

KARNES ELECTRIC COOPERATIVE, INC.
ANNUAL MEETING OF MEMBERS

Monday, June 3, 2013 • 7 p.m.

PROGRAM

- | | | | |
|---|--|---|---|
| 1. Drawing of Punctuality Prizes | 7. Secretary's Report of Number Present/Reading of Notice | 10. Naming of Canvassing Committee | 15. Intermission |
| 2. Call Meeting to Order | 8. Approval of 2012 Annual Meeting Minutes | 11. Treasurer's Report | 16. Report of Election |
| 3. Invocation | 9. Election of Directors/Nominations from Floor | 12. President's Annual Report | 17. Adjournment of Meeting |
| 4. Video Presentation | | 13. Manager's Report | 18. Drawing of Attendance Prizes |
| 5. Welcome Address | | 14. Other Business | |
| 6. Introduction of Guests | | | |

EMPLOYEES

EMPLOYEE	TITLE	YEARS OF SERVICE
Arrieta, Michael	Groundman	*
Barrientez, Sonny	1st Class Lineman	16
Bazan, Robert	Serviceman	25
Benavides, Barbara	Billing Clerk	30
Biela, Brenda	Lead Member Service Representative	27
Bierstedt, Bradley	Assistant to the General Manager	1
Broll, Harvey J.	Apparatus Maintenance/Serviceman	17
Brysch, Karen	Billing Supervisor	13
Buehring, Mary Ann	Engineering Assistant	*
Camber, Leon Roy	Purchasing Agent	34
Cepedia, Demetrio	Meter Reader	*
Cumpian, Esperanza	Member Service Representative III	3
Currie, Fredrick T.	Staking Assistant	5
De La Garza, Adolfo	Warehouse Clerk	19
De La Garza Jr., Leoncio	Groundman	*
Dragon, Peter J.	Construction Foreman	34
Ebrom, Cory, J.	Material & W.O. Clerk	9
Escandon, Joe	Construction Foreman	13
Friesenhahn, Suzanne	Member Records Clerk II	*
Gandy, Bryan L.	Right-of-Way Assistant	*
Garcia, Pedro M.	Aerial Basket Operator	8
Garcia, Richard J.	Apprentice Lineman	1
Garza, Fernando	Meter Reader	5
Garza, Matthew B.	Groundman	1
Gonzales, Jesse	Serviceman	10
Gray, Justin	2nd Class Lineman	2
Hilbig, Judy Lynn	Member Service Representative III	*
Hill, Travis Charles	Groundman	*
Janacek, Matthew	Groundman	1
Janysek, Emily	Member Records Clerk I	10
Janysek, Patrick G.	Line Superintendent	25
Jaskinia, Joshua B.	Groundman	*
Jendrusch, Timothy	Mechanic B	*
Jonas, Steve	1st Class Lineman	12
Jurgajtis, Teren	2nd Class Lineman	6
Kelley, Glenn	Apprentice Lineman	2

EMPLOYEE	TITLE	YEARS OF SERVICE
Kerlick Jr., LeeRoy	Operations Superintendent/Safety Coordinator	39
Korzekwa, Russell	Serviceman	11
Kotzur, Barbara	Billing Clerk	5
Labus, Tammy D.	Data Processing Director	27
Lopez, Hector	Mechanic B	10
Lott, Yolanda G.	Lead Member Service Representative	17
Miranda, Mary Lou	Member Support Representative	28
Moy, Edwin J.	Staking Superintendent	27
Mueller, Rebecca D.	Member Service Representative I	16
Ortiz, Randy M.	Groundman	*
Pacheco, Ernest	Serviceman	24
Pacheco, Nicholas	Groundman	*
Palacios, Spencer	Groundman	1
Palermo, Kevin	Apprentice Lineman	1
Pawelek, Donna	Engineering Information Coordinator	26
Pawelek, Gary W.	Construction Foreman	21
Quintanilla, Brenda	Work Order Clerk	10
Ramirez, Matthew	Groundman	*
Reyes, Joe M.	Meter Reader	34
Reyna, Thelma	Member Service Representative III	*
Rodriguez, Paul A.	Apprentice Lineman	1
Royal, Clint D.	Serviceman	14
Sauceda, Daniel	District Manager—Pleasanton	35
Scheffler, Janet	Office Manager	40
Scheffler, Peter	Staking Technician	26
Sizemore, Sonya	Member Service Representative II	2
Skloss, Leroy	General Manager	39
Stulting Jr., Howard A.	Dozer Operator	8
Torres, Rudolfo	Aerial Basket Operator	6
Vajdos, Christopher	Warehouse Clerk	*
Villareal Jr., Eliseo	Meter Reader	1
Wallce, Corey	Groundman	*
Wiatrek, Bonnie	Administrative Assistant	28
Woelfel, Darlene	Accountant	28
Woelfel, Quintus	Shop Foreman	25

