

# UNITY of PURPOSE

## RURAL ELECTRIC CONVENIENCE COOPERATIVE ANNUAL MEETING REPORT



When Rural Electric Convenience Cooperative was organized on September 6, 1936, "unity of purpose" ultimately made it possible to bring electricity to the rural areas of central Illinois. The odds were against success, but farmers banded together and weathered the storms to go door to door and collected \$5 from each new co-op member. These early RECC pioneers worked hard to build the infrastructure necessary to bring light to the rural areas.

Unity of purpose has provided a firm foundation on which the cooperative business model has thrived. With more than 900 electric cooperatives strong, the rural electric program is the largest electric utility in the country, which carries significant clout with elected officials.

### Cooperative Action Network

Through relationships with members of Congress and the state legislature, our local co-op leaders and representatives from the National Rural Electric Cooperatives Association (NRECA) and the Association of Illinois Electric Cooperatives (AIEC) work together to find common ground on such issues as the environment, safety and the electric grid.



**Jimmy Ayers**  
Board Chairman



**David Stuva**  
President/CEO

The Cooperative Action Network assures members they have a voice with political issues involving their co-op. Action.coop, the NRECA's portal for collecting comments on these issues, is a way for members to band together and make their collective voices heard. In 2014, cooperative advocates sent more than one million comments to the EPA in opposition of the proposed new source performance standards rule regulating new power plants.

### RECC Legislative Days

RECC's Board of Directors works hard to stay informed and involved. On March 10 and 17, 2015, the Board met with our Illinois Representatives and Senators, who represent members in our five-county service territory. With many looming issues ahead, we look forward to continued cooperation with our elected delegation in promoting the well-being of farms, businesses and residents in central Illinois.

On May 5, 2015, Directors Cassie Eigenmann and Thom Hart met with Senators Dick Durbin and Mark Kirk. Directors Eigenmann and Hart were participating in the annual Legislative Conference sponsored by NRECA. The U.S.

House was unfortunately not in session that week, so the AIEC delegation met with the energy assistants and legislative directors for the downstate representatives, as well as assistants to several selected suburban Chicago legislators.

### Touchstone Energy Programs

Unity of purpose is also demonstrated through the Touchstone Energy's national branding campaign for co-ops, an alliance of 750 co-ops pooling resources to offer valuable programs such as these:

- Co-op Connections is a member benefit program available only to cooperative members that offers more than 27,000 discounts through local and national vendors.
- TogetherWeSave.com is a site that provides real world, interactive ways for members to learn how making little changes can make a big difference in their energy use.
- Touchstone Energy also provides useful energy apps like energy calculators for lighting, appliances and space heaters.

As a cooperative, Rural Electric has an obligation to work together with local communities and members to improve the quality of life in central Illinois. Through unity of purpose, we want to make a positive difference both today and tomorrow!

# Report of the Nominating Committee of Rural Electric Convenience Cooperative Co.

Each of the undersigned being members of Rural Electric Convenience Cooperative Co., and having been appointed by the Board of Directors of the Cooperative to the Nominating Committee make this report to the Board of Directors of the Cooperative.

The Nominating Committee members met at the Cooperative headquarters at Auburn, Illinois on March 10, 2015, at the hour of 6:30 o'clock p.m. We further report that we nominated the following members from each of the following respective

Districts of the Cooperative for election to the Board of Directors of the Cooperative at the annual meeting of members to be held on June 11, 2015, to serve until the third subsequent annual meeting of members thereafter:

| <i>District No.</i> | <i>Name</i>         | <i>Address</i>                                |
|---------------------|---------------------|---|
| District 7          | Andy Goleman        | 1248 E Divernon Rd., Divernon, IL 62530       |
| District 8          | Lou Weitekamp       | 3253 Illinois Rte 48, Raymond, IL 62560       |
| District 9          | Cassie L. Eigenmann | 11767 Hurricane Timber Ln., Modesto, IL 62667 |

The undersigned further report that after taking the foregoing action, the Nominating Committee duly adjourned (Signed report posted at RECC office - C. Clark Germann, Denise McCrady, Dennis Rosenthal, Melvin Wempen, Larry Ziegler, James Launer, Deanna Lee and Tangy Steinacher).

