace lines that were storm damaged. The underground lines are a little newer and that 120 miles were installed in the 1970’s and 1980’s. The Cooperative is currently working on replacing these lines, but the Cooperative may look at speeding this process up. Total cost to replace 120 miles of underground is around $8m in today’s value. Therefore if the Cooperative had the time, man power and dollars, the Cooperative would like to replace its 1950’s and 1960’s overhead lines and its 1970’s and 1980’s underground lines for around $40M.

General Manager, Timothy O’Leary, advised the members that he knows that there will be upward pressure on rates due to interest costs, inflation, regulation, legislation and wholesale power cost increases, so it will be necessary to figure out how the Cooperative can minimize the cost to replace while limiting the impact on rates. As the Cooperative works on how it is going to replace the aging system, the Cooperative wants to make sure that they have all the information the members need to make an informed decision.

President Ludeman indicated that this year’s Annual Meeting theme was “Member Owned, Member Focused” and the report that was to be given by President Ludeman and Mr. O’Leary would look at how the Cooperative is identifying and focusing on the needs of the membership. The members were advised that last year President Ludeman shared with them the quote from Basin Electric’s CEO Paul Sukut. Mr. Sukut summed it up nicely on why cooperativeism works. He wrote, “We Exist to Serve Our Members, and, we serve them by improving their quality of life. That can come in a variety of forms: Reliable, Low Cost Power; Providing Innovative Solutions to Challenges; Building Communities and Filling the Gaps where we see the needs and so much more.” President Ludeman indicated that this year’s theme into the Cooperative’s Mission to Provide Reliable Electricity and Services to Enhance the Quality of Life in the Rural Communities. The Board of Directors and employees of the Cooperative used these thoughts as they went through a strategic planning session to look at the current and future issues important to the membership. They were able to identify 3 key areas during the planning session and President Ludeman and General Manager, Timothy O’Leary, would be touching on them in the report given.

President Ludeman indicated the three areas that were able to be identified and to which the Board and employees were able to arrive at a quick agreement on. The three areas include: developing a plan to accelerate replacement of the Cooperative’s oldest utility plant with a focus on reliability while balancing the financial impact on the membership, creating a plan that focuses on members and member’s education and communication, and developing a plan that focuses on new and emerging technologies. The Cooperative’s employees have broken into groups and are currently developing plans to address the three strategic areas and the Board will act on them at their July Board Meeting.

General Manager, Timothy O’Leary, indicated to the members that system replacement and reliable service are important to the Cooperative and its members and is an ongoing discussion at the Cooperative. As the Cooperative comes to the end of its current 4 year construction plan, the Cooperative needed to look at completing a long range engineering plan and as a part of that plan there was completed a system aging report that would help identify the older parts of the 1,640 mile distribution system. The system aging report identified that 907 of the 1,065 miles of overhead lines were built in the 1950’s and 1960’s. To replace 907 miles of overhead would cost a little over $32M in today’s value. The $32M does not count all of the other projects that come up each year as members upgrade and expand their own services. It is also necessary for the Cooperative to replace lines that were storm damaged. The underground lines are a little newer and that 120 miles were installed in the 1970’s and 1980’s. The Cooperative is currently working on replacing these lines, but the Cooperative may look at speeding this process up. Total cost to replace 120 miles of underground is around $8m in today’s value. Therefore if the Cooperative had the time, man power and dollars, the Cooperative would like to replace its 1950’s and 1960’s overhead lines and its 1970’s and 1980’s underground lines for around $40M.

General Manager, Timothy O’Leary, advised the members that he knows that there will be upward pressure on rates due to interest costs, inflation, regulation, legislation and wholesale power cost increases, so it will be necessary to figure out this cost so as to minimize the cost to replace while limiting the impact on rates. As the Cooperative works on how it is going to replace the aging system, the Cooperative is moving forward with its next 4 year construction work plan, the Cooperative needed to look at completing a long range engineering plan and as a part of that plan there was completed a system aging report that would help identify the older parts of the 1,640 mile distribution system. The system aging report identified that 907 of the 1,065 miles of overhead lines were built in the 1950’s and 1960’s. To replace 907 miles of overhead would cost a little over $32M in today’s value. The $32M does not count all of the other projects that come up each year as members upgrade and expand their own services. It is also necessary for the Cooperative to replace lines that were storm damaged. The underground lines are a little newer and that 120 miles were installed in the 1970’s and 1980’s. The Cooperative is currently working on replacing these lines, but the Cooperative may look at speeding up that process as well. Total cost to replace 120 miles of underground is around $8m in today’s value. Therefore if the Cooperative had the time, man power and dollars, the Cooperative would like to replace its 1950’s and 1960’s overhead lines and its 1970’s and 1980’s underground lines for around $40M.

