

Annual Report

2019

June 25, 2019



FEM Electric Association, Inc.

71st Annual Meeting

Tuesday, June 25, 2019

Ipswich High School, Ipswich, SD

— Agenda —

5:00 PM Doors Open for meal in school lunchroom

After meal, proceed to the theatre for registration and business meeting.

6:00 PM Informational videos

6:30 PM Registration Closes

Meeting called to order – Gary Bachman, President
Invocation – Gerald Haupt, Vice President
Welcome with Special Guest Recognition - Gary Bachman
National Anthem - Chaun Peterson
Business Meeting Opens
Declaration of Quorum – Larry Bowar, Secretary
Notice of Meeting and Proof of Mailing – Larry Bowar
Minutes of 2018 Annual Meeting – Larry Bowar (page 4)
Ballots For Director Districts 1 & 4 -
Vaughn Beck, Attorney

Bylaws - Vaughn Beck, Attorney
President Report – Gary Bachman, President (page 3)
East River video
Treasurer Report – Frank Heinz, Jr., Treasurer (page 6)
Manager Report – Scott Moore, Manager (page 3)
Years of Service - Scott Moore, Manager
Youth Scholarships & Trips Recognition –
Tom Thorpe, Asst. Sec./Treasurer &
Gerald Haupt, VP (page 12)
Basin Electric \$1,000 Scholarship -
Julia Neuharth - Eureka
FEM \$500 Scholarships –
Alyssa Meyer, Faulkton
Benjamin Kulesa, Ipswich
Touchstone Energy Scholar of the Week \$100 –
Olivia Gohl, Ipswich
Alyssa Meyer, Faulkton
Washington, DC Youth Tour Trip –
Alexa Rossman and Grace Beyers, both of Ipswich,
Hunter Heinrich, Eureka
Old business - Gary Bachman
New business - Gary Bachman
Adjournment

Grand Prize Drawings (must be present to win)

\$250 \$100 \$100 \$50

\$500 Young Adults Light The Way Scholarship Drawing
(must be present to win)

FEM Electric Association, Inc. Official Notice of Annual Meeting of Members

Notice is hereby given that the 71st Annual Meeting of the members of FEM Electric Association, Inc. will be held at the Ipswich High School in the City of Ipswich, State of South Dakota, **at six-thirty p.m. on Tuesday, June 25, 2019** for the purpose of:

1. The reports of officers, directors and committees.
2. The election of directors for three-year terms. In connection with the election of directors at this meeting, the following members have been nominated for director by the Nominating Committee in accordance with the bylaws of the Cooperative:

District 1 - Eric Odenbach

District 4 - Paula Petersen

Please take further notice that any fifteen or more members of the cooperative may make additional nominations by listing their nominee and the appropriate Directorate District and signing such Petition of Nomination. The petition must be submitted to the board of directors at least 25 days prior to the annual meeting. Any such petition so submitted will be posted along with the list of nominations made by the Nominating Committee.

3. Transacting any such other business as may properly come before the meeting or any adjournment thereof.

Larry Bowar, Secretary, FEM Electric Association, Inc.



Mission Statement:

To enhance the quality of life of our members, by safely providing reliable, cost-efficient electricity and other services.

This institution is an equal opportunity provider and employer.

Board President Report

Gary Bachman, Board President



"A new day has dawned"... how many times have you heard that line? Well, every day is a new day!

In the 71 years of FEM Electric Association, Inc. existence, roughly 25,550 new days have dawned (not figuring the extra days for leap years). Each one of those "New Days" brought forth their own set of unique and varied challenges.

In the beginning, the challenge was simply to get the lines built to provide reliable and affordable energy to area farms. The simple glow of a light bulb illuminating a room, house or milk

barn was a remarkable achievement. From there, it advanced to well pumps, refrigerators, freezers, electric milking machines, and even TV.

Those were all huge accomplishments that made life easier in rural areas and also allowed for expansion and growth of the rural economies. Improvements in the lives and lifestyle of rural communities have continued since day one.

Through adaptation, education and implementation FEM Electric Association, Inc. has continued to grow and flourish. From humble

beginnings to modern day agriculture, we have improved the delivery and use of electric power to remote areas so that now, many farms have electric air drying of grain and large shops that are lighted and powered; if not heated by electric energy. Much of the growth that the Association has experienced is "off farm", but still farm related as we serve loop track grain elevators and an ethanol plant.

The FEM board of directors, as well as management and staff, continue to evolve and devise ways to more effectively serve the members of the cooperative. Economy, farm operation and way of life have all changed in the last 71 years, and changes and improvements will continue into the future.

The board strives to look out to the next 10 to 15 years or even longer. It is our job to determine what constant in our member's lives and operations will change in that time frame, and what we will do to react to that change. We must move forward with flexibility, in order to evolve and prosper.

This evening, you, the voting members, were just part of the change and evolution of your cooperative. With the election of two new board members, 40% of the leadership has changed. This brings new and changing insight to the board and helps the cooperative move into the future.

Thank You for taking the time to be a part of your rural electric cooperative's present and future. It simply would not exist without you, the member.

General Manager Report

Scott Moore, General Mgr /CEO



Looking back at 2018, FEM Electric employee's, board, and members had a good year, as you can see by the financials; we ended the year strong. FEM Electric had no major accidents or major storms. The rural electric in the state were fortunate as there were several times in the spring and in the fall where a perfect situation was evolving, but weather conditions changed preventing a major situation with the powerlines.

In 2019, FEM will continue to move our construction work plan forward.

