


2022 ANNUAL MEETING LIGHTING THE WAY



Shelby Electric
Cooperative

Your Touchstone Energy® Cooperative 

FRIDAY, JUNE 10, 2022 • 1:00 P.M.
SHELBY COUNTY 4-H FAIRGROUNDS • SHELBYVILLE, IL

YOUR NEIGHBORS SERVING AS YOUR COOPERATIVE'S DIRECTORS



— District 1 —
Robert Holthaus
Stonington
Chairman



— District 2 —
Greg Mackling
Dalton City
Vice Chairman



— District 3 —
David Keown
Findlay
Secretary



— District 4 —
Larry Durbin
Shelbyville
Vice Chairman



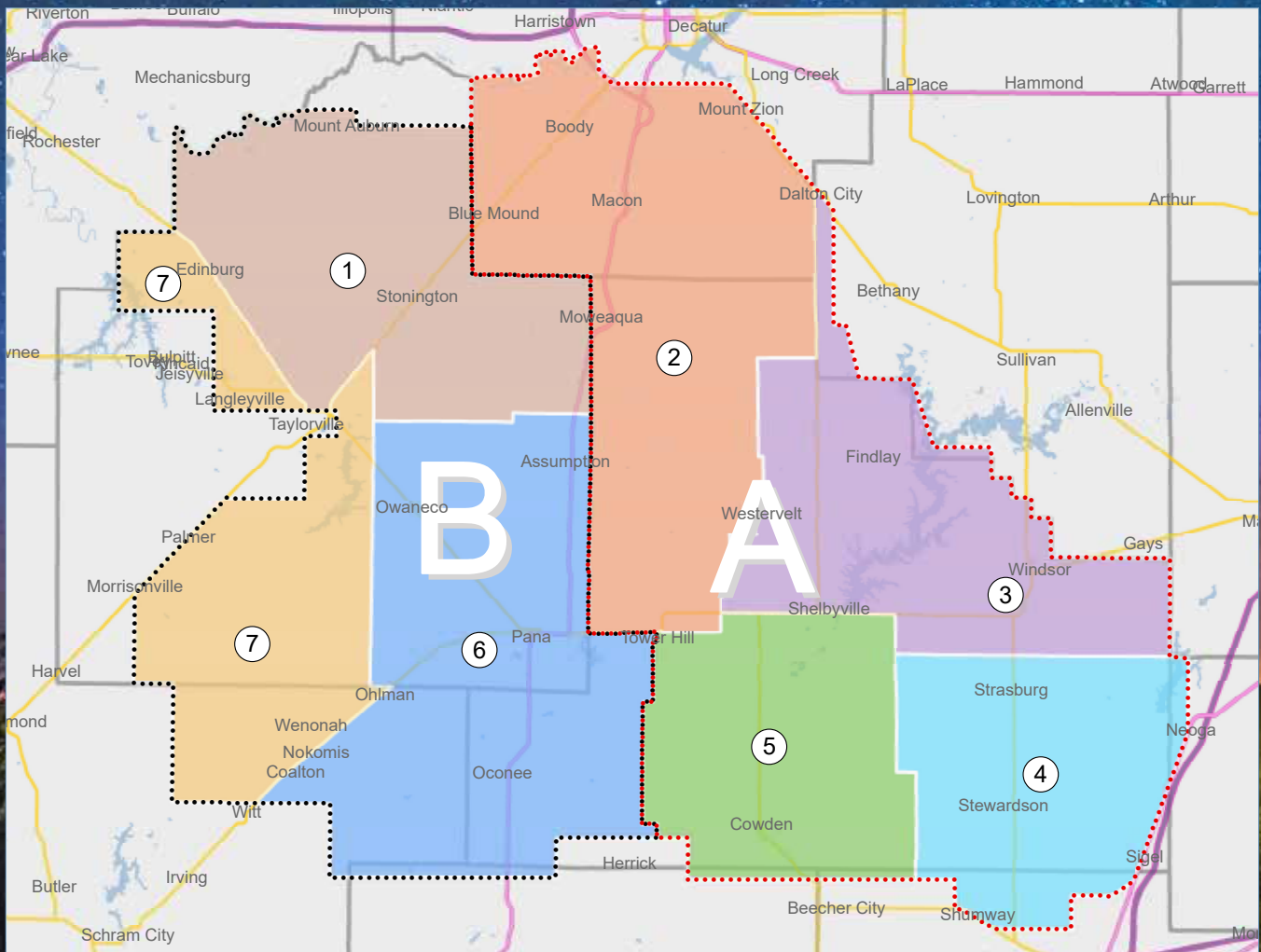
— District 5 —
Brian Halbrook
Shelbyville
Vice Chairman



— District 6 —
Katie Ohmes
Pana
Treasurer



— District 7 —
Brent Lively
Taylorville
Vice Chairman



The district area map above includes the two at-large districts:

At-large A represents districts 2, 3, 4 and 5

At-large B represents districts 1, 6 and 7

AGENDA

National Anthem

Call to Order Robert Holthaus, Chairman

Invocation

Legal Call of the 83rd Annual Meeting David Keown, Secretary

Report on Board of Directors Appointment of Committee on Credentials Robert Holthaus

Introduction of Scholarship Winners Robert Holthaus

Report of Committee on Credentials Regarding Active Class A Members

Present to Establish a Quorum Committee Chairman

Approval of Minutes of Previous (2021) Meeting Robert Holthaus

Chairman's Report Robert Holthaus

Treasurer's Report Katie Ohmes, Treasurer

Amendment to Bylaws Amy Jackson, Attorney

Election of Directors Amy Jackson, Attorney

President/CEO's Report Josh Shallenberger, President/CEO

Other Business

Door Prize Drawing Josh Shallenberger

Adjournment

OFFICIAL MEETING NOTICE

The annual meeting of the members of Shelby Electric Cooperative will be held at the Shelby County 4-H Fairgrounds in Shelbyville, Illinois, at 1:00 p.m. on Friday, June 10, 2022, to take action upon the following matters:

1. Approval of Minutes of 2021 annual meeting;
2. Presentation of reports of officers;
3. The election of four (4) directors;
4. Consideration of proposed amendment to bylaws; and
5. All other business which may come before the meeting or any adjournment.