General Manager, Timothy O’Leary, advised the members that they have all the information they need to make an informed decision.

President Ludeman indicated that the second key area of the strategic plan deals with creating a plan that focuses on member and employee education and communication. This area matches up with the 5th Cooperative Principle of Education, Training and Information. The Cooperative provides educational opportunities and information to its members through the monthly newsletter, website, Facebook page, SmartHub, district meetings, annual meetings and other daily interactions with the membership. However, the Cooperative still gets asked to look at things it can improve its relationships with the membership. It is the Cooperative’s desire to make sure that the members are getting updates on the Cooperative and want to ensure that the Cooperative is their “trusted energy advisor”.

President Ludeman asked that the members contact the Cooperative if they have questions about their usage, cooperative conservation and efficiency programs, or distributed generation. In each of these situations, the Cooperative wants to make sure that the members have all the information they need to make an informed decision.

General Manager, Timothy O’Leary, indicated that making informed decisions is one of the reasons the Cooperative became a 5 Star member of the Co-ops Vote program. This program was started by the National Rural Electric Cooperative Association in 2016. The initiative was started to get rural America re-engaged in the election process. The Cooperative wants its elected officials to understand the Cooperative’s issues and let them know that they need to listen to the concerns. It was indicated that in 2018 the Cooperative members will have the opportunity to vote on local races, representatives for the Minnesota House, a new governor, two US Senators, and a representative to serve in the US Congress.

President Ludeman indicated that the third key area identified during the strategic planning session was to develop a plan that focuses on new and emerging technologies. The Cooperative has been working on this area over the last few years when a small solar array at the Cooperative was installed and the Cooperative switched to a new software provider. One project was a demonstration project that allows us to answer questions for the membership about the installation of solar and the other allows the Cooperative to provide more information to the membership on how they are using electricity each month.

General Manager, Timothy O’Leary, indicated that as the Cooperative moves forward, the Cooperative will be looking at new and emerging technologies as possible demonstration projects or as a supplement to the current programs. Projects that (continued on page 8)
may be looked at deal with electric vehicles, bat-
teries, generators and updated load management
receivers. With each project it will be necessary
to look at rates that will support the development
of these types of loads, the cooperative will be looking
at adding new green energy rates, electric vehicle
charging rates and new load management rates.
There seems to be a trend when it comes to elec-
tricity and it is being called beneficial electrification.
There is also a reference to fuel switching. With
more electric generation coming from renewable
sources, there is a belief that more electricity will
be used to power the economy. This area of the stra-
egic plan will allow us to learn more about these
technologies and how to plan for their addition.

General Manager, Timothy O’Leary, indicated
that the last item he wanted to visit with the membership
was safety. Safety is the number one priority at the
Cooperative. Electricity is very dangerous and it is
the desire of the Cooperative to make sure that the
employees have the necessary personal protective
equipment and provide them with a safe working
environment. The employees play a role in this ef-
fort as they are responsible for looking out for their
fellows employees and for identifying unsafe work
conditions. General Manager, Timothy O’Leary, ad-
vised the membership that there was another part
of the Cooperative family and it is our desire
to make sure that they can identify unsafe situations
as well. To help the Cooperative out in this area it
has joined the Minnesota Safety Council, the state-
wide safety programs, and the Energy Education
Council’s Safe Electricity Program.

General Manager, Timothy O’Leary, indicated
several months before the Annual Meeting, Molly
Hall from SafeElectricity visited the shop to work
on the campaign for 2018. This year’s campaign
deals with distracted driving and General Manager,
Timothy O’Leary, advised the membership that the
crews of the Cooperative experienced a very
scary situation in the fall of 2017. The crews were
working on County Highway 1 and they had all
their crew working signs properly placed in and
around the work zone, when a truck went through
their work zone and caught the bottom electric line.
The cable tightened and nearly struck several of the
employees that were working. Fortunately, the cable
snapped before causing more damage. The driver
of the truck did not stop and probably never knew
that he caught the line because he wasn’t paying
attention. A couple of crew members worked with
Molly Hall and Bob Gale to provide interviews for
this year’s video campaign. General Manager,
Timothy O’Leary, asked that the members please
slow down and pay attention when they enter into
a work zone.