Line crews will complete the Highway 212 underground project that started due to road construction. In the process, FEM reached out to Northwestern Energy and East River Electric to try and increase some reliability for both the town of Faulkton and rural residents. An interconnection agreement has been signed between the three parties so FEM can provide power to Northwestern's system and Northwestern can provide power to FEM in emergency situations. This isn't a perfect set up, but it is 100% better than what was in place, which was nothing. Working together both power companies will have options that weren't available in the past for providing continuous power in an emergency.

FEM management and employees are working hard at increasing reliability to our northern and western substations that are provided power by Montana Dakota Utilities transmission system. East River and FEM Electric have a plan, but we continue to work at developing this plan that would increase reliability not only to our rural customers, but to the

towns also. Our plan is to have a joint or solo plan locally approved by October 1, 2019. In all reality, it will be 2021, at the earliest before any construction will begin.

Our line crews will work to complete some single-phase underground projects north of Leola; these projects were started in late 2018 and the ground froze before getting them completed. Line crews will also be working east of Eureka plowing three miles of single-phase line, along with plowing three miles in Faulk County approximately 11 miles east of Faulkton. Crews will also be building a mile of overhead line to an active pasture pump. This line has old wire and most of the poles failed pole testing in 2018. FEM has two FEMA funded mitigation projects, one in McPherson County that is three miles in length and one in Edmunds County that is two miles in length. These projects are funded by 25% FEM Electric money and 75% FEMA funds.

FEM crews will continue doing new services and maintenance on our existing lines. Even though a good share of FEM Electric's line is newer, we must keep a good maintenance program to insure we can get the most years of use for our members. FEM employees will be working in the Burkmere and Onaka areas testing poles in 2019. We will then follow with replacing any failed or damaged poles.

The more projects and work the operations does outside directly increase the work load in the office. The office also has several special projects as we look at some new software to use in the future. We are working to update members files with email and cell phone numbers. Our records are only as good as the information we have been given.

Continued page 5

2018 FEM Electric Annual Meeting Minutes

The 70th Annual Meeting of the members of FEM Electric Association, Inc. was held at 6:30 p.m. at the Ipswich High School Theatre in Ipswich, SD on Thursday, June 21, 2018 with 116 members registered.

An evening meal was provided to the members and guests prior to registration for the meeting.

Gary Bachman called the meeting to order. Gerald Haupt presented the invocation. Gary Bachman welcomed special guests, retired directors and retired employees. He also thanked Kessler's for providing the meal, Ipswich Booster Club for serving the meal, the girls volleyball team for staffing the children's program and Agtegra, Les Holland and Frank Heinz for providing golf carts to transport members. The National Anthem was sung by Paula Petersen and Megan Kruse, the kids were then dismissed to the children's program.

Secretary Larry Bowar declared that there was a quorum present to do business and he read the official notice of the meeting and proof of mailing. Larry announced the minutes for the 2017 annual meeting were printed in the annual report distributed as the members registered. He entertained a motion to dispense with the reading of the minutes from the 2017 annual meeting and accept the minutes as printed on page 4-5 of the annual report. Motion to approve was made, seconded, and carried.

Attorney Vaughn Beck referenced Article 4 of the bylaws pertaining to the election of directors and then introduced the Nominating Committee: Justin Davis, Robert Hadrick and Glenn Bode. The following candidate was nominated for re-election, in District 5 – Larry Bowar. No petitions for nominations were turned in. Attorney

Beck asked for a motion and a second to cast a unanimous vote to officially elect Larry Bowar for District 5, motion carried.

President Gary Bachman explained the definition of "service" according to The American Dictionary of The English Language. Service is the labor of body, or of body and mind, performed in pursuance of duty for the benefit of another. He went on to explain that "service" to every meter and every member on the FEM system is the duty that each director and employee at FEM take very seriously. He stated that we have a legacy to follow and need to follow the high bar that our predecessors set before us. Gary commended the employees for the job they do and the professionalism they conduct themselves with. He assured the members that we continually strive to improve our services by staying educated so we can improve our ability to perform our jobs. The board, management and employees have a goal of making our service territory a better place to live, work and raise families. We are here to serve.

Tom Boyko, CEO/General Manager of East River Electric gave an overview of the history of East River Electric. East River was created 67 years ago. There are many miles of line over 60 years old and substations that were owned by the coops in the beginning which are over 70 years old. Working with IOUs to improve reliability is an ongoing effort. The political scene is another area East River works hard in and includes keeping on top of the Clean Power Plan and also renewable energy legislation and mandates. Enhancement of the load control system and a Farm Safety Campaign have been two projects that are being worked on. The Farm Safety Campaign is necessary for the safety of members and the general public as there has been an increase in public contacts. Be aware and know what to

do in an emergency. The Rural Electric Economic Development (REED) fund has been going strong for more than 20 years. Tom thanked Scott Moore for being an active board member and for promoting REED in the FEM Electric service territory. Commitment to Community is another area East River Electric promotes. There is the school education program, scholarship winners and many non-profit organizations that are the recipients of East River Electric's efforts.