## Nominee by Petition

In addition to the three candidates named by the Nominating Committee, one candidate has been nominated by petition. Nominations are allowed until May 12 (30 days before the Annual Meeting).

| <i>District No.</i> | <i>Name</i> | <i>Address</i>                     |
|---------------------|-------------|------------------------------------|
| District 9          | John Earley | 16100 Aspen Lane, Girard, IL 62640 |

## Candidate Profiles

### Andy Goleman – District 7



Andy Goleman has spent the majority of his adult life in service to the public. Andy has been a member of the Divernon School Board and Sangamon County Farm Bureau Board, where he served as President. He served on the Illinois Farm Bureau Board, Country Financial Board and the Illinois Corn Growers Board as a Director. He has served on the Sangamon County Board for 21 years, chairing various committees. He is Chairman of the County Finance Committee and oversees a budget of \$100 million for the fiscal year. Andy is a graduate of Divernon High School, Lincoln Land Community College and Western Illinois University with a B.A. in Mass Communications and a minor in History/Political Science. He farms with his brother John on the family farm between Divernon and Pawnee. He is a member of the Divernon United Methodist Church, and a past chairman of the church board.

### Candidate's Statement

Over a year ago I presented my credentials to serve as District 7 Director when a vacancy occurred and was selected by the board to serve out the remainder of the term. I am now asking for your vote to continue to serve you the member/owners as a director on your board of directors. We are blessed to have a great staff of dedicated employees who strive to ensure we have the best electric cooperative. I pledge to work with the board and staff to continue to provide reliable service at a reasonable cost. Listening to the member/owners has led to the introduction of technologies that include prepaid electric service, numerous payment options and electronic communication about power outages and other important developments at our cooperative.

We have many challenges which we will meet head-on, but with our dedicated employees and a strong board of directors we will continue to provide you with a first class electric cooperative. I am humbled and

honored to have served you over the last year and a half on the RECC board and I would ask for your continued support with your vote to continue to serve as your District 7 Director.

#### **Lou Weitekamp - District 8**



Lou Weitekamp grew up on a family farm near Farmersville. After high school, he earned a technical degree from Southern Illinois University in Architectural Drafting and Design. He spent 40 years in the Peoria area, working in architecture and construction. He and his wife, Judy, are the parents of two sons and grandparents to six grandchildren. In 2005, Lou and Judy retired from their careers and moved back into the RECC area west of Raymond. Lou enjoys being near family, involved in church, traveling to visit children and grandchildren, gardening, and volunteering at Eagle's Nest Ministries in Butler.

#### **Candidate's Statement:**

As a member of the RECC board the past four plus years, I have attended many meetings and educational opportunities to better equip me for the necessary decisions of our cooperative. I am concerned about the current and proposed government regulations which may considerably increase the cost of electricity. I will continue to act in the best interest of the member/owners of this fine co-op.



#### **Cassie Eigenmann - District 9**

Cassie has served on the RECC Board since 1998. She has a B.S. degree from Eureka College and has taken multiple graduate courses in the fields of Business Management, Agricultural Spectroscopy and Computer Science. She has also achieved both

Credentialed Director and Board Leadership status for the co-op, having taken more than 35 courses and seminars related to the electric industry. She retired from the DICKEY-john Corporation in 2014 after 40 years of service in various capacities of manufacturing, marketing and engineering. Post retirement, she was awarded a lifetime membership in the National Conference on Weights and Measures in order to continue her governmental regulatory work in agriculture. Cassie is also an active member of the Koke Mill Christian Church and serves as Usher and Prayer Intercessor.