President Ludeman indicated that concerning this
year’s distracted driving campaign the members
will see at least one and most likely two articles in
the monthly newsletter that addresses safety topics
and the Cooperative will try to time them so that
they are more effective. In the spring the Cooper-
ative runs articles that deal with farm safety as its
members start their spring planting. The Cooper-
ative wants to make sure that the members are
paying attention to their surroundings so they don’t
come into contact with the power lines. Another
common article deals with dialing 811 to have un-
derground facilities located when the members are
digging on their property. We want to make sure
that the members have the information they need
to make safe decisions while working with and
around electricity. Along with newsletter articles the
members can visit the Cooperative’s website and
click on the Cooperative’s Safe Electricity member-
ship badge and the members will be able to access
the website where they can find numerous safety
resources.

President Ludeman indicated to the members
that as they have heard this evening the upcom-
ing initiatives provide the Cooperative with many
opportunities and challenges, but it is believed
that with an engaged membership the challenges
will be able to be met head on. On behalf of the
Board of Directors and employees of the Cooper-
ative, President Ludeman, thanked the membership
for its continued support, trust and confidence that
they have shown over the first 79 years and for
many more. President Ludeman then asked if there
were any questions.

General Manager, Timothy O’Leary, advised the
membership that Lyon-Lincoln Electric Cooperative,
Inc. members have participated in the Operation
RoundUp® Program since September of 1998. He
advised the membership that those members who
have allowed their electric bills to be rounded up
to the next dollar each month have agreed to have
those funds used to help fund community projects
and charities. The Operation RoundUp® Funds are
controlled through the Lyon-Lincoln Electric
Trust, Inc. a non-profit corporation governed by a
nine-person Board of Trustees that is appointed by
the Board of the Cooperative. The current Board
of Trustees include: President Joe Buyck; Vice-Pre-
ident Sonja Bush; Secretary Pam Wiering; Treasurer
Colleen Nelson; Harvey Silte; Faith Olson; Ron
Madson; Jerry Hubner; and Elizabeth Taylor.

General Manager, Timothy O’Leary, thanked
Faith Olson for serving on the Board for the last 6
years. The Trustees meet quarterly to review and
approve qualifying grant applications. Highlights
for 2017 include the approval of 31 grants for a
total of $24,850.00 and awarding $3,000.00 in
scholarships and grants totaling $398,836.98. The
Operation RoundUp® Program has helped countless people in the Cooperative’s
service area. General Manager, Timothy O’Leary,
indicated that he wanted to take this opportunity
to recognize the 2018 Operation RoundUp®
and Basin Electric Scholarship recipients. First, the
Operation RoundUp® recipients who are area
students that will receive a $500.00 scholarship and
they are as follows:

• From the Canby High School, Jenna Houseman,
dughter of Darren and Jessica Houseman. Jenna
was unable to attend the meeting and she plans
to enroll at SMSU in the fall.
• From the Tracy Area High School, Katlyn Wiehe,
dughter of Allen and Brenda Wiehe. Katlyn is
currently on a Close-Up trip to Washington DC
through her high school Geography class. She
plans to attend the University of South Dakota in
the fall.
• From the RTR High School, Johanna Nielsen,
dughter of Roxanne and Bruce Nielsen. Johanna
is currently on a class trip to Europe and was
unable to attend the Annual Meeting. She plans
to attend South Dakota State University in the fall.
• From Marshall High School, Morgan Radel,
dughter of Kelli and Dan Radel. Morgan plans
to attend the University of Minnesota Duluth in
the fall.
• From Minnesota High School, Hunter Fier, son
of Brian and Sara Fier. Hunter plans to attend
Minnesota State University Mankato in the fall.

General Manager, Timothy O’Leary, indicated that
the Cooperative in conjunction with the power
supplier Basin Electric Power Cooperative, Inc. was
able to present an additional $1,000.00 scholar-
ship to Jacob Fischer, who attended RTR High
School, son of Alan and Cheryl Fischer. Jacob
was unable to attend the Annual Meeting as he is
on a class trip to Europe. Jacob plans to attend
Mitchel Technical Institute in the fall. An additional
$1,000.00 scholarship was awarded to Brooklyn
Downing, from Minnesota High School, daughter
of Dan and Cheryl Downing, Brooklyn plans to attend
South Dakota State University in the fall.

General Manager, Timothy O’Leary, on behalf of
Operation RoundUp® and the numerous grant
and scholarship recipients wanted to thank the
members for their continued support of the Opera-
tion RoundUp® program.