Mark Hofer, South Dakota's representative on the National Rural Electric Cooperative Association's (NRECA) board of directors spoke. Mark explained how the board is organized. He gave a summary of NRECA and stated that 900 coops are members. Coops are built by the communities they serve and are nothing without their members. He stated that the electric industry is fairly stable, but the environment is continually changing with technology. Mark reminded the attendees that coops are here "to make your life better". Changes need to benefit consumers and the needs are different in each of the cooperative's communities. Solar energy is quickly growing and is five times what it was a few years ago. He stated to members that all forms of electricity need to be supported by regulatory policy. He stressed some areas of importance: preserving coal; continued funding and access to loan funds through USDA - Rural Utilities Services; broadband to underserved communities; support of the farm bill; keeping costs reasonable; Rural Electric Safety Accreditation Program (RESAP); Cybersecurity; and youth programs. Mark closed by stating that he is proud to serve for the coops in South Dakota on the NRECA board.

Treasurer Frank Heinz gave the treasurer's report recapping the finances and statistics on pages 6-9 of the annual

FEM Annual Meeting Minutes Cont.

report. He noted that all records have been audited by Eide Bailly. He also reviewed the subsidiary reports on page 14. Frank stated that the board and employees thank the members for their patience through storms, maintenance and upgrade projects.

General Manager/CEO Scott Moore gave his report and stated that next year's goal is straight forward. FEM will continue the school education program, scholarships and sponsor trips to North Dakota and Washington DC for youth so that we make sure the next generation knows and understands the cooperative business model. Operations Department will continue to build new services and replace aging line through loans and Hazard Mitigation Grant Programs (HMGP). Maintenance is a priority on new and old lines. Engineering department will complete GIS on FEM's system facilities and continue to cross train our linemen as electricians so that FEM can serve the members and assist them with the members' electrical wiring needs. The office department has done well through audits and continues to cross train which is important for smooth

transitions. We need employees that can make good decisions and be leaders that can operate through any circumstances. Scott explained that East River Electric Power Cooperative's Information Technology (IT) department has been hired to manage FEM's IT needs as a step towards keeping our member and coop information safe. We work hard in trying to improve reliability not only with our cooperative infrastructure but also by looking at ways to share infrastructure with IOU's in our service territory. We need to work on issues together for one purpose. Safety is an ongoing priority and it is our insurance company's and FEM's goal to have ZERO contacts. We need you, the members, to help us maintain a strong business model. Scott announced years of service awards for employees and board.

Tom Thorpe announced and Gerald Haupt presented the \$1,000 Member Basin Scholarship to Nathan Vetch of Onaka; Lance Feickert and Grace Wolff were given the \$500 FEM Scholarships. Tom announced that Nathan Vetch and Dylan Northrop were Touchstone Energy Scholar of the weeks. Washington DC Youth tour attendees

were recognized – April Hoffman of Leola, Abigail Berreth of Leola, and Samantha Raile of Eureka. The 2017 Basin Youth Excursion representatives were Ashley Blocker, Lexi Stafford, Grace Beyers, Jayna Sanborn and Caitlyn Lehr.

Gary Bachman began the business part of the meeting by asking the members if they had any old business to discuss, there being none, he asked if there was any new business. There were no business items or questions brought up at the meeting. A motion was made to adjourn the meeting, seconded and carried.

The kids were asked to rejoin the adults for final prize drawings. The Grand Prize Drawings were held: \$250 – Dennis and Joyce Heyne, Hosmer; \$100 – Robert & Barbara Knadle, Ipswich; \$100 – Casper and June Malsom, Ipswich; \$50 – Stanley Schaffer, Eureka. Cooper Galbraith and Addison Galbraith were drawn respectively for the boy and girl bike giveaway.

General Manager Report con't

In early 2019, we changed our membership application to include new members driver's license or equivalent form of information. This isn't meant to be an inconvenience, but to help FEM Electric employees insure safe, accurate information and to prevent unpaid electrical bills.

We would like to thank the school districts and teachers for allowing FEM Electric employees, along with East River Electric to provide training to third and fifth graders on electrical safety, production, transporting of electricity and to explain the cooperative business model. We believe these subjects are important for public safety and the continued success of the cooperative business model. In 2018, FEM employees hosted two safety demonstrations, one for the emergency volunteers and law enforcement within our territory and one for members.

For the past twenty years, FEM Electric has shared a booth at Brown County Fair with Northern Electric of Bath and Lake Region Electric of Webster. In 2019, we will not have a booth, but will be working with Agtegra on Tuesday to do safety demonstrations for those in atten-

dance. We also worked with Agtegra in 2018 to host a career day for juniors and seniors. All area schools were invited.

FEM Electric believes and invests heavily in our future, your kids and grandkids. They will be the future leaders in rural America, and we must work at giving them opportunities to return to rural America and have a successful career, where they can raise their families.

I believe the members of FEM Electric have experienced some good years in the past and we will see many more good years in rural America moving forward. We must continue to work together to provide opportunities.

Finally, I want to close with ZERO Contacts or Accidents. The power companies have been working hard at spreading the safety message and we need your help. Please be careful around powerlines; they are dangerous, and they are deadly. FEM Electric needs all our members and your families need you. Please be safe.

Treasurer Report

Frank Heinz, Jr., Treasurer



It is my pleasure to provide you with the financial statements for 2018. All records were audited by the firm of Eide Bailly, LLP of Sioux Falls in March, 2019.

