

WATTS Current

Notice of Annual Meeting of Members

August 2021

2020 ANNUAL REPORT

The Annual Meeting of the members of Maquoketa Valley Electric Cooperative will be held at the Berndes Center, 766 N. Maple Street, Monticello, Iowa at approximately 12:30 p.m., Thursday, August 19, 2021. Attendees are encouraged to follow COVID-19 safety guidelines recommended by the Iowa Department of Health and the CDC. Members who are uncomfortable or unable to attend the meeting have the option to cast their ballot via mail using the ballot on Page 7 of this Annual Report and the enclosed envelope.

During the Annual Meeting, and via mail-in ballots received, members will take action upon the following matters:

- Approval of 2020 Annual Meeting Minutes
- Approval of the Treasurer’s Report
- Election of three Cooperative Directors for a three year term

The terms of the following Directors expire upon the date of this Annual Meeting:

- Charles McCullough, Region 3 (Dubuque County)
- Jan Null, Region 1 (Jones, Cedar, and Linn Counties)
- Larry Swanson, Region 4 (Delaware, Buchanan, and Clayton Counties)

The following members have been nominated as candidates for a Director position by the Nominating Committee:

- Charles McCullough, Region 3 (Dubuque County)
- John L. Murphy, Region 3 (Dubuque County)
- Jan Null, Region 1, (Jones, Cedar, and Linn Counties)
- Larry Swanson, Region 4 (Delaware, Buchanan, and Clayton Counties)

Candidate interviews and additional meeting information is available at www.mvec.coop/annual-meeting. You are urged to participate in this meeting either in person or by marking the Official Annual Meeting Ballot on Page 7. Instructions for completing the ballot are on Page 7 and 8 and must be followed to be considered valid. Members choosing to attend the meeting in person may vote by mail OR at the meeting.

Ballots returned by mail must be received at the Cooperative’s office in Anamosa prior to noon on August 17, 2021. Ballots returned by the deadline will be entered into a drawing for cash prizes up to \$100.

The Annual Meeting will be conducted in English. If you are not conversant with this language and plan to attend, contact the Cooperative in advance so an interpreter can be provided. If you have any disability and need special accommodations to have a full and equal enjoyment of this program, contact the Cooperative prior to the meeting to make arrangements.

Dated at Anamosa, Iowa, this 2nd day of August, 2021.

Gene Manternach, Secretary

**Official
Annual Meeting
Ballot
on page 7**

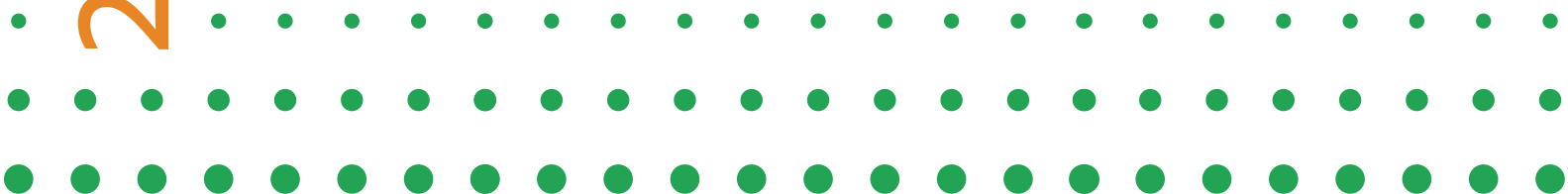
**Annual Meeting
Agenda
August 19, 2021**

**Registration Open
10:00 a.m. - 12:30 p.m.**

**Lunch
11:30 a.m. - 12:30 p.m.**

**Business Meeting
12:30 p.m.**

**Awarding of
Cash Prizes**





Executive Message

By President Ron Thielen and CEO Jeremy Richert

Our Staff and Board of Directors are excited to host this year's Annual Meeting in person at the Berndes Center in Monticello! We missed being able to interact with you when we were unable to meet last year due to the COVID-19 pandemic, but it did force us to try something new when we conducted the Annual Meeting remotely via mail. We had a great response with almost 2,000 members returning their ballots. In an effort to allow the highest number of members as possible to participate in the governance of your Cooperative, we are allowing members to participate by mail or in person this year. We encourage you to attend this year's meeting in person if possible, but if your schedule does not allow please make sure to return the mail-in ballot included with this Annual Report to ensure your voice is heard.