President Ludeman thanked Timothy O’Leary for
his Operation RoundUp® and Scholarship Report
and indicated that he wanted to give special thanks
to the following groups and individuals for helping
to make the 79th Annual Meeting of Lyon-Lincoln
Electric Cooperative, Inc. a success:

• Lincoln County Pork Producers for preparing
the pork chops for the meal tonight.
• The Country House of Lake Benton for prepar-
ing and serving the sides for tonight’s meal.
• Buzzy Olson for the use of his trailer for tonight’s
stage.
• East River Electric Power Cooperative, Inc. and
Bob Gale for the use of the Audio and Visual
Equipment.
• The Cooperative Employees and all Directors.
• And last but not least, all of the member-owners
of Lyon-Lincoln Electric Cooperative, Inc.

President, Sandy Ludeman, asked for any Old Busi-
ness and there was none.

President, Sandy Ludeman, asked for any New Busi-
ness and there was none.

President, Sandy Ludeman, congratulated Mary
Gunnink and Donna Stone on their election to
the Board from District One and District Three,
respectively. President Ludeman indicated that there
would be an Organizational Meeting that would
take place at the regular Board Meeting to be held
on June 25, 2018.

There being no further business to come before the
Annual Meeting a motion was made, seconded
and carried to adjourn.

Secretary/Treasurer

Approved:

President
Director Candidates
Individuals Seek Place on Board of Directors

**District 1 – 3 Year Term**

**Kathleen Schreurs – District 1**
Kathleen Schreurs, from rural Tyler, is a candidate for director for the Lyon-Lincoln Electric Cooperative board from District 1. Kathleen and her husband, David, have four grown children, Kari, Ryan, Tony and Jon.

Kathleen retired as the Lincoln County Auditor after holding the position for 16 years. David and Kathleen have owned and lived on their farm for the past 45 years in Lake Stay Township in Lincoln County where they raised their four children. Kathleen enjoys family activities, camping, golfing, gardening and history.

Kathleen feels that electricity is a very important part of every person’s life. It has many facets that help connect us with the rest of the United States and the Nation. We often take for granted the impacts electricity has on our daily lives. The electric cooperatives have also made major strides over the past years in helping to promote the benefits of working towards clean energy.

Kathleen has worked for the people of Lincoln County as the County Auditor preparing financial statements and budgets. She also worked in the areas of administration, property taxes, human resources, valuations, technology, elections, state statues, laws, bonding and permitting. She has also worked with the cities, townships, county commissioners, legislators and offices of the Secretary of State and State Auditor. Kathleen’s husband David is semi-retired. Their children, spouses and grandchildren live and work in Lyon and Lincoln Counties. The cooperatives will continue to be an important piece of their lives. Kathleen believes that her experiences as County Auditor, Co-op Director and life experiences have prepared her to represent the Lyon-Lincoln Electric Cooperative as a Co-op Director. She feels we have a strong cooperative with many talented and dedicated employees. Thank you for your continued support of the Lyon-Lincoln Electric Cooperative.

**Tony McChesney – District 1**
Tony McChesney, from rural Coon Creek Township is a candidate for director for the Lyon-Lincoln Electric Cooperative board from District 1. Tony and his wife Chris have two grown children, Jared and Amy.

Tony is a Master Plumber for Bisbee Plumbing and Heating, based in Marshall.

Tony previously served the community for seven years as a member of the RTR School Board. He had to step down when job responsibilities became too great to put in the time that was needed for that board position.

In his free time Tony enjoys many hobbies and interests, including hunting, fishing, golfing, and plays on a pool team out of Russell. He also enjoys playing poker.

Tony has past experience as a business owner, having owned and operated his own company for nearly 20 years. With the downturn in the economy he went to work for Bisbee. There was some adjustment, but he learned to overcome adversity and thinks that experience would be an asset as a cooperative director. Having a construction background and being able to think on your feet and solve problems in the shortest amount of time will help as well. Time is money, whether you are doing a project or hiring it done.

Tony feels that this would be a good opportunity to better himself and this community and he would appreciate your support.

**District 2 – 3 Year Term**

**James Rokeh – District 2**
James Rokeh, from rural Minneota is a candidate for director for the Lyon-Lincoln Electric Cooperative board from District 2. James and his wife Helen have two children, Jon and Jason.