FEM's total utility plant at the end of 2018 was \$35,218,472 and we have depreciated \$8,955,096 which leaves \$26,263,376 in un-depreciated plant. We had investments and cash on hand in the amount of

\$11,186,698 which includes capital credits due from power suppliers and other organizations with which we do business. Other assets, which includes inventory, accounts receivable, and prepaid accounts were \$3,113,149. **Total assets for 2018 were \$40,563,223.**

On the other side of the ledger, "What We Owe" includes notes due to the Rural Utilities Service (RUS) and other lenders in the amount of \$23,634,497. Accrued tax expense, customer deposits, notes payable and deferred credits were \$2,365,017. Patronage capital and other equities, which are primarily the margins generated by your cooperative since 2003, were \$14,563,709. **The total liabilities and equities were \$40,563,223.**

On page 9, you will find the Income and Expense Statement for 2018. **Total operating income for 2018 was \$15,530,665** which is increased \$749,416 from 2017. Revenue from residential customers was \$4,461,477 and revenue from commercial customers was \$10,887,176.

Total expenses were \$15,248,639, which included power costs of \$10,721,044 at an increase of \$348,182. Operations

and maintenance expenses were \$1,026,960, an increase of \$76,462. Customer services, sales, and office expense was \$1,384,733, an increase of \$145,327. Depreciation expense was \$1,005,614, which was an increase of \$24,131. Tax expense was \$269,068, which was an increase of \$16,455. Interest expense was \$841,220 which was an increase of \$18,291. The increases in depreciation and interest are due to repairs and upgrades to the distribution system.

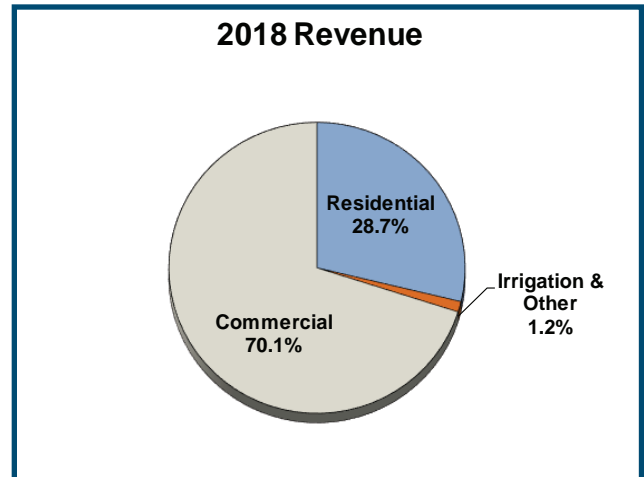
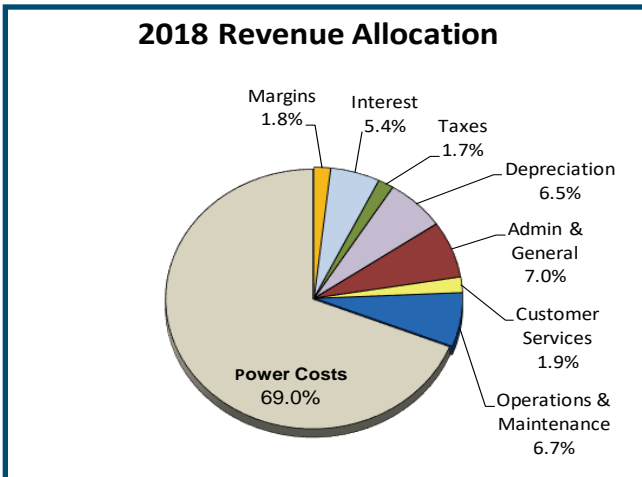
FEM's patronage capital and operating margin was \$282,026. Non-operating margin and income from investment in North Star and a partial year in Rural Dakota were at a profit of \$405,934. See page 14 for more information on North Star Energy and Rural Dakota. East River and other margins, which are capital credit allocations from other cooperative organizations which we do business with were \$1,723,284. The total margins were \$2,411,244.

In 2018, the Commercial revenue decreased and is 70.10% and residential increased and is 28.73% of the total revenue. On page 7 and 8, you will find a comparison of various operating statistics for the calendar years 2017 and 2018. **Sales were increased 10,375,106 kWhs and the number of connected meters decreased by 5 for a total of 2,107.** The average monthly residential usage increased 177 kWh and the average monthly residential bill increased by \$14.43. Also included are a number of graphs that show the breakdown of revenue and expenses for 2018 and also chart our history for the last five years.

If you have any questions about this report, please contact the FEM business office.