#### **Candidate's Statement:**

I am grateful for the opportunity to have served you as your director for over 16 years. I continue to learn and stay informed in the ever-changing electric industry

by attending seminars and classes on the latest concepts, government regulations and industry innovations. Because of our leadership and our push for continued education, RECC is recognized among other co-ops as a progressive organization, always exploring new ways to increase service and decrease cost. I am proud to be a part of that kind of success! As the electric industry continues to grow and experience major changes, we as directors, have successfully endeavored to meet challenges "head on" in keeping our electric rates low and our service to you high.

I take my position on the board of directors very seriously, prayerfully considering each decision in the best interest of our members. It is with both pride and humility that I ask for your support to continue serving as one of your directors as we position our co-op for continued success in a challenging industry environment.

#### **John Earley - District 9**



John Earley was raised in Auburn and graduated from Auburn High School. After graduation from Illinois State University with a Bachelor of Science degree in Agribusiness with a minor in agronomy, John began his career in the FS system in 1977 serving as a certified crop advisor.

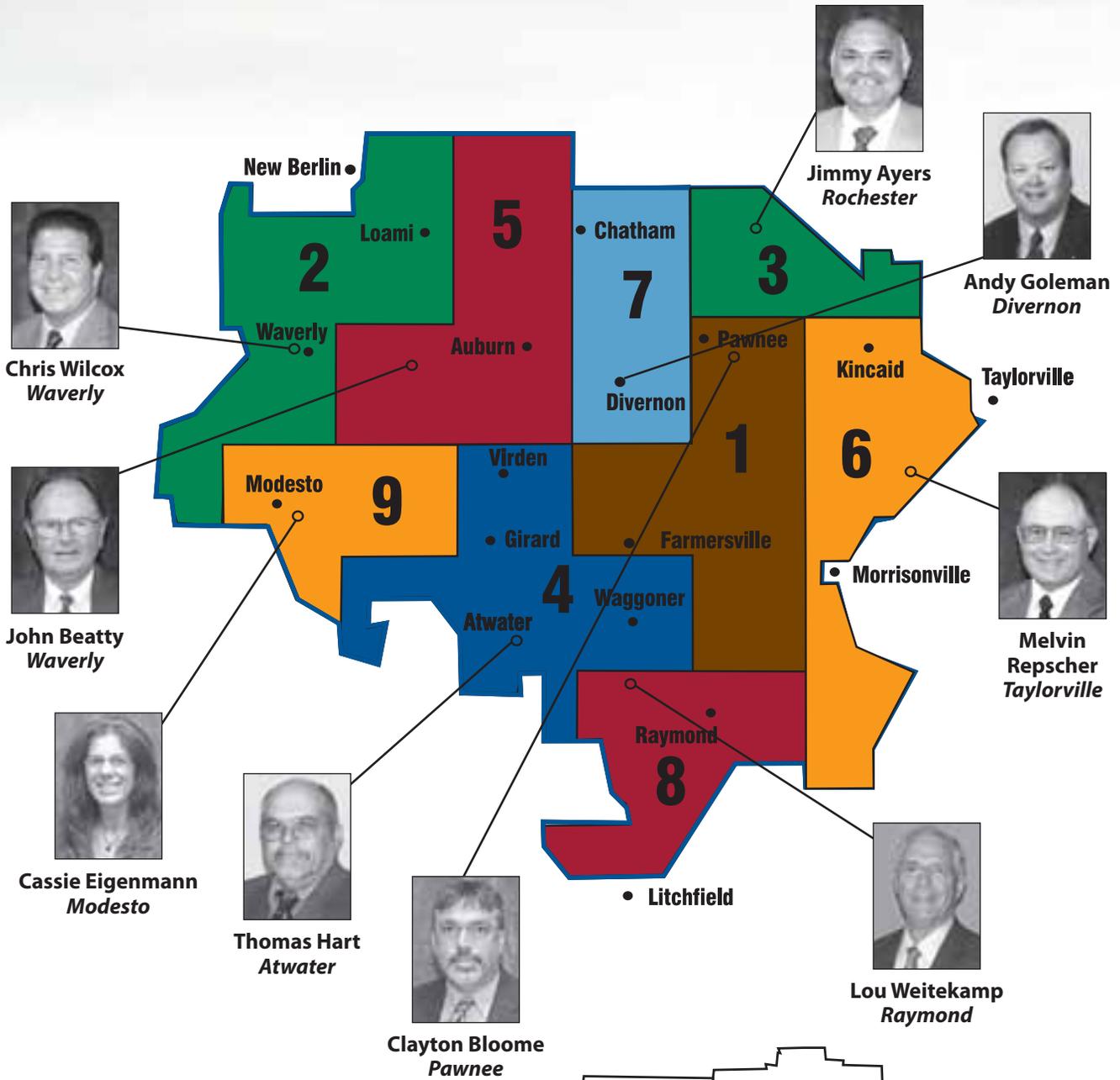
He was promoted in 2000 to Regional Agronomist for GROWMARK until his retirement in 2010. John and his wife, Jeanette, have resided at Sunset Lake for the past 36 years. They have two grown children and five grandchildren.