The COVID-19 pandemic had a significant impact on the way we were able to conduct business over the last 12 months as we were forced to alter normal work practices in order to ensure the safety and health of both our employees and our members. While our mode of conducting business didn't always look the same, we are proud to say we were able to continue providing the same high level of electric and broadband services that you have come to expect from us.

Five years ago at the Annual Meeting we announced the launch of MVlink to the membership. The last five years has been a bit of a whirlwind as we transitioned into a cooperative that offers both electric and broadband services. Our staff has worked extremely hard getting the fiber project launched and fully operational. The member response to MVlink services continues to be extremely strong and has reinforced our belief that access to high-speed broadband services can be a game changer for both the rural and urban areas we serve. We currently have constructed over 2,200 miles of fiber network and are approaching 5,500 members that have signed up for MVlink services.

In addition to MVlink activity, we continue to focus efforts on maintaining the electric grid to ensure we are able to provide energy services in a safe, reliable, and affordable manner. Last August, the Derecho caused significant damage to areas of our electric system. MVEC crews along with crews from other Cooperative's across the state worked day and night to get service restored as quickly as possible. Overall, we continue to operate one of the most reliable electric grids in the state with outage time for our members being 40% lower than the average outage time experienced across Iowa. Exceptional services at affordable rates is a benefit we are proud to provide to our members.

In closing, we wish to thank our fantastic team of employees for their dedication to our members. They truly care about meeting the needs of our members and have worked in whatever manner necessary to do so over the last 12 months.

Ron Thielen, President

Jeremy Richert, CEO



Director Candidates

VISIT MVEC.COOP/ANNUAL-MEETING FOR FULL BIOS AND MORE INFORMATION



Charlie McCullough
Peosta

Charlie McCullough - Region 3 (Dubuque County)

Charlie works with his family on their Century Family Farm raising beef cattle, corn soybeans, oats and alfalfa. He is a member of Holy Family Parish where he served on the council and as a trustee. He has also served as a director on several Cooperative boards in the area. He has been a member of MVEC since 1963 and a board member since 1997 where he has earned a Credentialed Cooperative Director Certificate.



John L. Murphy
Dubuque

John L. Murphy - Region 3 (Dubuque County)

John is a Loras College graduate, and is the current Dubuque County Recorder. He also holds an Iowa athletics coaching certificate. John is active in various leadership positions including Chair of the Governor's Commission on Community Action Agencies, Board Secretary for the Dubuque Labor Management Council, and is a registered State Lobbyist with the Iowa County Recorders Association.

REGION 3 - CHARLIE MCCULLOUGH

Why are you interested in serving another term on the board?

I want to continue to help the present and future phases of the Cooperative's growth. The broadband fiber internet is nearing its final phase of construction and I would like to help see that through.

What strengths will you bring to the Board if elected?

I have the ability to fairly represent all members of the Cooperative whether they are farmers, home or business owners. I have earned the Credentialed Cooperative Director Certificate and have several years of director experience; and we learn from experience. Through numerous training courses in the electric utility industry I have met many people across the state and the nation which is very beneficial as we handle mutual issues.

What is your greatest hope for the Cooperative's future?

I have several hopes. First, to keep MVEC in as strong and as balanced a condition as it is right now. Second, to maintain the excellent workforce we currently have. They are talented and great to work with from a phone call to the office or a lineman in the field, they always check the right boxes. And finally, to get ready for the future with the surge of electric vehicle interest with more vehicle manufacturers and with charging stations becoming more numerous.

REGION 3 - JOHN L. MURPHY

Why are you interested in a director position?

Having been a member for only the past 6 years, I have been impressed with the service through MVEC. I have also been a member of a Financial Cooperative for over 20 years. In addition to the electrical service, I have been able to benefit from having the fiber internet offering in recent months. I would like to be a part of this organization that focuses on the best interests of its members. I believe in the business model of Cooperatives and want to be a part of it.

What strengths will you bring to the Board if elected?

I always enjoy learning new things and bringing ideas to the table. I believe that every challenge is an opportunity and if selected to serve on the Board, I would look for every opportunity for members to benefit from the challenges that lie ahead. My past work with various local, state and federal government entities should be beneficial as MVEC continues to find the best opportunities for its members.

What is your greatest hope for the Cooperative's future?