Respectfully submitted,

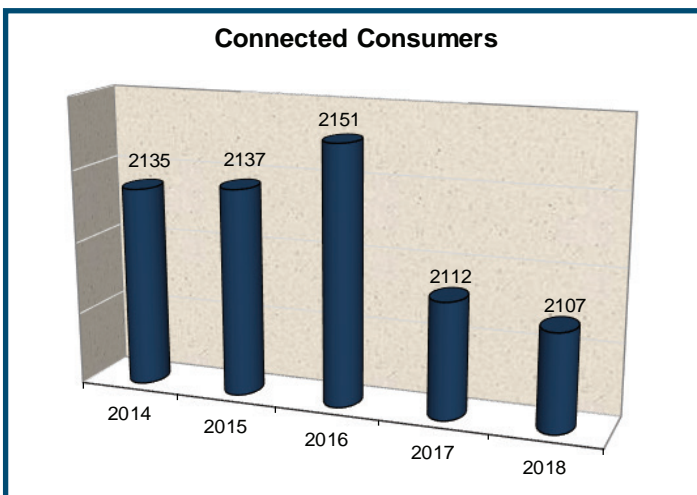
Frank Heinz, Treasurer



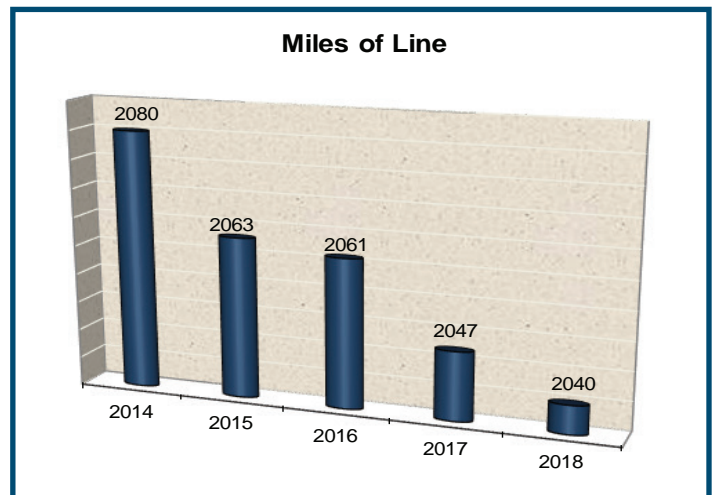
Comparative Operating Statistics

STATISTICS			
	2016	2017	2018
kWhs Purchased	159,495,426	162,284,773	172,374,375
kWhs Sold	154,501,950	156,840,393	167,215,499
Estimated kWhs Used in December Sold in January	544,929	1,941,295	1,928,241
kWhs Unaccounted for (Line Loss, etc.)	4,448,547	5,444,380	5,158,876
Percent of kWhs Unaccounted for	2.79%	3.35%	2.99%
Number of Connected Consumers	2,151	2,112	2,107
Number of Idle Services	102	60	41
Average Monthly kWh (All)	5,986	6,188	6,613
Average Monthly kWh (Residential)	1,457	1,483	1,660
Average Monthly Bill (All)	\$544.75	\$581.68	\$613.62
Average Monthly Bill (Residential)	\$179.84	\$186.66	\$201.09
Average Cost of Power Purchased at Substations	\$0.06	\$0.06	\$0.06
Average Selling Price Per kWh	\$0.09	\$0.09	0.09
Miles of Line Energized	2,061	2,047	2,040
Consumer Density Per Mile (Energized)	1.04	1.03	1.03

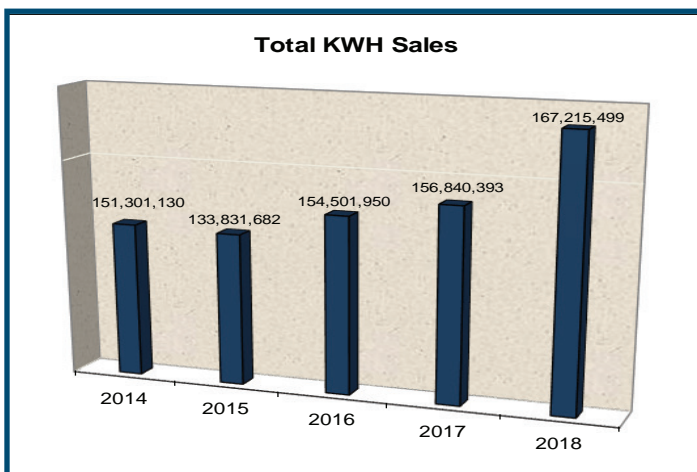
Connected Consumers



Miles of Line



Total kWh Sales

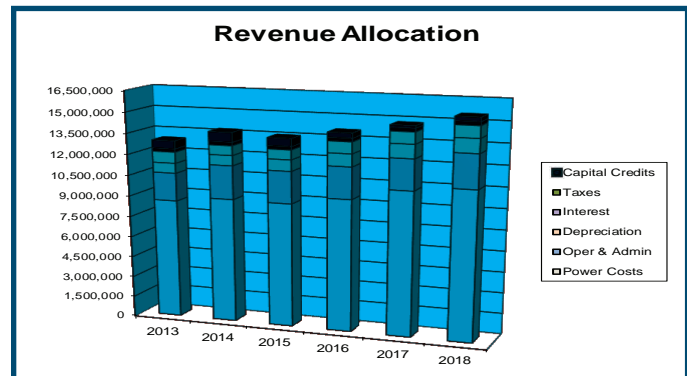
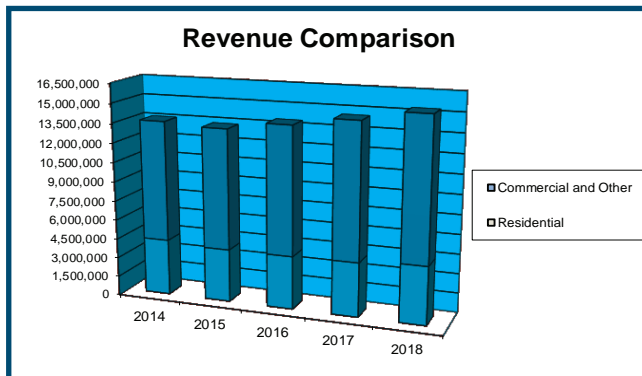


2018 kWh Generation Tax By School District

School District	Total
Hoven 53-2	1,625
Northwestern Area 56-7	7,687
Faulkton Area 24-3	53,163
Edmunds Central 22-5	34,125
Ipswich 22-6	325,862
Bowdle 22-1	28,927
Warner 6-5	81
Eureka 44-1	16,953
Leola 44-2	51,587
Total	\$520,010