James previously worked at the Marshall Lyon County Library for 18 years as the Plum Creek Library Bookmobile driver. James also worked at Lyon-Lincoln Electric Cooperative for 16 years as the Material Clerk. He retired 6 years ago and is happy to have more time at home where he has lived with his wife Helen since 1972.

James served as a member of the Minneota Public School Board from 1992-1998 and has been an active member of American Legion Post 460 in Russell, MN since 1971. James also serves on the Marshall Area Senior Citizens Board since 2017.

James likes to spend time with his Minnesota grandchildren often and with the New Hampshire grandchildren when he has the opportunity. He enjoys traveling and playing cards of almost any kind. During the summer, he and Helen like to go camping and grill out.

Lyon-Lincoln Electric’s mission is to provide reliable electricity and needed services to enhance the quality of life in our rural communities. James firmly believes that the directors and all the employees made a daily commitment to strive to attain this goal the 16 years he was part of the team. Since his time in the US Air Force, he has been sold on accomplishments possible as a team. As a director, James feels that making and reviewing policies is an important responsibility. We have a monthly meeting to review the financial statements and get reports from the department heads. As a director, he feels that safety is always a priority. James feels he has a good, basic knowledge in most areas from attending several director training classes. Thank you for your support.
**Merv Anderson – District 3**

Merv Anderson lives on a farm in Marble Township, and has three adult sons. Merv is retired from farming and does crop insurance adjusting which allows him the 30 to 40 days necessary to spend each year at REA meetings, conventions, director training and in meetings with state and national legislators to keep up with changes in the electric and energy industries. Merv is a life member of Porter American Legion and Canby VFW. Some other community involvement includes past adjutant and commander at Porter American Legion, president of Porter Town and Country Club, part of the Porter March of Dimes committee for over 30 years, and Lincoln County Crop improvement member and director. He has also served on board of trustees, vice president and president of the congregation and has been an usher for several years at Bethel Lutheran Church. He is a former member of American soybean growers and helped start the Lincoln County Soybean Growers Association. Merv enjoys playing cards, working in the farm shop, walking in the creek pasture and spending time with family and friends. Merv currently serves on the Lyon-Lincoln Electric Board of Directors and has taken a lot of training courses during his years on the Board and would like to continue serving to make use of his training. If re-elected he plans to continue monitoring the changes in the industry and devoting the time needed to make informed decisions to help Lyon Lincoln Electric Co-op provide member owners with affordable electricity and other services needed in the area.

**Barry Gronke – District 3**

Barry Gronke, from Limestone Township in Rural Ivahnoe is a candidate for director for the Lyon-Lincoln Electric Cooperative board from District 3. Barry and his wife Jessica (Bednarek) have four children, Trey, Tyler, Tiffany and Trevor. 

Barry is an Attorney for the firm of Stoneberg, Giles and Stroup P.A. in Marshall. In addition to his work as an attorney, Barry has spent the past 14 years volunteering with Junior Achievement where he presents lessons to elementary students about the importance of local economy, entrepreneurship, education, budgeting, and staying involved in your community and government. Barry also served on the Board of Directors for Junior Achievement and served two terms as its president.

Barry previously served on the Hope Lutheran Church Council, including a term as vice president and one as president. He also served on the Hope Lutheran Church Scholarship Committee, the United Way of Southwest Minnesota Board of Directors, and is an active volunteer with the Marshall Noon Rotary. Barry also serves on various athletic boards for his children’s activities.

Barry spends most of his free time attending his kid’s various activities. The Gronke children are involved in football, wrestling, basketball, softball and baseball in Minneota. When not cheering on his favorite athletes, he enjoys spending time with family and friends as well as enjoying various watersports and relaxation at Lake Hendricks.

When asked to tell members why he would make a good co-op director, Barry replied “During my time as a director for other organizations, I have learned that tradition and change each have a place in any organization. While we should not let go of our history and the traits that differentiate us in the market place, we must always be consciously looking forward to improving our organization. Advances in technology and new ideas regarding how we conduct business must constantly be considered without forgetting our core traditions and values. Meaningfully improving our organization with new technologies and ideas while preserving our identity and values can help the Lyon-Lincoln Electric Co-op become an even greater asset to our businesses, households, and communities.