I currently serve as the Chairman of the Governor's Community Action Agency Commission with a focus on reducing home energy costs through investments in energy efficiency, energy conservation education and grant programs for low income residents. My hope is that the Cooperative can find ways to leverage its resources to utilize state and federal programs for its members.





Director Candidates

VISIT MVEC.COOP/ANNUAL-MEETING FOR FULL BIOS AND MORE INFORMATION



Jan Null
Monticello

Jan Null- Region 1 (Jones, Cedar and Linn Counties)

Jan owns and operates Timber's Edge Farm Corp. with her husband, Bob. She is a pianist at Sacred Heart Church and is a Master Gardener. Jan is a member of Innovative Ag Services Cooperative, Iowa Farm Bureau and the Iowa Farm Business Association. She has served on the MVEC board since 2012, is on the finance committee, and has earned her Credentialed Cooperative Director Certificate.



Larry Swanson
Manchester

Larry Swanson - Region 4 (Delaware, Buchanan and Clayton Counties)

Larry is an ISU graduate with an Ag Business degree and he farms north of Manchester. Larry is a member of First Lutheran Church and has served in several leadership roles in Delaware County with Farm Bureau, the Foundation for the Future and Extension Council. He has been a MVEC board member since 1991, serving as President for 11 years and earning several Credentialed Cooperative Director certificates.

REGION 1 - JAN NULL

Why are you interested in serving another term on the board?

I bring both experience and the ability to effectively serve our membership and support the mission of the cooperative.

What strengths will you bring to the Board if elected?

Being a good listener and an open-minded person are qualities I believe help me serve our members well. My experience on the Finance Committee aids me in making fiscally responsible decisions for the Cooperative.

What is your greatest hope for the Cooperative's future?

My hope is that the Cooperative can always meet our Mission Statement to be the utility of choice by providing reliable, quality services in a safe, respectful, environmentally responsible, cost-effective manner that benefits our members' quality of life and promotes the success of their local communities.

REGION 4 - LARRY SWANSON

Why are you interested in serving another term on the board?

Maquoketa Valley started the fiber to the home project several years ago. It was challenging and exciting to be part of the decision making in that project. We are nearing the end of the initial build out and I would like to see it through to completion.

What strengths will you bring to the Board if elected?

While serving on the board I have attended many board leadership classes and have served as vice president and president. I have also served on various other boards in our community.

What is your greatest hope for the Cooperative's future?

If we learned anything this year it is the world is constantly changing. Electrical coops will keep up with power and technology innovations while continuing to provide outstanding customer service to our members.



Treasurer's Report

By Treasurer Judy Gotto

The Statement of Operations shows operating revenues increased by \$652,000 from 2019 to 2020 for a total of \$35.8 million; \$32.6 million was recognized from the sale of electricity and related charges and \$3.2 million from the sale of internet and telephone services. The report also shows a total net margin of \$3.65 million for 2020, which was allocated to patronage dividends, and reserve for losses and surplus in accordance with Iowa law.

The Cooperative added \$12.5 million in total utility plant as we continued investing in our smart grid build-out and improving our electric grid. This necessitated borrowing \$8,000,000 to fund capital projects.

With the increases in both electric and fiber revenues, we were able to defer \$500,000 in revenue to 2021 allowing us to maintain rates as low as possible.

In October 2020, \$645,000 in patronage dividends were paid to current and past members, retiring \$545,000 of the 2005 dividends and \$100,000 of the 2007 dividends. Earlier this year the Board of Directors allocated \$1.4 million of the 2020 net margins to the membership for reimbursement in the coming years.

Eide Bailly, an independent audit firm from Sioux Falls, South Dakota, performed an audit of the Cooperative's financials. Their opinion as noted in this annual report states the financials conform to generally accepted accounting principles and no issues of concern were identified.

Statements of Operations Years Ended December 31, 2020 and 2019

	2020	2019
Operating Revenues	\$ 35,814,426	\$ 35,162,100
Operating Expenses		
Cost of power	17,922,908	18,370,516
Operations	2,257,233	2,774,224
Maintenance	1,812,844	1,914,226
Customer accounts	762,649	803,805
Sales expense	675,518	796,573
Administrative and general	1,897,086	2,085,019
Depreciation	4,717,532	4,220,709
Taxes	833,249	812,426
Interest on long-term debt	3,129,542	3,006,384
Other	11,498	10,178
Total operating expenses	34,020,059	34,794,060
Operating Margin Before Capital Credits	1,794,367	368,040
Generation and Transmission and Other Cooperative Capital Credits	1,721,683	1,485,070
Net Operating Margin	3,516,050	1,853,110
Nonoperating Margin		
Interest income	88,625	197,022
Other nonoperating margins, net	7,166	4,573
Gain from disposal of electric plant	40,540	44,015
Total nonoperating margin	136,331	245,610
Net Margin	\$ 3,652,381	\$ 2,098,720