John continues to farm and work in the community. He is currently president of the Girard Fire Protection District, and recently retired as secretary of the board of Pleasant Hill Nursing and Retirement center. He has also served as president of Girard Kiwanis Club as well as Division 30 Lieutenant Governor and serves on the Girard Community Center committee. John and Jeanette are active members of St. Patrick's Church in Girard.

#### **Candidate's Statement**

After a 33-year career with one of the largest farm cooperatives in America, I have come to understand the functions and characteristics of cooperatives. I have wanted to serve as a director since being part of the "young cooperator" program back in the 80's, but have waited till I could dedicate the time required to serve effectively. As a director, I will strive to learn the functions of the cooperative and become a credentialed director. I feel that the greatest goal of our cooperative is to maintain rates as low as possible while providing reliable service. I am not running because I feel there is anything wrong or a special agenda. I feel I have education and life experience that would serve me well as a director. I am looking forward to serving and would appreciate your support.

# Your Neighbors Serving as Your Cooperative's Directors



## RECC Employees



**David Stuva**  
*President/CEO*



**Lou DeLaby**  
*Manager of Operations  
and Maintenance*



**Matt Sheerin**  
*Manager of Finance  
and Administration*



**Dana Smith**  
*Director of Member  
and Public Relations*



**Clark Bowman**  
*Mechanic/Equipment  
Serviceman - 1st Class*



**Travis Boylen**  
*Journeyman  
Lineman*



**Chris Bridges**  
*GIS/Mapping  
Technician*



**Craig Costello**  
*Journeyman  
Lineman*



**Shelley Crocks**  
*Senior Member  
Accounts Representative*



**Daniel Drumeller**  
*Accountant*



**David Flynn**  
*Journeyman  
Lineman*



**Becky Grossner**  
*CIS-AMI  
Administrator*



**William Hart**  
*Journeyman  
Lineman*



**Tim Hemberger**  
*Journeyman  
Lineman*



**Martin Hinton**  
*Purchasing, Design &  
Construction Technician*



**Jeff Lancaster**  
*Electrician  
- 1st Class*



**Sandy Lex**  
*Executive  
Assistant*



**Dave McCarty**  
*Warehouseman*



**Jill Mortimer**  
*Member Accounts  
Representative (Part-Time)*



**Curtis Nichelson**  
*Line Foreman*



**Shane Norris**  
*Journeyman  
Lineman*



**Stefan Sporrer**  
*Custodian*



**Brandon Taylor**  
*Network  
Administrator*



**Walter Wallace**  
*Journeyman  