In connection with the election of one director each from Districts 3, 6 and at-large A for a term of three years, and one director from District at-large B for a term of one year, the following members have been nominated by petition.

| District # | |
|------------|-------------|
| 3 | David Keown |
| 6 | Scott Ohmes |

| At-Large Districts | |
|--------------------|---------------------------------|
| A | Rob Bullock |
| B | Sean Bertelsen James Gardner |

Additional nominations for director may not be made from the floor at this meeting.

The election materials for **mail-in voting only** were mailed on May 13, 2022.

Dated at Shelbyville, Illinois, this 13th day of May, 2022.

David Keown, Secretary

NOMINEES FOR DIRECTORS

Shelby Electric Cooperative

June 10, 2022

Shelbyville, Illinois

DISTRICT 3

David Keown, Findlay (Vote for one) (3-Year Term)

DISTRICT 6

Scott Ohmes, Pana (Vote for one) (3-Year Term)

AT-LARGE A

Rob Bullock, Shelbyville (Vote for one) (3-Year Term)

AT-LARGE B

Sean Bertelsen, Stonington (Vote for one) (1-Year Term)

James Gardner, Taylorville (1-Year Term)



Josh Shallenberger
President/CEO
Shelby Electric Cooperative

CEO REPORT

LIGHTING THE WAY

As with much of society, there is a lot of pressure to change the way electric distribution utilities have operated for close to a century. The word pressure may imply to some a negative connotation. However, pressure can certainly be positive in nature as well. One example of this pressure comes in the form of technological advances, undoubtedly resulting in an opportunity to more efficiently and effectively operate the grid. It can include an abundance of ways to track and store data upon which to analyze and implement machine learning, or artificial intelligence (AI). Or it may take the shape of distributed generation resources with higher efficiencies as more are produced and utilized, leading to less environmental emissions and a potentially more robust, decentralized grid. Again, an opportunity to proceed in a positive direction and each of these examples have the potential to result in long-term benefits.

On the other hand, there exists the function of resources available for use by the Cooperative at any particular point in time. As a grassroots organization, founded, owned, and operated by its collective membership as overseen by directors elected by the Cooperative membership, it is realized that there are very few ways for the Cooperative to raise funds to support operations and capital projects to serve members in years to come. Most often these funds are contributed by the members over time through the collection of rates necessary to support the revenue requirements of the Cooperative. So, the value proposition, as with most things in life, begs the question, “What benefit am I receiving for the amount

I am paying?”. Cost pressure is one that never is seen in a positive light yet is one that must be a governor when resources are allocated, and policies are promulgated.

Therefore, as we proceed with Cooperative policy decisions and capital assets purchased locally, I assure you it is done with careful attention paid to how it may affect the members. While we can’t possibly know what the world will look like in 30 years, that picture, while it becomes more clear five years out, still harbors a lot of uncertainty. When giving consideration to policies affecting the membership of the Cooperative, decisions must be viewed through the lens of how it will affect the membership and the organization as a whole. Undoubtedly, those policy positions have the potential to change over time. Likewise, investments are being made to ensure Shelby Electric Cooperative can continue to deliver electricity to its member owners in a safe, reliable, and affordable manner over this continuum. Additionally, investments have been made to also deliver other essential rural utility services in the form of rural propane delivery, whole-house standby generation, and broadband services so members may expect that same commitment in these areas as well.

It is truly an interesting and challenging time to operate an electric distribution system, but one that has great opportunity for positive change to help light the way of the future. The employees of Shelby Electric Cooperative, Shelby Energy, and PWR-net strive daily to continue to add value for the Cooperative members, the only reason we are here – to serve you, the member-owners.

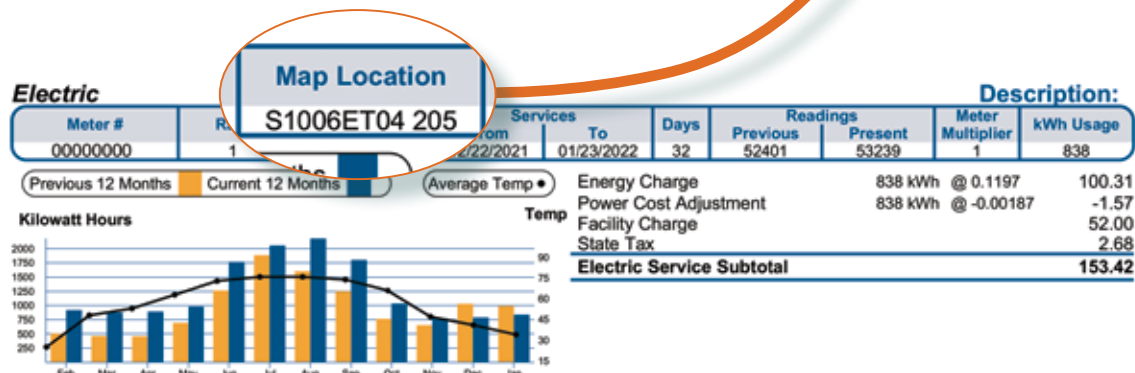
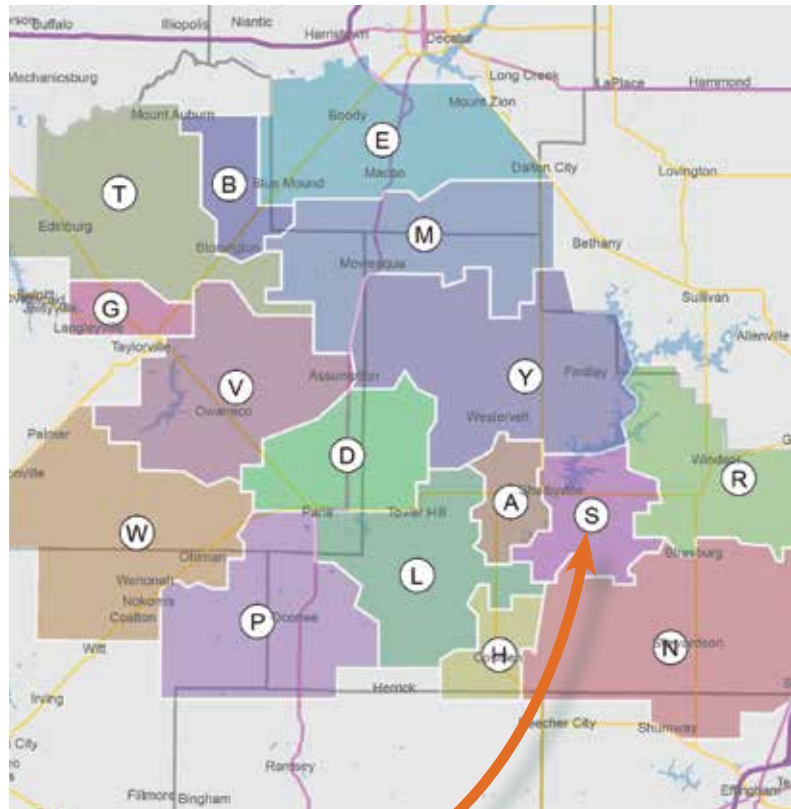
WHICH SUBSTATION SERVES YOU?