Excerpt from the Independent Auditor's Report [full report available upon request]

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Maquoketa Valley Rural Electric Cooperative as of December 31, 2020, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Eide Bailly LLP

Sioux Falls, South Dakota
April 9, 2021

The financial data herein is prepared for the membership of Maquoketa Valley Electric Cooperative and this information may not be used or published without the written consent of the Cooperative.





BALANCE SHEET - 2020 AND 2019

Assets	2020	2019
Electric Plant		
In service	\$ 151,849,432	\$ 135,802,661
Under construction	6,506,810	10,015,395
Total electric plant	158,356,242	145,818,056
Less accumulated depreciation	(41,679,225)	(37,936,100)
Electric plant - net	116,677,017	107,881,956
Other Assets and Investments		
Investments in associated companies	8,937,962	8,364,105
Restricted investments	1,066,061	1,054,491
Special funds - deferred compensation	-	116,790
Special funds - revenue deferral	500,000	500,000
Non-utility property, net	52,820	79,391
Total other assets and investments	10,556,843	10,114,777
Current Assets		
Cash and cash equivalents	1,732,958	2,866,921
Accounts receivable, net	4,693,129	4,810,365
Materials and supplies	3,106,091	3,257,493
Prepaid expenses	462,703	385,293
Other current and accrued assets	13,066	13,066
Total current assets	10,007,947	11,333,138
Deferred Debits	895,503	685,822
Total assets	\$ 138,137,310	\$ 130,015,693
Equities and Liabilities Equities		
Patronage capital	\$ 15,172,853	\$ 15,113,046
Other equities	22,372,516	19,394,749
Total equities	37,545,369	34,507,795
Long-Term Debt, Less Current Maturities	93,404,416	87,485,515
Accumulated Provision for Pension and Benefits	209,396	305,614
Current Liabilities		
Current maturities of long-term debt	1,972,640	2,412,532
Accounts payable	1,998,997	2,510,102
Customer deposits	139,462	135,769
Other current and accrued liabilities	1,390,390	1,472,083
Total current liabilities	5,501,489	6,530,486
Deferred Credits	1,476,640	1,186,283
Total equities and liabilities	\$ 138,137,310	\$ 130,015,693



Your ballot must be returned in the enclosed envelope marked "Official Ballot" and must be received at the Maquoketa Valley Electric Cooperative's office in Anamosa, prior to noon on August 17, 2021.

Official Annual Meeting Ballot

The Secretary's instructions above and on back page must be followed for this ballot to be valid.

I approve the Minutes of 2020 Annual Meeting *see back page* **Yes** **No**

I approve the Treasurer's Report *see page 5* **Yes** **No**

Three to be elected for three year terms; Vote for only one from each region.

Region 1

(Jones, Cedar and Linn Counties)

Jan Null*

Region 3

(Dubuque County)