While our co-op is a tremendous organization, every organization has room for improvements and efficiencies. Working together I feel that we can identify efficiencies and use new technologies and ideas to make Lyon-Lincoln Electric Co-op the best electric co-op. As a director I will work diligently to achieve this goal and actively advocate for members in District 3 and all of our service area.”
Statement Of Revenue And Expenses
December 31, 2018 (Unaudited)

REVENUE
OPERATING REVENUE ......................... $10,566,274 $ 11,038,909

OPERATING EXPENSES
Cost of Purchased Power ...................... $ 6,313,705 $ 6,363,624
Operations Expense ........................... $ 492,474 $ 459,671
Maintenance Expense .......................... $ 576,781 $ 640,141
Customer Accounts Expense ................ $ 208,252 $ 203,069
Customer Service & Information ............ $ 248,803 $ 289,449
Administrative & General Expense ........... $ 995,735 $ 1,075,064
Depreciation Expense ......................... $ 913,334 $ 940,875
Interest on Long-Term Debt.................... $ 666,868 $ 628,722
Other Deductions ................................ $ 31,978 $ 43,107
TOTAL OPERATING EXPENSES ................ $10,447,930 $ 10,643,722

MARGINS
Net Operating Margins ........................ $ 118,344 $ 395,187
Non-Operating Margins ....................... $ 198,282 $ 185,019
East River Capital Credits ...................... $ 431,359 $ 1,000,382
Other Capital Credits ......................... $ 55,961 $ 72,648
TOTAL MARGINS ...................................... $ 803,946 $ 1,653,236

Where Your Dollar Was Spent

- Operating Margins – 4%
- Depreciation – 8%
- Interest – 6%
- Variable Expenses 24%
- Cost of Power 58%
### Comparative Balance Sheet
December 31, 2018 (Unaudited)

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utility Plant in Service</td>
<td>$32,180,002</td>
<td>$33,318,142</td>
</tr>
<tr>
<td>Less: Reserve for Depreciation</td>
<td>$10,359,486</td>
<td>$11,010,429</td>
</tr>
<tr>
<td><strong>NET UTILITY PLANT</strong></td>
<td><strong>$21,820,516</strong></td>
<td><strong>$22,307,713</strong></td>
</tr>
<tr>
<td>Investments in Subsidiary Companies</td>
<td>$142,807</td>
<td>$143,486</td>
</tr>
<tr>
<td>Investments in Assoc. Organizations</td>
<td>$6,600,888</td>
<td>$7,385,713</td>
</tr>
<tr>
<td>Investments in Economic Development Projects</td>
<td>$75,010</td>
<td>$75,010</td>
</tr>
<tr>
<td>Other Investments</td>
<td>$5,368</td>
<td>$5,522</td>
</tr>
<tr>
<td>Special Funds</td>
<td>$300,000</td>
<td>$300,000</td>
</tr>
<tr>
<td><strong>TOTAL OTHER PROPERTY &amp; INVESTMENTS</strong></td>
<td><strong>$7,124,073</strong></td>
<td><strong>$7,909,731</strong></td>
</tr>
<tr>
<td>Cash - General Funds</td>
<td>$186,455</td>
<td>$215,730</td>
</tr>
<tr>
<td>Temporary Investments</td>
<td>$285,841</td>
<td>$822,450</td>
</tr>
<tr>
<td>Accounts Receivable - Energy</td>
<td>$987,918</td>
<td>$999,668</td>
</tr>
<tr>
<td>Accounts Receivable - Other</td>
<td>$43,994</td>
<td>$42,943</td>
</tr>
<tr>
<td>Materials &amp; Supplies</td>
<td>$504,278</td>
<td>$397,594</td>
</tr>
<tr>
<td>Interest Receivable</td>
<td>$4,590</td>
<td>$4,590</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT &amp; ACCRUED ASSETS</strong></td>
<td><strong>$2,013,076</strong></td>
<td><strong>$2,482,975</strong></td>
</tr>
<tr>
<td>Deferred Debits</td>
<td>$524,590</td>
<td>$490,641</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS AND OTHER DEBITS</strong></td>
<td><strong>$31,482,255</strong></td>
<td><strong>$33,191,060</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership Fees</td>
<td>$19,970</td>
<td>$19,580</td>
</tr>
<tr>
<td>Patronage Capital</td>
<td>$13,243,094</td>
<td>$14,319,350</td>
</tr>
<tr>
<td>Other Equities</td>
<td>$611,872</td>
<td>$654,656</td>
</tr>
<tr>
<td><strong>TOTAL MARGINS &amp; EQUITIES</strong></td>
<td><strong>$13,874,936</strong></td>
<td><strong>$14,993,586</strong></td>
</tr>
<tr>
<td>Long-Term Debt, RUS</td>
<td>$10,115,230</td>
<td>$10,131,611</td>
</tr>
<tr>
<td>Long-Term Debt, CFC</td>
<td>$6,042,091</td>
<td>$5,607,041</td>
</tr>
<tr>
<td><strong>TOTAL LONG TERM DEBT</strong></td>
<td><strong>$16,157,321</strong></td>
<td><strong>$15,738,652</strong></td>
</tr>
<tr>
<td>Accumulated Operating Provisions</td>
<td>$85,287</td>
<td>$81,770</td>
</tr>
<tr>
<td><strong>TOTAL OTHER NONCURRENT LIABILITES</strong></td>
<td><strong>$85,287</strong></td>
<td><strong>$81,770</strong></td>
</tr>
<tr>
<td>Notes &amp; Accounts Payable</td>
<td>$668,603</td>
<td>$1,651,631</td>
</tr>
<tr>
<td>Consumers Deposits</td>
<td>$33,610</td>
<td>$31,310</td>
</tr>
<tr>
<td>Other Current and Accrued Liabilities</td>
<td>$361,367</td>
<td>$392,975</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT &amp; ACCRUED LIABILITIES</strong></td>
<td><strong>$1,063,580</strong></td>
<td><strong>$2,075,916</strong></td>
</tr>
<tr>
<td>Deferred Credits</td>
<td>$301,131</td>
<td>$301,136</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td><strong>$31,482,255</strong></td>
<td><strong>$33,191,060</strong></td>
</tr>
</tbody>
</table>
## Comparative Operating Statistics