** Indicates less than 1 year of service on 12/31/2012*

EMPLOYEE AND DIRECTOR SERVICE AWARDS

Janet Scheffler 40 Years	Patrick Janysek 25 Years	Jesse Gonzales 10 Years	Fredrick Currie 5 Years
Daniel Sauceda 35 Years	Robert Bazan 25 Years	Emily Janysek 10 Years	Fernando Garza 5 Years
Barbara Benavides 30 Years	Shirley Hofmann, Director 15 Years	Hector Lopez 10 Years	
Quintus Woelfel 25 Years	Brenda Quintanilla 10 Years	Barbara Kotzur 5 Years	

REPORT OF THE PRESIDENT AND GENERAL MANAGER



ARLON RETZLOFF
President



LEROY T. SKLOSS
General Manager

On September 12, 1938, L.E. Bailey, county agent, Karnes County, Texas, wrote to the Rural Electrification Administration (REA), Washington, D.C.

“Dear Sirs:

We are considering a power line to serve several hundred farmers in the rural communities of Karnes County, Texas, and would appreciate any information you may have for distribution that would serve to help us get started on this project according to regulation issued from your office.”

Such was the documented beginning of Karnes Electric Cooperative, Inc. In 1938, just two years after the establishment of the REA by the federal government, farmers and ranchers in rural South Texas began to learn that, with the financial aid of this newly formed administration, they might have the possibility of receiving the conveniences of electricity, which their friends and neighbors in the towns and cities in the surrounding areas had enjoyed for over a decade. Like most rural areas of the nation, the unincorporated parts of Karnes County were deemed “unprofitable” by the local private, investor-owned utility, and only highly concentrated service areas of the county were electrified.

In October, KEC will be celebrating its 75th anniversary because of a vision and a dream of two forward-looking farmers from Karnes County: Romeo Korth of Ecletto and Benedict Urbanczyk of Panna Maria. Because of the dedication and hard work of these two gentlemen, all previous and current directors and all previous and current employees, KEC has become a tremendous success story. Because of cooperatives like KEC located throughout the United States, rural America became electrified.

Even though our nation’s economy continues to struggle and drought continues to grip the local area and most of the state, locally the citizenship and our members have been blessed with the discovery of the Eagle Ford Shale throughout most of the cooperative’s service area.

Today we continue to work with a large number of prominent and successful oil and gas companies that are requesting new service to all types of oil and gas facilities. In an effort to minimize the lead time on new service extensions, KEC is employing 20 construction crews and two right-of-way crews

to assist the cooperative’s own crews in providing these companies with the power they need.

In addition to our normal growth, the Eagle Ford Shale activity has brought a tremendous demand for system upgrades and new line extensions, plus new substations. During 2012 the cooperative added seven substations and line extensions to 880 new locations, bringing the total number of meters serviced to 17,464. Thirty-seven miles of overhead and underground distribution lines were added for a total of 4,077 miles of energized lines. With these investments, the total utility plant has increased to \$75,410,638.

The cooperative established a record system peak of 88.2 megawatts and an all-time record of 372,575,234 kilowatt-hours sold—a 12.6 percent increase over 2011. The average rate you paid for power in 2012 was 9.76 cents per kWh, compared to 9.97 cents per kWh in 2011.

The cooperative is a financially sound electric utility and in continuing the cooperative tradition, the board of directors, in October 2012, authorized the retirement of \$390,077 in capital credits. Since 1989, your cooperative has refunded \$4,218,631 in capital credits to the membership.