Ever wonder which substation delivers electricity to your home, farm, or business? There are times the cooperative announces a planned outage to make a needed repair, or Mother Nature takes a swing at our system causing an outage. We often reference a substation, especially during a planned outage. Your “Map Location,” found on your electric bill, has a letter in front of a series of numbers. This letter references the substation that serves your home, farm, or business with power.

The chart below lists the substation and letter that corresponds with each one. For example, if your “Map Location” number starts with the letter S, then you are served by the Shelbyville substation. This information is also good to have when reporting an outage.

Remember to report your outage by calling 1-800-677-2612 or by using the SmartHub app. Please DO NOT use social media to report an outage.

| Substation | Letter Associated |
|-------------|-------------------|
| Airport | A |
| Blue Mound | B |
| Dunkel | D |
| Elwin | E |
| Grove City | G |
| Herrick | H |
| Lakewood | L |
| Moweaqua | M |
| Neoga | N |
| Pana | P |
| Richland | R |
| Shelbyville | S |
| Taylorville | T |
| Velma | V |
| Wenonah | W |
| Yantisville | Y |



This information can be found on page 2 of your electric bill.

EIGHTY-SECOND ANNUAL MEETING OF THE SHELBY ELECTRIC COOPERATIVE

The eighty-second Annual Meeting of the Members of the Shelby Electric Cooperative was called to order by Chairman of the Board Brent Lively in the 4-H Auditorium at the Shelby County Fairgrounds, Shelbyville, Illinois, at 1:00 p.m., Friday, June 4, 2021. Following the playing of the National Anthem, the invocation was delivered by Luke Brown, Shelby Electric lineman.

Secretary Bennie Clawson then read to the members the Legal Call of the eighty-second Annual Meeting of Members which was as follows:

LEGAL CALL

BENNIE CLAWSON, Secretary of Shelby Electric Cooperative, hereby reports that, at my direction, on the 7th day of May, 2021, a notice of the annual meeting of members of the Cooperative to be held on June 4, 2021 was deposited by or on behalf of the Cooperative in the United States Mail, with postage prepaid, addressed to each active Class A member of the Cooperative at the address of said active Class A member as it appears in the records of the Cooperative.

Dated: June 4, 2021 (SIGNED) Bennie Clawson,
Secretary

After the reading of the Legal Call, Chairman Lively introduced the Board of Directors, recognizing former director and member, John Scott. Chairman Lively also recognized Duane Noland and other members of the staff of the Association of Illinois Electric Cooperatives, including Christina Harper, Valerie Cheatham, and Kristin Banks, as well as Prairie Power employees Joe Smith and Jeremy Johnson.

Chairman Lively reported that the following members of the Cooperative had been appointed by the Cooperative's Board of Directors to serve as the Committee on Credentials:

David Keown, Chair
Bennie Clawson
Katie Ohmes

Chairman Lively reported that the following members of the Cooperative had been appointed by the Cooperative's Board of Directors to serve as Inspectors of Elections:

Jessica Fox, Chair
Robert Wysong
John Miller

Chairman Lively next introduced the winners of Shelby Electric Cooperative scholarships. Each year, Shelby

Electric Cooperative awards three \$1,000 scholarships to high school seniors. Applicants must be sons or daughters of current members receiving electric service and must be furthering their education at a four- or two-year college or university, including vocational and technical schools, located in the United States. The recipients are selected based on academics, community involvement, character, and financial need. The following students were recognized in 2021 as \$1,000 scholarship recipients:

1. Chloe Dasenbrock (daughter of Randy & Emma Dasenbrock) of Stewardson-Strasburg High School;
2. Jacob Daniels (son of Dustin & Julie Daniels) of Central A & M High School; and
3. Haley Beck (daughter of Trent & Angela Beck) of Windsor High School.

This year, due to COVID-19 restrictions on Cooperative youth programs, Shelby Electric decided to utilize the unused funds from these other activities to provide additional \$500 scholarships. The following 11 students received \$500 scholarships:

1. Maggie Kelly (daughter of Duane & Angela Kelly) of Strasburg;
2. Jordan Lauwerens (daughter of Jim & Christina Lauwerens) of Rochester;
3. Sydney Doty (daughter of Courtney Doty & Patrick Doty) of Cowden;
4. Ella Forlines (daughter of Eric & Tami Forlines) of Moweaqua;
5. Macey Westrick (daughter of Heather Whetsell) of Taylorville;
6. Braeston Brummet (son of Leon & Josephine Brummet) of Nokomis;
7. Gracie Dahler (daughter of Bob & Jeanne Dahler) of Nokomis;
8. Jada Plummer (daughter of Eli & Allyson Plummer) of Neoga;
9. Robert Younker (son of Doug & Betty Younker) of Edinburg;
10. Dominic Orr (son of Jeremy & Holly Orr) of Taylorville; and
11. Kami Mathis (daughter of Tim & Missy Mathis) of Shelbyville.