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Number of Members Per Month</td>
<td>3,931</td>
<td>3,917</td>
</tr>
<tr>
<td>Average Bill Per Member Per Month</td>
<td>$218.96</td>
<td>$233.87</td>
</tr>
<tr>
<td>Average Number of KWH Used Per Month</td>
<td>1,945</td>
<td>2,116</td>
</tr>
<tr>
<td>Average KWH Price Paid By Member</td>
<td>$0.1126</td>
<td>$0.1105</td>
</tr>
<tr>
<td>Kilowatt-hours Sold</td>
<td>91,766,240</td>
<td>99,462,710</td>
</tr>
<tr>
<td>Kilowatt-hours Purchased</td>
<td>97,780,427</td>
<td>104,192,175</td>
</tr>
<tr>
<td>Capital Credits Average Per Member</td>
<td>$204.51</td>
<td>$422.07</td>
</tr>
<tr>
<td>Investment In Plant Per Service</td>
<td>$8,186.21</td>
<td>$8,506.04</td>
</tr>
<tr>
<td>Miles of Distribution Line</td>
<td>1,666</td>
<td>1,667</td>
</tr>
<tr>
<td>Members per Mile of Line</td>
<td>2.36</td>
<td>2.35</td>
</tr>
</tbody>
</table>

## Capital Credits Refunded

- **2015**: 438.7 Thousands
- **2016**: 444.9 Thousands
- **2017**: 469.8 Thousands
- **2018**: 574.9 Thousands

## Lyon-Lincoln Electric Cooperative District Map

### District #1
- Larry Steen
- Alta Vista

### District #2
- Sandy Ludeman
- Island Lake

### District #3
- Scott Johnson
- Kathleen Schreurs
- Lake Stay

*Term expires in 2019*
Lyon-Lincoln Electric Cooperative members have participated in the Operation RoundUp® program since September 1998. Cooperative members allow their electric bills to be rounded up to the next dollar each month with the odd cents going to help fund community projects and charities. Our member-owners have responded with open minds and hearts to the Operation RoundUp® program.

The Operation RoundUp® funds are controlled through the Lyon-Lincoln Electric Trust, Inc., a nonprofit corporation governed by a nine-person Board of Trustees that is selected from the cooperative’s member-owners. The current board of trustees include: President Joel Buyck, Vice-President Sonya Bush, Secretary Pam Wiering, Treasurer Colleen Nelson, Elizabeth Taylor, Harvey Syltie, Jerry Hubner, Ron Madsen and Curtis Blumeyer. The trustees meet quarterly to review and approve qualifying grant applications.

Highlights for 2018 include the approval of 33 grants for a total of $23,700.00 and awarding $2,500.00 in scholarships. A list of 2018 grant recipients can be found in your annual meeting booklet. Since September 1998, the Trust Board has disbursed scholarships and grants totaling $425,036.98. The Operation RoundUp® program has helped countless people in the cooperative’s service area.