Lineman*



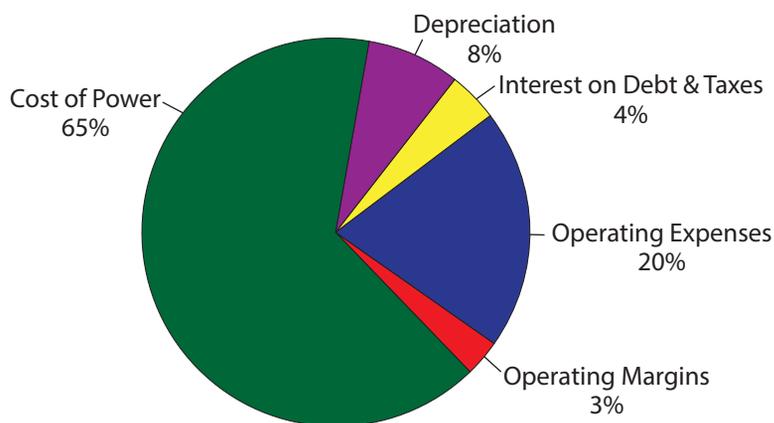
**Kenneth Williamson**  
*Line Foreman*

# Revenue and Expenses

## For the year 2014

|  | 2014         | 2013         |
|--|--------------|--------------|
| <b>OPERATING REVENUE AND PATRONAGE CAPITAL</b> ..... | \$15,757,989 | \$15,110,485 |
| Other Electric Revenue.....                          | \$224,405    | \$226,453    |
| <b>TOTAL OPERATING REVENUES</b> .....                | \$15,982,394 | \$15,336,938 |
| <b>OPERATING REVENUE DEDUCTIONS</b>                  |              |              |
| Cost of Purchased Power.....                         | \$10,354,233 | \$9,902,496  |
| Transmission Expense.....                            | \$24,473     | \$5,521      |
| Operations Expense.....                              | \$459,469    | \$388,755    |
| Maintenance Expense.....                             | \$969,769    | \$1,088,747  |
| Consumers' Accounting and Collecting Expenses.....   | \$305,630    | \$270,200    |
| Customer Service and Informational Expense.....      | \$110,510    | \$125,813    |
| Demonstration Salaries and Expenses.....             | \$86,849     | \$89,192     |
| General Office Salaries and Expenses.....            | \$804,781    | \$674,945    |
| Engineering, Legal and Accounting Services.....      | \$40,505     | \$48,696     |
| Other Administrative and General Expenses.....       | \$321,855    | \$272,529    |
| Maintenance of General Plant.....                    | \$135,270    | \$138,758    |
| Depreciation Expenses.....                           | \$1,299,227  | \$1,280,269  |
| Taxes.....   | \$105,088    | \$105,379    |
| Interest on Long-Term Loans.....                     | \$462,013    | \$518,978    |
| Short-Term Interest.....                             | \$8,285      | \$13,023     |
| Other Deductions.....                                | \$3,045      | \$13,057     |
| Total Operating Revenue Deductions.....              | \$15,491,002 | \$14,936,358 |
| Electric Operating Margins (Deficit).....            | \$491,392    | \$400,580    |
| Capital Credits-Associated Organizations.....        | \$74,292     | \$71,677     |
| Capital Credits - G & T.....                         | \$0          | \$0          |
| Non-Operating Margins (Net).....                     | \$16,551     | \$48,992     |
| Patronage Capital and Margins (Deficit).....         | \$90,843     | \$120,669    |
| Net Patronage Capital and Margins (Deficit).....     | \$582,235    | \$521,249    |