The cooperative’s Internet partnership with Guadalupe Valley Electric Cooperative continues to be successful. At year’s end, the company was providing dial-up and high-speed Internet service to 6,044 accounts.

On behalf of the board of directors and employees, we would like to thank you, the member, for allowing us to provide you with reliable and affordable electric service for the past 75 years.

This year’s annual meeting will be held Monday, June 3, 2013, at 7 p.m. at the Karnes City High School Auditorium in Karnes City. We look forward to seeing you there!

ARLON RETZLOFF, *President*

LEROY T. SKLOSS, *General Manager*

BOARD OF DIRECTORS



PAUL T. BRYSCH JR.



DAVID C. DAVIDSON



FRANK A. GEYER JR.



MARTIN R. HARRIS JR.



SHIRLEY HOFMANN

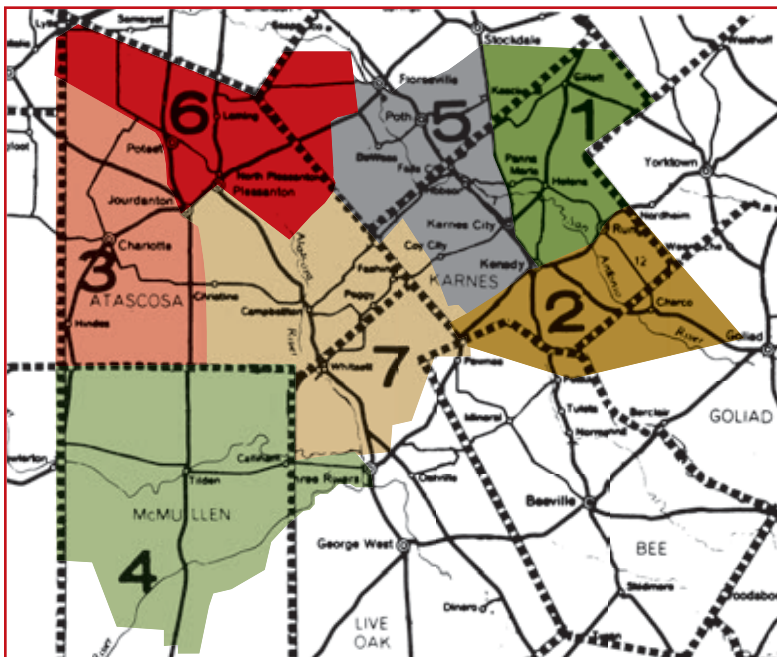


ARLON RETZLOFF



LARRY R. SCHENDEL

DIRECTOR DISTRICTS



DISTRICT	DIRECTOR	TERM EXPIRES
1	LARRY R. SCHENDEL	2013
2	SHIRLEY HOFMANN	2015
3	FRANK A. GEYER JR.	2014
4	MARTIN R. HARRIS JR.	2013
5	PAUL T. BRYSCH JR.	2015
6	DAVID C. DAVIDSON	2015
7	ARLON RETZLOFF	2014

FINANCIAL INFORMATION

STATEMENT OF INCOME AND PATRONAGE CAPITAL

Years Ended December 31, 2012 and 2011



LARRY R. SCHENDEL
Secretary-Treasurer

**To the Members of
Karnes Electric Cooperative, Inc.
Karnes City, Texas**

The accounting firm of Bolinger, Segars, Gilbert & Moss, LLP, performed an audit of our financial statements for the year ended December 31, 2012. We received a clean opinion on that audit. The complete audit report is on file at the headquarters office.

LARRY R. SCHENDEL
Secretary-Treasurer
Karnes Electric Cooperative, Inc.