Chairman Lively then introduced Duane Noland, President of the Association of Illinois Electric Cooperatives,

for presentation of the Thomas H. Moore IEC Memorial Scholarship. Years ago, the AIEC saw the opportunity to help students in rural communities by establishing this \$2,000 scholarship. Twelve scholarships are given each year and the recipients are selected from more than 250 applicants. This year, from Shelby Electric Cooperative's territory, Maggie Holthaus (daughter of Robert & Jill Holthaus) of Taylorville High School was selected.

David Keown, Chair of the Committee on Credentials, delivered the report of the Committee, said report being as follows:

Report of the Committee on Credentials of the 82nd Annual Meeting of the Shelby Electric Cooperative, June 4, 2021

We, the undersigned members of the Committee on Credentials appointed to serve for the 82nd Annual Meeting of the Shelby Electric Cooperative, held June 4, 2021 at 1:00 p.m., do hereby certify as follows:

That we, and each of us, have examined the credentials of the active Class A members of the Shelby Electric Cooperative present for the 82nd Annual Meeting, and report as follows:

That the total number of active Class A members present in person are 615;

That the total number of active Class A members presenting duly executed proxies are 0;

Making a total of 615 active Class A members present in person or by proxy.

Dated this 4th day of June 2021.

David Keown, Chair

Bennie Clawson

Katie Ohmes

Members of the Committee on Credentials

Chairman Lively declared a quorum to be present and the meeting open for the transaction of business.

Chairman Lively announced that written copies of the minutes of the eighty-first annual meeting of the members, held on June 7, 2019, had been included in the notice of meeting and had also been made available to the members prior to the meeting and asked if there was a motion to approve the minutes as published. On motion of member Richard Simms, seconded by member Ray Vogel, the minutes as published were approved by vote of the membership.

Chairman Lively then delivered his report as Chairman of the Board of Directors of the Cooperative. Chairman Lively focused his comments on three main topics: 1) financial highlights; 2) what is new; and 3) what is not new.

Financially, Shelby Electric Cooperative is strong. The net margins have increased approximately \$1 million from 2019 to 2020. Several years ago, the Shelby Electric Board of Directors implemented a "drive to 55" plan which was intended to increase the net worth ratio to 55%. The plan has been a success. At the end of 2020, the ratio reached 59%. Because the net worth of the

Cooperative has increased, so too has the value of membership. The average equity per member has increased from \$3,180 in 2016 to \$4,715 in 2020. Despite these increases in the net worth of the Cooperative, the average electric bill has actually decreased (\$289 in 2016 and \$286 in 2020).

Changes at the Cooperative in the next year include changes in the Board of Directors. Chairman Lively recognized the retirement of two members of the Cooperative's Board of Directors: Bennie Clawson and Pam Rincker. Both Directors served the membership well. Director Clawson was a strong voice and advocate for the employees, having been one himself for many years. Director Rincker brought a high level of knowledge to the Board. Both will be missed and will be replaced by two newly elected Directors.

In addition, the proposed bylaw amendment, if approved, will increase the size of the Board by two "at large" members.

Chairman Lively will be stepping down as Chairman of the Board; having already fulfilled his two-term limit. Forrest Keaton retired after 17 years as attorney for the Cooperative and is replaced by his law partner, Amy Jackson.

Members can also expect new developments in infrastructure. The Cooperative is continuing efforts to expand broadband access by undertaking an extensive dark fiber project. New building additions and substation work will also occur in the coming year.

Lastly, Chairman Lively stated that one thing that is not new is the lack of member engagement. Chairman Lively encouraged members to become active in the Cooperative and to pursue opportunities for involvement, including the two new Director positions that will be open for nomination in 2022. Another thing that – thankfully – is not new is the fact that Shelby Electric Cooperative has great management and great employees. The most valuable asset of Shelby Electric continues to be its employees.

Chairman Lively then introduced the Cooperative Treasurer, Katie Ohmes, who reviewed the Annual Report as published in the annual meeting notice. She reported that the Cooperative had annual revenues in 2020 of approximately \$33 million from the sale of electric service and that approximately \$20 million, or about 65 cents of every dollar of revenue, was paid by the Cooperative for power supply. She reported that 2020 total margins were \$5,113,991. She reported that the Cooperative's total assets were approximately \$77 million, that the Cooperative had approximately \$31 million in liabilities, and that the net value of the Cooperative was approximately \$46 million.

Treasurer Ohmes reported that the average Cooperative investment per member was \$4,715 and that the average plant investment in the Cooperative per member served was \$8,038, meaning that the Cooperative has invested nearly two times as much to provide service to each member as the members have invested in the Cooperative.

She reported that Shelby Energy Company, the Cooperative's propane subsidiary, had more than 2,800



customers and in 2020 had total sales of nearly \$2 million. As a wholly-owned subsidiary of Shelby Electric, Shelby Energy continues to remain profitable.

Pwr-net is a division of Shelby Electric that provides broadband internet service. Major capital improvements have been made to the system over the past several years and this business too continues to remain profitable.

Finally, Treasurer Ohmes informed the members that the annual audit was completed by a Certified Public Accounting firm and that copies of the Cooperative audit were available for those members that were interested in reviewing it.

After receiving the Report of the Cooperative Treasurer, on motion of member Glen Warner, seconded by member Maurice Isaacs, Jr., said Treasurer's Report was received and unanimously approved by vote of the membership.

At the request of Chairman of the Board Lively, the Cooperative's attorney, Amy Jackson, took charge of the meeting for the amendments to the bylaws and for the election of new directors.