Financial Statements

ASSETS		
What We Own		
Current Assets	2017	2018
Cash	235,692	274,924
Short Term Investments	313,817	369,422
Patronage Capital - Associated Cooperatives	6,385,388	7,937,325
Investments in Associated Organizations	871,888	877,768
Non-Utility Property - Golf View Acres	0	118,920
Investments in Partnerships	864,935	988,105
Investments in Economic Development Projects	685,500	615,500
Investments in Member Programs	20,589	4,734
Receivables	1,319,147	1,940,349
Material and Supplies	369,427	687,528
Prepaid Insurance	29,956	29,815
Deferred Debits	1,207,172	455,457
TOTAL CURRENT ASSETS	12,303,511	14,299,847
Fixed Assets		
General Plant	5,769,081	5,900,417
Electric Distribution Plant	28,093,667	29,318,055
Less: Depreciation Reserve	-8,101,913	-8,955,096
TOTAL FIXED ASSETS	25,760,835	26,263,376
TOTAL ASSETS	\$38,064,346	\$40,563,223
LIABILITIES		
What We Owe		
Current Liabilities	2017	2018
Notes and Accounts Payable	1,019,377	996,202
Consumer Deposits	7,619	7,619
Current and Accrued Liabilities	1,235,741	1,361,196
TOTAL CURRENT & ACCRUED LIABILITIES	2,262,737	2,365,017
Long-Term Debt		
Long Term Debt - RUS/FFB	17,181,672	17,955,582
Long Term Debt - CFC	5,452,991	5,130,599
Long-Term Debt – USDA Rural Development Loan	618,324	548,316
TOTAL LONG-TERM DEBT	23,252,987	23,634,497
Equities		
Patronage Capital Assigned	9,066,876	9,479,276
Unassigned Capital	858,566	1,946,442
Other Margins and Equities	2,490,490	2,673,189
Non-Operating Margins	132,690	464,802
TOTAL EQUITIES	\$12,548,622	\$14,563,709
TOTAL LIABILITIES	\$38,064,346	\$40,563,223



Statement of Operations

Revenue	2017	2018
Residential Sales	4,171,779	4,461,477
Irrigation Sales	151,686	140,912
Commercial Sales	10,415,558	10,887,176
Street Lights	3,054	3,054
Other Electric Revenues – Wind Energy/Solar	36	56
Sale of Renewable Energy Credits (RECs)	2,644	2,448
Rent from Electric Property	6,100	6,100
Other Operating Revenue	30,392	29,442
TOTAL REVENUE	14,781,249	15,530,665
Expenses		
Cost of Power	10,372,862	10,721,044
Line Operations	457,245	525,422
Line Maintenance	493,253	501,538
Consumer Accounting and Collecting	212,718	234,825
Customer Service and Sales Expense	76,422	57,891
Administrative and General Expenses	950,266	1,092,017
Depreciation	981,483	1,005,614
Property and KWH Taxes	252,613	269,068
Interest Expense - Long Term Debt	820,057	841,324
Interest Expense – Storm Line of Credit	2,846	-104
Interest Expense - Member Service Programs	26	0
TOTAL EXPENSES	14,619,791	15,248,639
Margins/Patronage Capital Credits		
FEM Operating Margins	161,458	282,026
Non-Operating Margins	12,308	185,211
Income/Loss from Investments-North Star/Rural Dakota	59,662	220,723
East River/Basin Margins	697,108	1,664,416
Other Margins	60,720	58,868
TOTAL MARGINS	991,256	2,411,244
WHERE THE DOLLARS CAME FROM:		
	2017	2018
Residential	28.23%	28.73%
Commercial	70.47%	70.10%
Others	1.30%	1.17%
WHERE THE DOLLARS WENT:		
Cost of Power	70.18%	69.03%
Operations and Administration	14.82%	15.53%
Depreciation	6.64%	6.48%
Taxes	1.71%	1.73%
Interest	5.57%	5.42%
Margin	1.09%	1.82%

FEM Employees



Pictured left to right: Back - Ryan Holien, Sean Christiansen, Perry Ptacek, Gregg Zwart, Chad Dutenhoffer, Justin Larson, Dan Feldhaus, Jesse Brown, Josh Weigel, Middle - Carol Schaffner, Angie Sieh, Valette Horst, Crystal Thorson, Barb Schaefer, Front - Rhonda Tuscherer, Scott Moore, Manager/CEO, Jim Resmen, Rob Vetch.

Member Owned - Member Focused

The Seven Cooperative Principles

- 1. Voluntary and Open Membership**
- 2. Democratic Member Control**
- 3. Members' Economic Participation**
- 4. Autonomy and Independence**
- 5. Education, Training & Information**
- 6. Cooperation among Cooperatives**
- 7. Concern for Community**

Board & Legal



GERALD HAUPT
District 1
Vice President



GARY BACHMAN
District 3
President



VAUGHN BECK
Attorney

FEM Electric Director Districts

Spring Creek	Detmold	Petersburg	Bergdorf	Harrison	Wacker	Weber	Wachter
Glucksthal	Rosenthal	Odessa	Long Lake	Highland	Hoffman	Koto	Carl
District 1				District 2			
Bauer	Stickel	Kassel	Moscow	Arena	Spring	Leola	Willow
Jackson	Hillsview	Cleveland	Blaine	Dewey	Howard	Washington	Lincoln
Modena	Hosmer	Sangamon	North Bryant	Adrian	Rosette	Belle	Pembroke
Bowdie	Cottonwood	Glen	Bryant	Huntley	Ipswich	Fountain	Cortlandt
District 3				District 4			
Odessa	Cloyd Valley	Glover	Montpelier	Cleveland	Harmony	Union	Shland
Hudson	Madison	Hillside	Vermont	Liberty	Powell	Kent	Clear Lake
Sherman	Clark	Enterprise	Freedom	Emerson	Fairview	Union	
Elroy	O'Neill	Saratoga	Pulaski	Myron	Devoa	Wesley	
District 5							
Seneca	Latham	Bryant	Tamworth	Lafoon	Centerville		
Ellisville	Thirteen	Irving	Orient	Arcade	Hillsdale		



TOM THORPE
District 2
Asst. Sec./Treas.