	YEARS ENDED DECEMBER 31	
	2012 AMOUNT	2011 AMOUNT
OPERATING REVENUES		
Residential	\$18,543,424	\$19,552,605
Irrigation	1,726,544	2,161,295
Commercial and Industrial	16,096,428	11,279,305
Rent from Electric Property and Other Electric Revenue	36,190	36,190
Other	<u>430,090</u>	<u>390,149</u>
Total Operating Revenues	<u>\$36,832,676</u>	<u>\$33,419,544</u>
OPERATING EXPENSE		
Purchased Power	\$24,385,144	\$22,470,316
Distribution—Operation	678,831	661,757
Distribution—Maintenance	1,702,567	1,229,211
Consumer Accounts	1,653,205	1,404,968
Administrative and General	1,766,083	1,747,484
Depreciation and Amortization	1,911,277	1,782,368
Taxes	114,376	102,514
Other Interest Expense	<u>2,887</u>	<u>3,409</u>
Total Operating Expenses	<u>\$32,214,370</u>	<u>\$29,402,027</u>
OPERATING MARGINS		
Before Fixed Charges	<u>\$ 4,618,306</u>	<u>\$ 4,017,517</u>
FIXED CHARGES		
Interest on Long-Term Debt	<u>\$ 1,343,034</u>	<u>\$ 1,334,914</u>
OPERATING MARGINS		
After Fixed Charges	\$ 3,275,272	\$ 2,682,603
Capital Credits	<u>2,064,966</u>	<u>1,625,578</u>
NET OPERATING MARGINS	<u>\$ 5,340,238</u>	<u>\$ 4,308,181</u>
NONOPERATING MARGINS		
Interest Income	\$ 190,101	\$ 157,909
Other Nonoperating Income (Loss)	<u>140,250</u>	<u>163,188</u>
.....	<u>\$ 330,351</u>	<u>\$ 321,097</u>
NET MARGINS	\$ 5,670,589	\$ 4,629,278
COMPREHENSIVE INCOME		
Minimum Pension Liability	<u>(31,685)</u>	<u>(764,107)</u>
COMPREHENSIVE INCOME (LOSS)	\$ 5,638,904	\$ 3,865,171
Minimum Pension Liability	<u>31,685</u>	<u>764,107</u>
INCREASE IN PATRONAGE CAPITAL	\$ 5,670,589	\$ 4,629,278
PATRONAGE CAPITAL—Beginning of Year	41,531,381	37,216,605
PATRONAGE CAPITAL RETIRED	<u>(391,522)</u>	<u>(314,502)</u>
PATRONAGE CAPITAL—End of Year	<u>\$46,810,448</u>	<u>\$41,531,381</u>