Attorney Jackson reported that the proposed amendments to the bylaws were published in the Annual Meeting notice and explanation of the proposed amendments was also provided therein. She reported that the proposed changes involve Article III, Sections 1, 3 and 4. With the amendments, the Board of Directors recommends increasing the number of Directors from seven to nine, divided into three classes with three-year staggered terms. One Director will continue to be elected from each of the seven Director Districts and two Directors will be elected "at large" (one from Districts 1, 6 and 7 and one from Districts 2, 3, 4 and 5). The Board recommends this change in order to enhance stability of the Board in terms of Director succession and also to provide increased opportunity for persons to serve on the Board. Other minor changes are also recommended in order to allow the Cooperative's legal counsel to review the nominating petitions and Statement of Qualifications to determine whether a nominee meets the bylaw requirements.

She then directed those present to cast ballots if not already done.

Attorney Jackson then reported that nominating petitions with the requisite number of signatures by Class A members of the Cooperative and completed Statements of Qualification as required by the Cooperative's bylaws had been received from the following persons not less than 60 days prior to the date of the annual meeting:

DISTRICT 1:

Robert Holthaus, Stonington

DISTRICT 2:

John "Greg" Mackling, Dalton City

DISTRICT 4:

Larry Durbin, Shelbyville

DISTRICT 5:

Brian Halbrook, Shelbyville

DISTRICT 7:

Brent Lively, Taylorville

She reported that in connection with the election of Directors from Districts 4 and 5, the term will be the remaining two years of the three-year term for which election would have been held in 2020 if the Annual Meeting was not cancelled due to COVID-19. The Directors from Districts 1, 2, and 7 will be elected for a three-year term.

She reported also that the names of all persons who had delivered the duly signed petition and Statement of Qualifications to the Cooperative legal counsel had been placed on the written ballot which had been provided to the Class A members at the time of their registration for the meeting. The members were then requested to cast ballots if not previously done. All ballots were then collected by the Inspectors of Election with the help of the Cooperative employees.

President and CEO Josh Shallenberger addressed the meeting and extended his appreciation to the Shelby County Pork Producers for preparing the meal and to the Hood Family Band (Jim, Penny and Jennifer) for providing musical entertainment and leading the assembled group in the National Anthem. Gratitude was also extended to the scholarship winners and their families as well as representatives of the AIEC and PPI for their attendance. Finally, President and CEO Shallenberger thanked his coworkers – the employees of Shelby Electric Cooperative – for the hard work and dedication they display every day.

As of December 31, 2020, Shelby Electric Cooperative provided service to 14,177 accounts across all business units. An additional 300-plus members access their service seasonally, and these are not reflected in the year-end number. The total of just over 14,000 accounts are served by 44 employees on the electric side of the business, five employees who service propane customers, and five employees that focus on internet members.

President and CEO Shallenberger reiterated the comments of Chairman Lively with regard to the effort to increase equity as a percentage of assets; a number that now sits at 59.32%. Equity as a percentage of assets is a common indicator of the financial health of an organization. SEC is above average when compared to similar organizations. He reported that current assets are very strong; consisting of cash and prepayments. Annually, the Cooperative is reinvesting between \$2.5 and \$3.5 million back into the distribution plant.

In 2021, the Cooperative Board also provided budgetary approval to begin connecting the Cooperative substations with fiber optic cable. The fiber will enhance the effectiveness of the distribution system and will, in the future, enhance the Cooperative's ability to provide broadband access to its members.

President and CEO Shallenberger identified three core tenants of the Cooperative and focused his presentation on these three: the provision of 1) safe; 2) reliable; and 3) affordable electricity.

Shelby Electric Cooperative has a commitment to zero contacts. SEC tracks its performance in the area

of safety on a monthly basis. The monthly report tracks leading indicators which are those items that ultimately produce good safety results. Lagging indicators are also tracked and often result in preventative actions. As of June 3, 2021, Shelby Electric Cooperative has achieved 1,380 days without a lost time incident.

Shelby Electric Cooperative also has a commitment to providing reliable electric service. Over the past five years, a fourth of Shelby Electric's substations have been either completely replaced or had the main transformer replaced. The work is ongoing and additional substations will see similar upgrades in the next several years. SEC has also been working with Prairie Power to develop, engineer, and construct new transmission lines, which will address concerns around the loading on the older, existing lines. Finally, SEC maintains a vegetation management program that is essential to reliability and prevention of line loss. Thanks to the vegetation management efforts, current line loss hovers around 6% and shows a good, steady downward trajectory.

Shelby Electric Cooperative is also committed to providing affordable electricity for its members. With the necessary reinvestment into the distribution system, coupled with low consumer density, Shelby Electric will not have the lowest of all rates. Reinvestment is necessary in order to provide reliability. Historically, Shelby Electric has provided a reliable source of power with little variability in cost to its member. There are many factors involved in the affordability of the service about which members may not be aware. For example, through application of the Wholesale Power Cost Adjustment during 2020, members had received credits on their monthly bills totaling \$761,452 and through retirement of capital credits, the Cooperative has, over time, retired a total of \$7,163,317 of capital credits to its members.

President and CEO Shallenberger then reviewed the results of the most recent Member Satisfaction Survey. He noted in particular the overall satisfaction rating with the Cooperative remains high, with 83% of those members surveyed rating their satisfaction as an 8, 9 or 10, which are considered "top box" scores. Only 2% of the members surveyed put SEC in the bottom boxes. The ratings for provision of reliable electric service and quick restoration of power after an outage have similar top scores.

President and CEO Shallenberger noted in particular the exceptionally high scores given for customer service and satisfaction. 86-89% of all members surveyed rated SEC employees in the "top box" in terms of being friendly and courteous, being knowledgeable and competent, communicating effectively, and being an organization with which it is easy to do business.

President and CEO Shallenberger reported that the Cooperative continued its commitment to the "cooperative spirit" when called upon to assist the Jefferson Davis Electric Cooperative in Louisiana, Corn Belt Energy in Bloomington, and Eastern Illini Electric in Paxton following storms in 2020. In total, Shelby provided 7,450

man hours of mutual aid assistance to these cooperatives. This was in addition to the 839 hours of storm hours worked on Shelby's system.