FRANK HEINZ, JR.
District 4
Treasurer



LARRY BOWAR
District 5
Secretary

Nominating Committee

BECK LAW OFFICE

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IPSWICH, SD 57451-0326

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March 15, 2019

James Schumacher 34575 111 th St. Eureka, SD 57437	Dale Schutz 33043 125 th Street Hosmer, SD 57448
Jesse Nierman 13030 363 rd Avenue Ipswich, SD 57451	Joe Galbraith PO Box 331 Ipswich, SD 57451
Justin Davis 12563 358 th Avenue Ipswich, SD 57451	

RE: FEM Nominating Committee Meeting

Dear Committee Members:

This letter is merely a reminder that the FEM nominating committee will meet at Beck Law Office on Thursday, March 28, 2019, at 6:30 p.m. If for any reason you are unable to attend, please contact my office as soon as possible so that a new date may be arranged. Thank you.

Sincerely yours,

Vaughn P. Beck

VPB:skt
Cc: FEM

Investing In Our Youth

Scholarships Basin \$1,000



JULIA NEUHARTH

Julia Neuharth of Eureka High School was chosen to receive a \$1,000 Basin Electric Power Cooperative scholarship. Julia plans to major in Biology (Pre-Optometry) at the University of Minnesota. Her parents are Jeff and Dana Neuharth of Eureka.



BEN KULESA

\$500 FEM

Benjamin Kulesa of Ipswich High School was chosen to receive a \$500 FEM Electric scholarship. Ben plans to attend the University of South Dakota to major in Medical Biology/Anesthesiology. His parents are Scott and Angie Kulesa of Ipswich.



ALYSSA MEYER

\$500 FEM

Alyssa Meyer of Faulkton High School was chosen to receive a \$500 FEM Electric scholarship. Alyssa plans to attend Northern State University and major in Business. Her parents are Thomas and Kristine Meyer of Orient.

Alyssa Meyer of Faulkton High School was selected as Scholar of the Week for the week of March 11- 15, 2019. She received a \$100 scholarship and was featured on KSFY.



ALYSSA MEYER

Touchstone Energy
**Scholar of
the Week!**



OLIVIA GOHL

Olivia Gohl of Ipswich High School was selected as Scholar of the Week for the week of Nov. 4 - 10, 2018. She received a \$100 scholarship and was featured on KSFY.

Youth Tour to Washington, DC



Pictured above are the students who attended the 2018 Youth Tour in Washington, D.C. Left to right: Aaron Schaible, Hosmer; Ashlee Thorson, Mina; Benjamin Kretchman, Mansfield; Jacob Nierman, Ipswich; Bailey Hamrlich, Ipswich and Julia Neuharth, Eureka.

FEM Electric members sponsored six students on Youth Tour to Washington, DC on June 7-14, 2018.

Students were selected based on the essays they submitted. Topic was: *The new generation of electric vehicles will help the nation enter an era of clean transportation. Do you think this is a reality? How do you see this affecting Electric Cooperatives?*

FEM Electric sponsors this trip each year to deserving area youth. Any junior or senior that attends school in the FEM service territory or is a student of a FEM member is eligible to submit an essay. A committee selects the winning essays to represent FEM.

FEM Electric's Co-op in the Classroom



CRYSTAL THORSON TEACHES A SAFETY LESSON



STUDENT TRIES ON GEAR



RYAN HOLIEN SHOWS HOW TO USE A 'HOTSTICK'

Crystal Thorson and Ryan Holien, visited the six grade schools and five colonies in our territory this spring. The 3rd and 5th grade students were taught about FEM, cooperatives, resources, renewable/nonrenewable energy and electrical safety.

Students also participated in an experiment teaching them about insulators and conductors. Ryan ended the program demonstrating the use of a 'hot stick' and showed the students some personal protective equipment that linemen wear and use.

This past fall, Jennifer Gross of East River Co-ops in the

Classroom presented to our 5th grade students. She brought the "Powertown" model and presented a lesson on electricity and electrical safety. Students had a fun-filled learning experience.

FEM values the time they get to spend in the classroom with the children. We feel it is important to teach electrical safety; to help them understand electricity as well as the cooperative way. In addition, the students learn new things while we help the teachers by covering some of their required topics.

2018 Basin Youth Excursion



Five students represented FEM Electric Association on the 2018 Youth Excursion. (L-R) Ben Batie, Eureka; Avery Wolff, Forbes; Anna Lapka, Leola; Katelynn Westphal, Leola; and Robin Butler, Long Lake.

The 2018 Youth Excursion was July 23-26 and like the Youth Tour to D.C., the FEM membership provides this all-expense paid trip.

Each year this trip gathers students representing South Dakota electric cooperatives and charters a bus to take them to North Dakota to tour the Basin Electric Power Cooperative facilities, Dakota Gasification Plant, Coteau Freedom Coal Mine, and the Antelope Valley Power Plant.