FINANCIAL INFORMATION

BALANCE SHEET

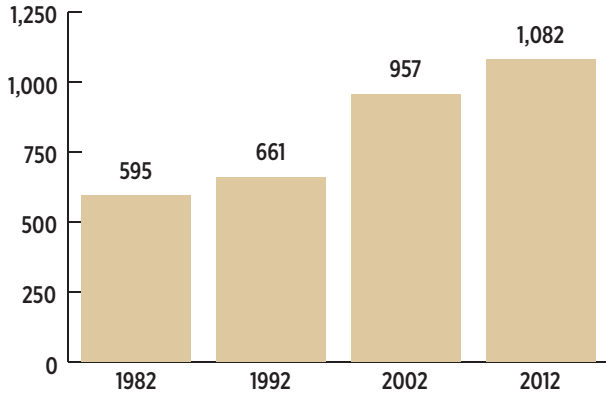
As of December 31, 2012 and 2011

	2012	DECEMBER 31 2011
ASSETS		
UTILITY PLANT AT COST		
Electric Plant in Service	\$ 69,403,626	\$62,910,435
Construction Work in Progress	<u>6,007,012</u>	<u>2,439,126</u>
	\$ 75,410,638	\$65,349,561
Less: Accumulated Provision for Depreciation	<u>(10,332,652)</u>	<u>(10,431,087)</u>
	<u>\$ 65,077,986</u>	<u>\$54,918,474</u>
OTHER PROPERTY AND INVESTMENTS AT COST OR STATED VALUE		
Investments in Associated Organizations	\$ 18,597,407	\$16,620,421
Investments in Affiliated Company	583,895	444,070
Other Investments	<u>225,000</u>	<u>200,000</u>
	<u>\$ 19,406,302</u>	<u>\$17,264,491</u>
CURRENT ASSETS		
Cash—General	\$ 15,038,282	\$15,838,256
Temporary Cash Investments	200,000	800,000
Short-Term Investments	2,000,000	3,000,000
Accounts and Notes Receivable (less allowance for uncollectibles of \$20,441 in 2012 and \$10,795 in 2011)	2,567,536	2,133,655
Materials and Supplies at Average Cost	1,638,517	931,913
Other Current and Accrued Assets	<u>95,512</u>	<u>91,677</u>
	<u>\$ 21,539,847</u>	<u>\$22,795,501</u>
DEFERRED CHARGES	<u>\$ 38,864</u>	<u>\$ 27,569</u>
TOTAL ASSETS	<u>\$106,062,999</u>	<u>\$95,006,035</u>
EQUITIES AND LIABILITIES		
EQUITIES		
Memberships	\$ 88,010	\$ 88,015
Patronage Capital	46,810,448	41,531,381
Accumulated Comprehensive Income (Loss)		
Minimum Pension Liability Adjustment	(2,604,708)	(2,573,023)
Other Equities	<u>280,378</u>	<u>280,031</u>
	<u>\$ 44,574,128</u>	<u>\$39,326,404</u>
LONG-TERM DEBT		
RUS Mortgage Notes Less Current Maturities	\$ 7,395,276	\$10,915,911
FFB Mortgage Notes Less Current Maturities	14,719,522	14,957,285
CFC Mortgage Notes Less Current Maturities	1,703,083	1,941,297
CoBank Mortgage Notes Less Current Maturities	<u>4,221,299</u>	<u>1,585,009</u>
	<u>\$ 28,039,180</u>	<u>\$29,399,502</u>
ACCUMULATED PROVISION FOR PENSIONS AND BENEFITS		
Minimum Pension Liability	<u>\$ 2,594,459</u>	<u>\$ 2,817,735</u>
	<u>\$ 2,594,459</u>	<u>\$ 2,817,735</u>
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	\$ 1,335,000	\$ 1,240,400
Accounts Payable	11,674,148	8,388,631
Accounts Payable—Purchased Power	2,294,957	1,943,181
Consumer Deposits and Prepayments	2,445,877	2,063,812
Accrued Taxes	292,174	266,823
Other Current and Accrued Liabilities	<u>234,189</u>	<u>64,987</u>
	<u>\$ 18,276,345</u>	<u>\$13,967,834</u>
DEFERRED CREDITS	12,578,887	\$ 9,494,560
Total Equities and Liabilities	<u>\$106,062,999</u>	<u>\$95,006,035</u>

HOW YOUR CO-OP HAS GROWN

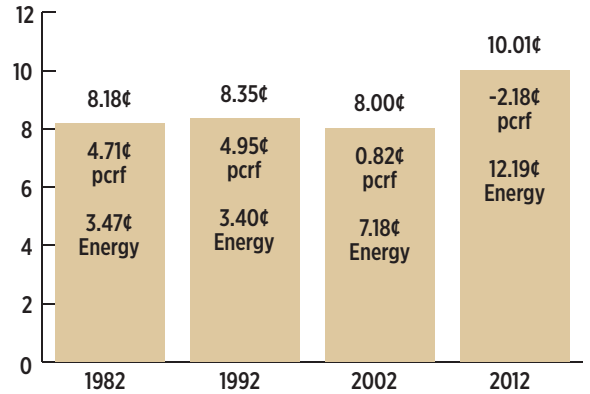
AVERAGE MONTHLY KWH USAGE PER CONSUMER

(Residential Classification)



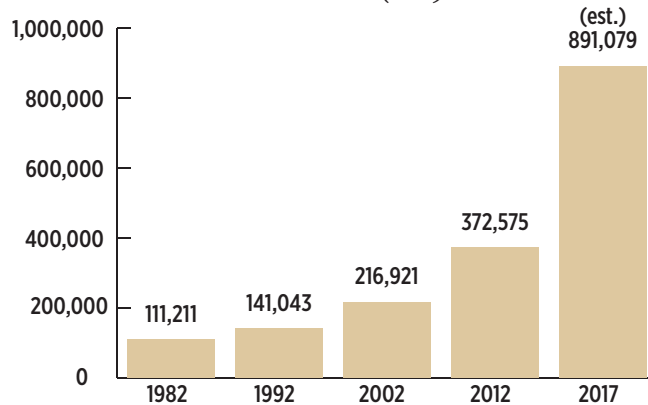
AVERAGE MONTHLY KWH COST PER CONSUMER

(Residential Classification)