President and CEO Shallenberger concluded his remarks by introducing the plans for build out of utility fiber optic cable on Shelby's existing distribution system. As technology progresses, highly reliable communications among utility equipment is necessary. The fiber connectivity will also eventually enhance Shelby's efforts to expand its broadband offering to members. The Board has provided budgetary authorization for this project.

Chairman of the Board Lively called on Jessica Fox, Chair of the Inspectors of Elections, to read the Certificate of Inspectors of Elections, which was as follows:

Certificate of Inspectors of Elections

We, the undersigned, the duly appointed Inspectors of Elections, for the Annual Meeting of the members of Shelby Electric Cooperative held on the 4th day of June, 2021, do hereby certify that the voting on the proposed amendments to Article III of the bylaws was fairly and impartially conducted; that we received the votes of the members by ballot and counted the votes cast; and that the votes totaled as follows:

| | |
|---------------------------------|----|
| IN FAVOR OF PROPOSED AMENDMENTS | 32 |
| OPPOSED TO PROPOSED AMENDMENTS | 2 |

We certify accordingly that the proposed amendments to Article III of the bylaws have been duly adopted by the majority of members present.

We further certify that the election of Directors was fairly and impartially conducted; that we received the votes of the members by ballot and counted the votes cast; and that the following members received the number of votes set opposite their respective names, to-wit:

DISTRICT 1: (To serve for a term of three years – One (1) to be elected from this district)

| NAME | NO. OF VOTES RECEIVED |
|-----------------|-----------------------|
| Robert Holthaus | 27 |
| Spoiled Ballots | 2 |

DISTRICT 2: (To serve for a term of three years – One (1) to be elected from this district)

| NAME | NO. OF VOTES RECEIVED |
|----------------------|-----------------------|
| John "Greg" Mackling | 25 |
| Spoiled Ballots | 2 |

DISTRICT 4: (To serve for a term of two years – One (1) to be elected from this district)

| NAME | NO. OF VOTES RECEIVED |
|-----------------|-----------------------|
| Larry Durbin | 26 |
| Spoiled Ballots | 2 |

Continued from page 7

DISTRICT 5: (To serve for a term of two years –
One (1) to be elected from this district)

| NAME | NO. OF VOTES RECEIVED |
|-----------------|-----------------------|
| Brian Halbrook | 26 |
| Spoiled Ballots | 3 |

DISTRICT 7: (To serve for a term of three years –
One (1) to be elected from this district)

| NAME | NO. OF VOTES RECEIVED |
|-----------------|-----------------------|
| Brent Lively | 27 |
| Spoiled Ballots | 2 |

We further certify that the following persons were
duly elected as Directors to hold office for a term of three
years or until their successors shall have been elected and
qualified:

DISTRICT 1: Robert Holthaus
DISTRICT 2: John “Greg” Mackling
DISTRICT 7: Brent Lively

We further certify that the following persons were
duly elected as Directors to hold office for a term of two
years or until their successors shall have been elected and
qualified:

DISTRICT 4: Larry Durbin
DISTRICT 5: Brian Halbrook

IN WITNESS WHEREOF, we have hereunto set our
hands and seals this 4th day of June 2021.

Jessica Fox, Chair (SEAL)
Robert Wysong (SEAL)
John Miller (SEAL)

Chairman Lively declared that Robert Holthaus, John
“Greg” Mackling, and Brent Lively were duly elected to
the Board of Directors for three-year terms and that Lar-
ry Durbin and Brian Halbrook were duly elected to the
Board of Directors for a two-year term. Chairman Lively
also declared that the proposed amendments to Article
III of the bylaws were duly adopted.

There was no other business.

President and CEO Shallenberger awarded door priz-
es. The name of each member in attendance was placed in
contention for the drawing, and prizes were awarded to
members with the grand prize being \$250 Shelby Elec-
tric Dollars, which was won by John Gardner.

There being no further business, on motion duly made
by member Brian Halbrook, seconded by member Debo-
rah Johnston, the meeting was adjourned by voice vote at
2:00 p.m.

Secretary

APPROVED:

Chairman

2022 ANNIVERSARY DATES:

EMPLOYEES

1 YEAR
CADE HELTON

15 YEARS
LARRY DANNEBERGER
JAKE KULL

25 YEARS
CRAIG ATTEBERRY
BRIAN BUNTON
BLAKE SUMMERS

DIRECTORS

1 YEAR
GREG MACKLING

10 YEARS
BRENT LIVELY

ATTORNEY

1 YEAR
AMY JACKSON

MEMBERS' FINANCIAL REPORT

for the year ended December 31, 2021

Assets

| | | |
|--|--------------|-------------------|
| Total cost of electric plant system including work in progress | 81,971,147 | |
| Depreciation | (43,917,182) | |
| Net electric plant system | | 38,053,965 |
| Cash on hand and in the bank was | | 3,314,513 |
| Investments in associated organizations | | 16,960,136 |
| Investments in non-utility property | | 480,284 |
| Other Investments and subordinated certificates | | 7,794,285 |
| Receivable for electricity sales, and material sold | | 4,024,662 |
| Stock materials and supplies | | 689,701 |
| Prepaid expenses, deferred charges and miscellaneous assets | | 6,630,466 |
| Total owned | | 77,948,012 |

Liabilities and Members' Equity

| | | |
|---|-------------------|--|
| Borrowed from and owed to CFC | 20,154,043 | |
| Borrowed from and owed to USDA | 3,425,815 | |
| Other Long Term Liabilities | 1,930,311 | |
| Total Debt | 25,510,169 | |
| Owed for materials, credit balances on consumers accounts, advanced | | |
| consumer underground deposits, taxes, & etc. | 3,096,569 | |
| Consumer deposits paid | 52,333 | |
| Deferred credits and miscellaneous liabilities | 746,283 | |
| Total Liabilities | 29,405,354 | |