## Where Your Dollar Goes



# BALANCE SHEET

*As of December 31, 2014*

## ASSETS

|  | 2014         | 2013         |
|--|--------------|--------------|
| <b>VALUE OF ELECTRIC PLANT</b> .....         | \$47,221,527 | \$45,737,504 |
| Less Provision for Depreciation.....         | \$14,757,336 | \$13,779,377 |
| <b>NET VALUE OF ELECTRIC PLANT</b> .....     | \$32,464,191 | \$31,958,127 |
| Cash.....                                    | \$74,243     | \$69,888     |
| Investments and Restricted Funds.....        | \$1,374,739  | \$1,306,103  |
| Accounts, Notes and Interest Receivable..... | \$1,627,442  | \$1,729,591  |
| Materials and Supplies.....                  | \$454,371    | \$493,746    |
| Other Assets.....                            | \$2,353,973  | \$2,781,946  |
| <b>TOTAL ASSETS</b> .....                    | \$38,348,959 | \$38,339,401 |
| <b>LIABILITIES</b>                           |              |              |
| Memberships.....                             | \$24,020     | \$23,900     |
| Consumers' Deposits.....                     | \$488,100    | \$482,280    |
| Accounts Payable.....                        | \$1,056,983  | \$1,331,049  |
| Accrued Taxes and Interest.....              | \$399,955    | \$391,222    |
| Patronage Capital.....                       | \$10,851,169 | \$10,352,197 |
| Operating Deficit (Prior Years).....         | \$0          | (\$4,057)    |
| Margins (Deficit) for 2014.....              | \$565,684    | \$472,257    |
| Other Equities.....                          | \$549,346    | \$563,405    |
| Other Deferred Credits.....                  | \$99,666     | \$107,761    |
| Long-Term Debt to RUS, CFC & CoBank.....     | \$23,920,591 | \$24,164,132 |
| Other Noncurrent Liabilities.....            | \$248,445    | \$235,255    |
| Notes Payable.....                           | \$145,000    | \$220,000    |
| <b>TOTAL LIABILITIES AND EQUITY</b> .....    | \$38,348,959 | \$38,339,401 |

## Audit

The firm of Dreyer & Kelso, certified public accountants of Mission, Kansas, made an audit of all records of the Rural Electric Convenience Cooperative Co., for the year ending Dec. 31, 2014.

The firm submitted the report of the audit to all members of the board of directors, the attorney and copies are retained for the cooperative records. This report stated that the accounts of said cooperative are in accordance with the Rural Utilities Service accounting procedures and in their opinion, the balance sheet, related statement of revenue and expenses and patronage capital and other equities presented fairly the financial position of the cooperative as of Dec. 31, 2014.

# Minutes of the 2014 Annual Membership Meeting of Rural Electric Convenience Cooperative Co.

The 2014 Annual Meeting of Members of Rural Electric Convenience Cooperative Co. was held at Glenwood Elementary School, Chatham, on June 12, 2014, pursuant to Article III, Section I, of the bylaws and Notice by the Secretary of Rural Electric Convenience Cooperative Co.

Vice Chairman, Chris Wilcox, welcomed the members. He introduced Pastor Milton Bost, Chatham Baptist Church, who delivered the invocation. Vice Chairman Wilcox then led the members in the Pledge of Allegiance. Gary Raye sang the National Anthem.

Chairman Jimmy Ayers called the meeting to order at 7 p.m. and announced that a quorum was present with 241 members registered in person or by proxy. Chairman Ayers announced the meeting would be conducted in accordance with Roberts Rules of Order and voting to be conducted according to State law.

Secretary/Treasurer Mel Repscher read the Official Notice of the 2014 Annual Meeting. Chairman Ayers then appointed Shelley Crocks as Recording Secretary and appointed Fred Reichert Sergeant at Arms.

Chairman Ayers asked for any additions to the Agenda as printed and distributed. There being no additions, the Chairman announced that the Agenda would stand as presented.

The Minutes of the 2013 Annual Meeting of Members were presented to the members. Chairman Ayers called for a motion to approve same as presented. Upon motion duly made, seconded and approved by voice vote, the minutes of the 2013 Annual Meeting of Members were approved as presented.

Rodney Davis, US Congressman and Wayne Rosenthal, Illinois State Representative were introduced along with other guests.