The generosity and community spirit of Lyon-Lincoln Electric Cooperative member-owners rounding up their bill each month makes this program work. For an average of 50 cents a month, or $6.00 a year, participants are part of a very large community-wide program. In 2004, the Operation RoundUp® Fund was awarded the East River Cooperative Service Award. The award recognizes the Operation RoundUp® Program for its commitment to the community.

On behalf of the Operation RoundUp board and the numerous grant recipients, I would like to thank the membership for their continued support of this program.

Grants Made........ Amount in 2018
American Red Cross ........................................ 500.00
Canby Post Prom .............................................. 100.00
Jr. Achievement of Lincoln County .................. 500.00
Minneota Post Prom Committee ....................... 100.00
The Salvation Army .......................................... 500.00
True Friends .................................................. 1,000.00
United Way of SW MN ....................................... 1,000.00
Balaton Ambulance Service ................................ 1,000.00
Balaton Fire Department .................................... 1,000.00
Kindred Family Focus ....................................... 500.00
Lincoln County Fair .......................................... 1,000.00
Lynd Public School .......................................... 100.00
Lyon County Special Olympics ......................... 1,000.00
Marshall Area YMCA ......................................... 500.00
Women’s Rural Advocacy Programs, Inc. ............ 500.00
Lyon Lincoln County 4-H Engineering Club .......... 200.00
Tyler Legion Post .............................................. 600.00
Child Care & Nutrition, Inc. ............................. 1,000.00
Jr. Achievement of Lyon County ......................... 1,000.00
Muscular Dystrophy Association ....................... 2,000.00
Russell Volunteer Fire Department ..................... 1,000.00
Tracy Ambulance Service ................................... 500.00
We Care For Kids ............................................. 1,000.00
Arco Volunteer Fire Department ......................... 500.00
Ghent Parks & Recreation Assn. ....................... 500.00
Junior Achievement of Lincoln County ............... 500.00
Lake Benton Opera House .................................. 1,000.00
Minneota First Responders ................................. 1,000.00
Pioneer Public Television ................................... 1,000.00
Prairie Five C.A.C., Inc. .................................... 500.00
Prairie Home Hospice & Community Care .......... 1,000.00
RTR After Prom Committee ................................ 100.00
SWWC Service Cooperative ................................. 1,000.00

Total Grants Made .......... $23,700.00

Year 2018 Operation RoundUp® Scholarship Winners
Hunter Fier ...................................................... Minneota High School
Jenna Houseman ............................................. Canby High School
Morgan Radel ................................................ Marshall High School
Johanna Nielsen ............................................. RTR High School
Katlyn Wieme ................................................ Tracy Area High School

“A Little Change Can Truly Make A Big Difference!”

Lyon-Lincoln Electric Trust, Inc.
Board of Directors

JOEL BUYCK, PRESIDENT
SONYA BUSH, VICE-PRESIDENT
PAM WIERING, SECRETARY
COLLEEN NELSON, TREASURER
ELIZABETH TAYLOR, DIRECTOR
HARVEY SYLTIE, DIRECTOR
JERRY HUBNER, DIRECTOR
RON MADSEN, DIRECTOR
CURTIS BLUMEYER, DIRECTOR
RENEWABLE ENERGY CREDIT (REC) PROGRAM

SHOWCASE YOUR SUPPORT FOR RENEWABLE ENERGY

Sign up for Lyon-Lincoln Electric’s REC program and showcase your support for renewable energy.

Contact us to learn more!
507.247.5505
eemail@llec.coop

FREQUENTLY ASKED QUESTIONS

What is a Renewable Energy Credit (REC)? 1 megawatt hour produced by a renewable energy source equals 1 REC. RECs are also called Green Tags and they represent the valuable renewable attributes of wind energy.

Do I need to purchase any special equipment? No special equipment is needed. Lyon-Lincoln Electric will fulfill all your electric needs while you enjoy the benefits of powering your business with renewable energy.

Where do RECs come from? Our RECs come from several wind farms in our region that supply renewable energy to our cooperative.

How much does it cost to power my home or business on 100% renewable energy? $1 per MWh. Example: If you use 1200 kWh per month, participating in the REC program would add $1.20 + tax to your monthly bill.

POWER YOUR HOME OR BUSINESS ON 100% RENEWABLE ENERGY

We’re excited to help you reach your business’s renewable energy goals! After signing up for our REC program, you’ll receive a REC certificate and other promotional materials that you can showcase to your business’s customers.

Lyon-Lincoln Electric is an equal opportunity provider & employer.
Be Sure to Attend Your ANNUAL MEETING.