Members' Equity (Net Worth)

| | | |
|--|------------|-------------------|
| Donated capital | 2,418,663 | |
| Patronage capital and other margins | 46,123,995 | |
| Total Members' Equity | | 48,542,658 |
| Total Liabilities and Members' Equity (Net Worth) | | 77,948,012 |

COOPERATIVE STATEMENT OF RECEIPTS AND EXPENSES

for the year ended December 31, 2021

| | |
|--|--------------|
| Our Receipts: | |
| Sale of electric service | \$33,618,547 |
| Propane revenue | 2,411,538 |
| Other receipts | 201,256 |
| Total receipts for 2021 | \$36,231,341 |
| Our Expenses: | |
| Purchased electric power cost | \$20,630,482 |
| Purchased propane cost | 1,657,495 |
| Operations and maintenance expense | 4,046,026 |
| Consumer accounting and collecting expenses | 711,973 |
| Customer assistance expense | 943,630 |
| General office salaries and expenses | 2,106,055 |
| Outside services | 190,341 |
| Insurance expense | 87,537 |
| Post retirement benefits, excluding pensions | 68,419 |
| Depreciation and amortization expense | 2,910,038 |
| Taxes | 953,613 |
| Interest expense to CFC | 1,253,647 |
| Total cost of providing service for 2021 | 35,559,256 |
| Operating margin | 672,085 |
| Interest income, capital credits and other non-operating revenue | 2,696,631 |
| Total Margin | \$3,368,716 |

LONG-TERM OBLIGATIONS TO CFC & USDA RURAL DEVELOPMENT

| | |
|--|--------------|
| Total CFC loan funds approved | \$63,345,957 |
| Total CFC funds borrowed | \$20,154,043 |
| Total USDA funds borrowed | \$3,425,815 |
| Payments made on principal during year | \$2,483,567 |
| Total interest paid during year | \$1,253,647 |

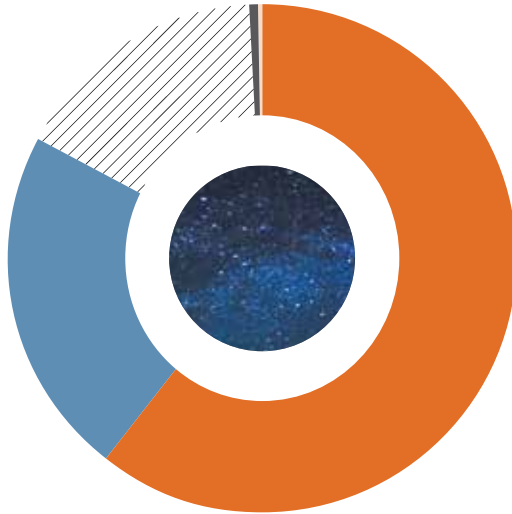
INTERESTING INFORMATION ABOUT YOUR COOPERATIVE'S PROGRESS AND WHAT IT MEANS TO LOCAL BUSINESS

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|-------------|-------------|-------------|-------------|-------------|
| Total electric plant | 80,421,818 | 78,380,706 | 74,370,350 | 71,271,271 | 69,422,671 |
| Total miles of line | 2,211 | 2,208 | 2,203 | 2,201 | 2,197 |
| Average plant investment per mile | 36,374 | 35,499 | 33,759 | 32,381 | 31,599 |
| Average number of customers served | 9,769 | 9,751 | 9,743 | 9,716 | 9,704 |
| Average number of consumers per mile of line | 4.42 | 4.42 | 4.42 | 4.41 | 4.42 |
| Average plant investment per consumer served | 8,232 | 8,038 | 7,633 | 7,335 | 7,154 |
| Total cost of purchased power | 20,630,482 | 20,035,368 | 20,816,899 | 22,190,064 | 20,940,118 |
| Maximum monthly kw demand | 48,776 | 49,144 | 48,687 | 51,015 | 48,671 |
| Total kwh purchased by cooperative | 263,205,608 | 257,959,556 | 266,606,640 | 272,311,336 | 257,841,947 |
| Total kwh purchased by members | 246,933,787 | 241,954,512 | 249,733,560 | 255,366,601 | 241,792,161 |
| Average kwh used per month per member | 2,106 | 2,068 | 2,136 | 2,190 | 2,076 |
| Total electric revenue | 33,819,803 | 33,477,386 | 34,406,977 | 35,084,816 | 33,983,100 |
| Average monthly electric bill per member | 288 | 286 | 294 | 301 | 292 |
| Average monthly revenue per mile of line | 1,275 | 1,263 | 1,302 | 1,328 | 1,289 |
| Average ownership equity per member | 4,965 | 4,715 | 4,216 | 3,821 | 5,002 |
| Total taxes paid | 953,613 | 949,597 | 963,892 | 992,541 | 953,613 |
| # of Coop vehicles | 35 | 35 | 35 | 33 | 33 |
| Miles traveled by transportation vehicles | 324,885 | 328,050 | 246,554 | 244,599 | 222,017 |
| Total transportation costs | 258,692 | 205,168 | 192,543 | 180,297 | 181,339 |
| Average costs per mile by transportation vehicles | 0.80 | 0.63 | 0.78 | 0.74 | 0.82 |
| Hours used on power operated vehicles | 9,095 | 10,161 | 8,351 | 8,929 | 9,843 |
| Total power operated costs | 405,757 | 351,502 | 420,665 | 322,705 | 383,612 |
| Average cost per hour by power operated vehicles | 44.61 | 34.59 | 50.37 | 36.14 | 38.97 |