This excursion not only provided the students with an education on energy production, but also offered valuable understanding about the importance and influence of the local cooperatives. Freshmen or sophomores fill out an application to be eligible for this trip. Watch the *Cooperative Connections* newsletter in the spring for details.



North Star Energy, LLC

As you can see by the dates below, FEM is about one year behind on reporting yearend numbers on North Star Energy (NSE). North Star ends their year on June 30, and it is usually August before we get the audited financials. As the numbers show, NSE's net profit for FEM Electric was \$85,523 at their yearend.

North Star Energy has seen many changes and has grown to over a seven-million-gallon propane distribution company with around twenty employees. When the partners bought Brick Propane all shares were brought to 1/3 ownership between Jerry and Susan Brick, FEM Electric and NCFE (Agtegra). Jerry and Susan are looking to retire and sell their shares in NSE. FEM Electric and Agtegra had several meetings regarding the purchase of Brick's shares.

FEM Electric management and board feel that North Star Energy is and will continue to be a great asset to this region providing safe, affordable propane. In April, FEM Electric's board voted to offer FEM Electric's NSE shares for sale to Agtegra along with Brick's shares. Agtegra has an energy/fuel division that we felt the propane business would work good within.

As of July 1, 2019, FEM Electric will no longer be a partial owner of North Star Energy. North Star Energy will close out the year on June 30 and a value to purchase will be based on the partners equity balance plus 2019 margins.

If you have any questions, please contact Scott Moore FEM Electric Manager/CEO 605-426-6891.

	<u>Total Equity</u>	<u>Equity per year</u>
June 30, 2012	\$652,975	\$9,934
June 30, 2013	\$803,480	\$150,506
June 30, 2014	\$882,560	\$79,080
June 30, 2015	\$719,513	(\$163,047)
June 30, 2016	\$711,322	(\$8,191)
June 30, 2017	\$766,869	\$55,547
June 30, 2018	\$852,392	\$85,523

Golf View Acres

Originally, there were twenty-nine lots for sale and currently there are five lots left to sell in Golf View Acres. There are nine houses in the development that FEM Electric serves power to. In 2019, there are three new houses that are being planned for construction. FEM's total investment was \$135,332 in Rural Dakota. As of May 2018, FEM Electric purchased all shares in Rural Dakota and had received a return on investment of \$60,966 and had \$44,553 in equity.

As of June 1, 2018, FEM Electric bought out Agtegra and Valley Telecommunications. FEM Electric will continue to market the final five lots.

GOLF VIEW ACRES

FEM Electric

Your Touchstone Energy® Cooperative

Realtor: Beck Law Office
Call 605-426-6319

Promotions & Services

Water Heater Rebates

Consumers installing electric water heaters will receive the following rebates: standard lifetime water heater, 50 gallons or larger, \$3.00 per gallon; grid-enabled units 75 gallons or larger will receive a \$6.00 per gallon rebate. To be eligible for a rebate for an electric water heater, the unit must have a load control receiver installed. There is no cost for installation of the load control receiver. By having load control hooked to your water heater, you will receive \$5.00 off your monthly electric bill. Call FEM Electric at 426-6891 for more information.

Safety Presentations



Another service provided by FEM Electric to consumers and the general public is electrical safety presentations. Whether it be farm safety information, our high voltage demonstration

trailer, educating area first responders on contact accidents, or covering electrical safety issues using videos, newsletters or demonstrations. If your group or class would like to have FEM present a safety demo, please give us a call at 426-6891.

Electric Heating System Rebates & Loans

Marketing rebates for heating systems are available. Consumers receive a \$600 rebate and can apply for a 5% interest loan up to \$10,000 for the equipment and installation. This applies to electric heat pump systems with HSPF of 8.5 or greater, which also provide the benefit of air conditioning all in one unit. Auxillary heat rebates of \$10/kW up to 50 kW. Commercial heating \$10/kW up to 600 kW for resistance heat or \$50/ton for heat pumps. Don't put off installing a new heating system. Call FEM Electric at 426-6891 for more information.

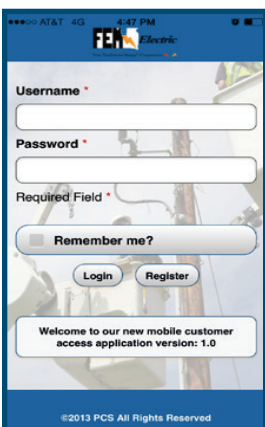
Donations



Since 2009, a safety committee made up of FEM Electric employees decided to have labels printed with safety messages and place them on water bottles. All schools are given cases of water to sell and use as fundraisers for the various school clubs and activities or they could give the water away; it is their choice. The water project has been positive and beneficial to the students, schools and FEM Electric.

We also have some on hand for community groups that are raising money. We continue to donate napkins to any organization that wishes to use them. Contact FEM at 426-6891 for more information.

Online Bill Pay & Account Access



FEM Electric offers online bill pay and account access. Members can access their accounts online through our website www.femelectric.coop or download the app for your Iphone or Android smart phones. Once logged in, you can pay your bill, look at usage graphs, and view and print past statements.

Other methods to pay your bill are by check, ACH or Credit Card.

Electrical Department

FEM Electric has offered electric services to respond to electrical needs of our members in Faulk, Edmunds, and McPherson counties since May, 2016. If you have a project requiring an electrician, contact Jim at 426-6891 or 800-587-5880 for a quote.





800 5th Ave.

Ipswich, SD 57451

(605) 426-6891

www.femelectric.coop

Energizing Our Cooperative Future!