Vice Chairman Wilcox and Chairman Ayers presented service awards to Line Foreman Kenny Williamson, 35 years; Chairman of the Board, Jimmy Ayers, 25 years; Lineman Dave Flynn, 25 years; Lineman Curt Fishburn, 25 years; Lineman Craig Costello, 25 years; Lineman Bill Hart, 20 years; Custodian Stefan Sporrer, 20 years; Board Member Cassie Eigenmann, 15 years; and

Sr. Member Accounts Representative Shelley Crocks, 10 years.

Vice Chairman Wilcox also announced Dean Fuchs, Manager of Finance and Office Services, will be retiring this fall with over 40 years of service and Tom Jones, Information Systems Supervisor, will be retiring this fall with over 23 years service to Rural Electric.

Vice Chairman Wilcox recognized Ben Lex from Glenwood High School for receiving the 2014 Earl W Struck Memorial Scholarship. He also recognized Dana Smith, Director of Member and Public Relations, for receiving the Touchstone Energy Brand Champion Award, and presented Lineman Craig Costello the Touchstone Energy Power & Hope Award for his commitment to the Honor Flight Program.

Secretary/Treasurer Repscher presented the Treasurer's Report. He stated interest, depreciation, taxes, required operating margins and the cost of purchased power combine for nearly 80 percent or \$12,220,725 of the co-op's total operating revenue collected. The remaining 20 percent is operating expenses.

Chairman Ayers stated on November 21, 2013, the Board of Directors selected Andy Goleman to replace Ted Dowson, who resigned from the Board due to health concerns.

President/CEO Stuva stated Rural Electric Convenience Co-op and Old Dominion Electric Co-op were named 2014 Wind Co-ops of the Year by the U.S. Department of Energy. RECC was recognized for the GobNob wind turbine, the first wind project on state-owned property in Illinois.

President/CEO Stuva informed the members that they can now see outage maps on their computer or mobile device with a new feature on RECC's website. The outage map shows our service area by ZIP code or by substation area and uses color coding to show how many accounts are out of power.

President/CEO Stuva stated the new SmartHub tool provides more information options for your smart phone, tablet, or computer. SmartHub replaces our old e-bill system and the "My Energy Tracker" usage reports. You can use SmartHub online or download

a free app for mobile devices.

President/CEO Stuva stated the "next generation" of lighting is the light-emitting diode, or LED, with LED security lights now offered by the cooperative.

President/CEO Stuva stated most of our purchased power still comes from coal-fired generators. We continue to lobby our elected leaders and the Environmental Protection Agency regarding costly regulations on existing coal-fired plants. Chairman Ayers asked that members fill out the Action card or go to Action.co-op to add their voice to those co-op members who say America needs an "all-of-the-above" approach.

Chairman Ayers called on David Ray, Nominating Committee Chairman, to present the Committee Report. Mr. Ray reported the Nominating Committee met on March 12, 2014 and nominated Thomas Hart as a candidate for Director District No. 4; John Beatty as a candidate for Director District No. 5; and Melvin Repscher as a candidate for Director District No. 6.

Chairman Ayers called on Attorney Jerry Tice to conduct the election of Directors. Attorney Tice reported that no nominating petitions had been filed before the meeting. Accordingly, the candidates for Director District No. 4, Thomas Hart, Director District No. 5, John Beatty and Director District No. 6, Melvin Repscher, are nominated for a three-year term. The Chair entertained a motion to accept the nominations of the Nominating Committee and to direct the Secretary to cast a unanimous ballot for the nominees of these three districts. The motion was offered and seconded and upon voice vote, the Chair declared that the motion was unanimously carried.

Chairman Ayers called for unfinished business and new business. He informed the members of next year's Annual Meeting on June 11, 2015. He thanked all of the members for attending this year's meeting.

There being no further business, Chairman Ayers declared the meeting adjourned sine die.

Respectfully submitted,

Secretary