COOPERATIVE OPERATING STATS

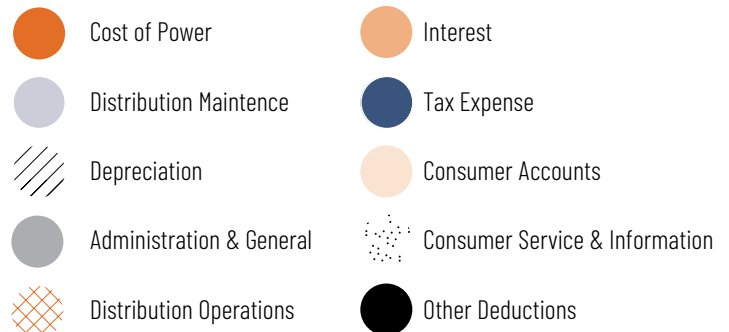
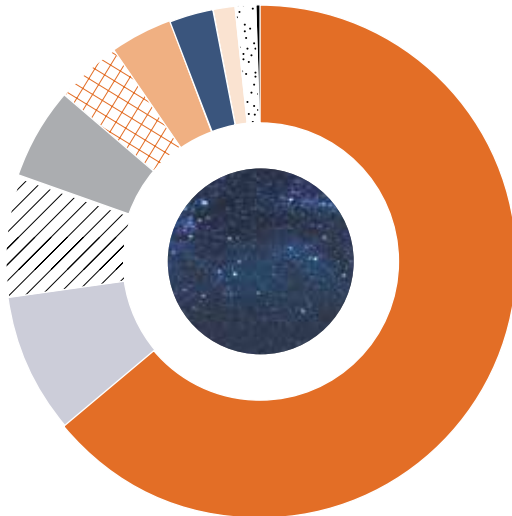
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Cost of purchased power | 21,086,288 | 20,940,118 | 22,190,064 | 20,816,899 | 20,035,368 | 20,630,482 |
| Total kwh purchased | 266,309,947 | 257,841,947 | 272,311,336 | 266,606,640 | 257,959,556 | 263,205,608 |
| Total kwh sold | 249,400,772 | 241,792,161 | 255,366,601 | 249,733,560 | 241,954,512 | 246,933,787 |
| Average number of members served (excl. comm.) | 9,416 | 9,445 | 9,460 | 9,469 | 9,477 | 9,497 |
| Average kwh use per month per member (excl. comm.) | 1,068 | 1,019 | 1,126 | 1,065 | 1,057 | 1,072 |
| Average cost per kwh to member (excl. comm.) | 16.67 | 17.42 | 16.48 | 16.93 | 16.78 | 16.7 |

Sales Revenue



| | | |
|-------------------------------|--------------|---------|
| Residential | \$20,537,954 | 60.76% |
| Large Commercial | \$7,526,247 | 22.27% |
| Small Commercial | \$5,499,777 | 16.27% |
| Other Revenue | \$182,359 | 0.54% |
| Street Lighting and Municipal | \$54,569 | 0.16% |
| Total | \$33,800,906 | 100.00% |

Allocation of Total Cost



| | | |
|--------------------------------|--------------|---------|
| Cost of Power | \$20,630,482 | 63.95% |
| Distribution Maintenance | \$2,854,667 | 8.85% |
| Depreciation | \$2,454,066 | 7.61% |
| Administration & General | \$1,890,323 | 5.86% |
| Distribution Operations | \$1,299,037 | 4.03% |
| Interest | \$1,257,114 | 3.90% |
| Tax Expense | \$950,837 | 2.95% |
| Consumer Accounts | \$465,489 | 1.44% |
| Consumer Service & Information | \$419,751 | 1.29% |
| Other Deductions | \$40,982 | 0.12% |
| Total | \$32,262,748 | 100.00% |



**ANNUAL MEETING OF MEMBERS
SHELBY ELECTRIC COOPERATIVE**

PROXY

1. I, the undersigned active Class A member of Shelby Electric Cooperative, hereby appoint **(insert name of person to act as proxy)** _____ as my agent and proxy (a) to attend and represent me at the annual meeting of members of Shelby Electric Cooperative on June 10, 2022, and any continuation or adjournment of the annual meeting of members and (b) to act and vote on my behalf in the transaction of any business conducted at the annual meeting of members, in the same manner and with the same effect as if I were personally present.
2. This proxy and the authority represented by this proxy may be revoked by me at any time and is automatically revoked if I am personally in attendance at the annual meeting of members.

Date: _____, 2022

(Typed/printed name of active Class A member giving proxy)

(Signature of active Class A member giving proxy)

Witness: _____

(Title/office, if corporation or other entity)

(NOTE: The bylaws of the Cooperative provide that (1) only active Class A members of the Cooperative may cast the vote of another active Class A member for whom he or she has been given a proxy, (2) an active Class A member may only cast one proxy vote for an absent active Class A member in addition to his/her own vote, (3) any proxy must be filed with the Secretary of the Cooperative at or before the meeting, and (4) proxies expire 60 days after date of execution.)

The business meeting will be held in the show arena at the Shelby County 4-H Fairgrounds, Shelbyville, IL

(Prepared by Pork Producers of Shelby County)



Registration 10:30 a.m. - 1:00 p.m.

- A Barbecue Pork Chop Dinner will be served between 10:30 a.m. and 12:45 p.m.
- There will be a free Health Fair with testing for blood pressure.
- Entertainment preceding the meeting by The Hood Family Band
- All registered members will receive a \$15 bill credit
- Must be present to win door prizes in the drawing after the meeting
- Paddi's Air Filled Fun
- Tim the Twister and Sunshyne the Clown

Please mark your calendar and plan to attend

Door Prizes

Prizes will be given at the close of the business meeting.*

*Eligibility for prizes: You must be registered for this year's annual meeting by 1:00 p.m. to be eligible for all prize drawings and you must be present to win

Grand Prize!!!

\$250 "Shelby Electric Dollars" that can be used for any Shelby Electric provided service

SHELBY ELECTRIC COOPERATIVE

P.O. Box 560
Shelbyville, IL 62565

ADDRESS SERVICE REQUESTED

Presorted
Standard Mail
U.S. Postage Paid
Springfield, Illinois
Permit No. 609

THIS IS YOUR REGISTRATION CARD

Please bring it with you to expedite the registration process

All registered members will receive a \$15 bill credit



Before



After

**Right-of-Way Maintenance Program; essential for your
cooperative to provide safe and reliable electric service.**