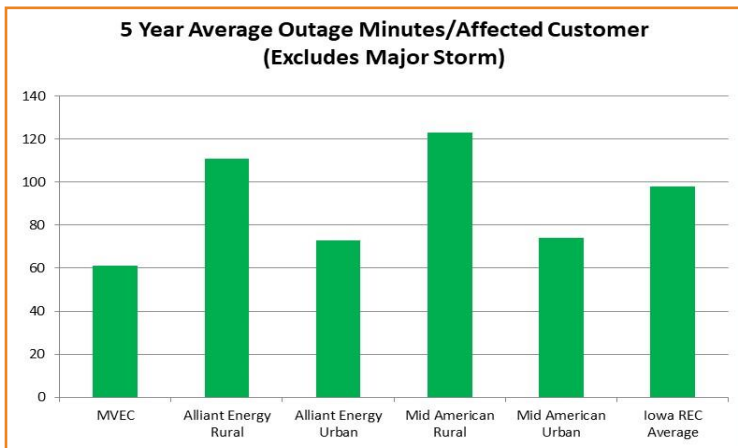
Charles McCullough*
 John L. Murphy

Region 4

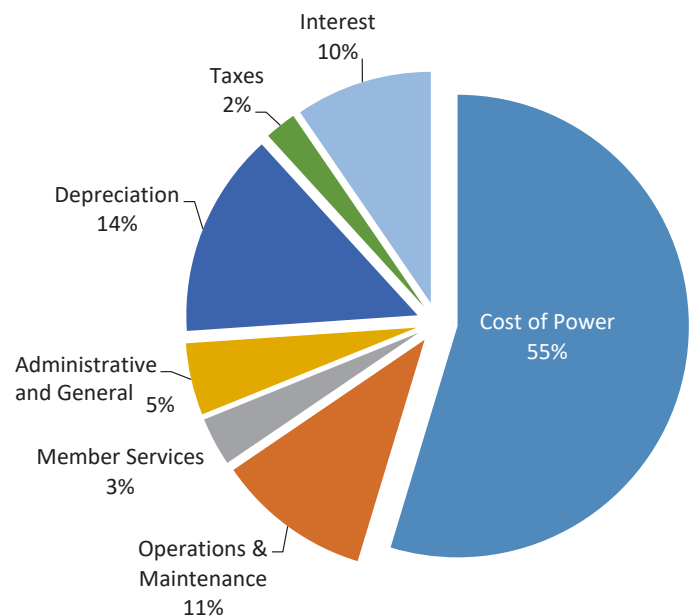
(Delaware, Buchanan and Clayton Counties)

Larry Swanson*

*Incumbent Director



Your 2020 Dollars at Work



Operating Statistics

	2020	2019
Electric & Communication Members	13,447	13,231
Meters Connected (at year-end)	16,536	16,369
Distribution Miles Energized (at year-end)	3,282	3,275
Average Meters per Mile	5.03	4.99
kWh Sold	289,962,403	293,949,076
Wholesale Power Cost per kWh Sold	0.0618	0.0625
Average Revenue per kWh Sold (Total)	0.1116	0.1106
Average Patronage Dividend Payment	\$53.79	\$38.09
Full-time Employees (at year-end)	74	74
Outages - Total	271.72	177.42

Secretary's Instructions for Voting

Please review the minutes of the 2020 Annual Meeting of the Members, and the Treasurer's Report, then select either Yes or No to cast your vote to approve each.

Pursuant to the Cooperative's Bylaws, a nominating committee, appointed by the Board of Directors, has nominated these candidates for election to a term of three years each. Mark this ballot with an "X" in the square in front of each nominee for whom you wish to vote.

Official Ballots will remain sealed until they are counted by member teller's and the Cooperative's attorney during the Annual Meeting. Returning your ballot ensures your participation in the Annual Meeting and allows your vote to count in the selection of directors to serve you.

Minutes of 2020

Abbreviated Version of Minutes of the 2020 Annual Meeting of Members

(A full version of the minutes is available at www.mvec.coop/annual-meeting)

The Annual Meeting of the Members of Maquoketa Valley Rural Electric Cooperative was held at the Cooperative's headquarters in Anamosa, Iowa at 8:00 A.M. on the 20th day of August, 2020.

In-person attendance at the meeting was limited due to the COVID-19 health pandemic and member participation in the Annual Meeting was handled via US Mail.

President Thielen confirmed a quorum was present, called the meeting to order and appointed attorney Phil Brooks as Parliamentarian. Secretary Gene Manternach took the official minutes.

Members waived the reading of the roll and the reading of the official notice of the meeting, that was mailed along with a voter response card, to all members of record on August 4, 2020. The minutes of the Annual Meeting of the Members held on August 22, 2019 and the Treasurer's Report were approved.

President Thielen stated that in accordance with the Cooperative's Articles of Incorporation and Bylaws all members were notified of the process for seeking a position on the Board of Directors and an independent nominating committee was appointed. The Nominating Committee presented the following members for Director positions: Gene Manternach and Robert Stoll – Region 1; Charlie Peters – Region 2; and Judy Gotto and Mary Goebel for Region 3.

The counting of ballots returned by the membership via US Mail was completed with six teller members and overseen by Attorney Phil Brooks. The membership elected the following members to Director positions for three year terms: Gene Manternach – Region 1, Charlie Peters – Region 2, and Judy Gotto – Region 3.

No unfinished or new business was raised by the members present. With all necessary business concluded, the meeting was adjourned.