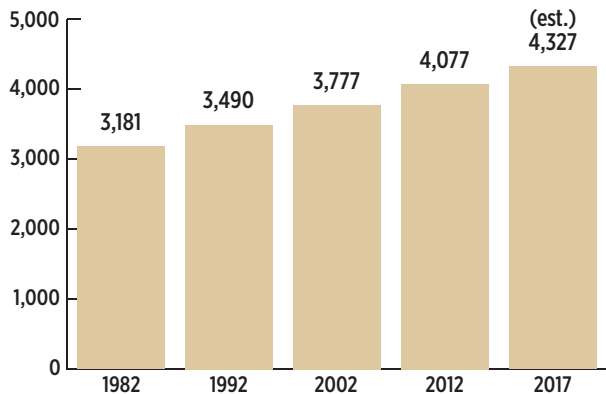


ANNUAL KWH SALES

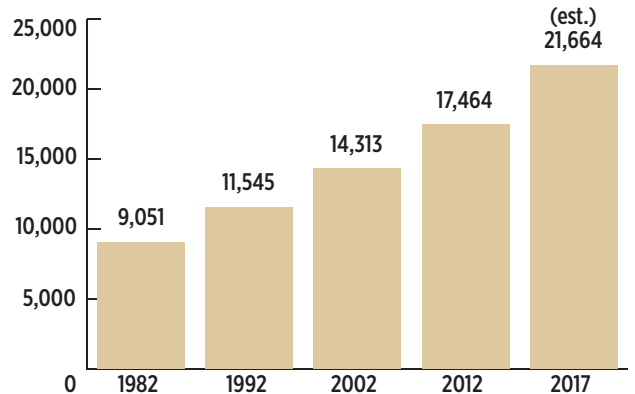
In Thousands (000)



MILES OF LINE



NUMBER OF METERS



WHERE YOUR DOLLAR WENT



YEAR	PURCHASED POWER	OPERATIONS AND MAINTAINING SYSTEMS	DEPRECIATION	INTEREST	TAXES AND INSURANCE	MEMBERS' CAPITAL CREDITS AND MARGINS
1992	67.4¢	15.5¢	7.5¢	5.6¢	2.0¢	2.0¢
1993	67.4¢	15.9¢	7.6¢	4.9¢	2.1¢	2.1¢
1994	67.2¢	15.7¢	7.5¢	4.8¢	2.2¢	2.6¢
1995	68.5¢	15.1¢	7.4¢	5.0¢	2.1¢	1.9¢
1996	69.0¢	14.5¢	7.1¢	4.9¢	2.0¢	2.5¢
1997	67.1¢	15.8¢	7.9¢	5.2¢	2.2¢	1.8¢
1998	65.6¢	16.4¢	8.1¢	5.2¢	2.3¢	2.4¢
1999	64.8¢	16.6¢	8.5¢	5.4¢	2.4¢	2.3¢
2000	66.6¢	16.8¢	8.3¢	5.7¢	2.2¢	0.4¢
2001	66.7¢	16.0¢	7.5¢	4.9¢	2.0¢	2.9¢
2002	63.8¢	14.8¢	7.3¢	4.0¢	2.4¢	7.7¢
2003	65.0¢	15.8¢	7.4¢	3.7¢	2.4¢	5.7¢
2004	69.0¢	15.5¢	7.3¢	3.7¢	2.4¢	2.1¢
2005	70.5¢	13.3¢	6.4¢	4.1¢	2.1¢	3.6¢
2006	70.8¢	13.4¢	6.0¢	4.4¢	2.0¢	3.4¢
2007	70.6¢	14.8¢	6.5¢	5.1¢	1.8¢	1.2¢
2008	76.4¢	12.2¢	5.5¢	4.3¢	1.5¢	0.1¢
2009	70.7¢	12.2¢	5.3¢	4.4¢	1.4¢	6.0¢
2010	67.9¢	13.0¢	5.4¢	4.3¢	1.4¢	8.0¢
2011	67.2¢	14.1¢	5.3¢	4.0¢	1.4¢	8.0¢
2012	66.2¢	14.6¢	5.2¢	3.7¢	1.4¢	8.9¢

WHERE YOUR REVENUE CAME FROM

	2005	2006	2007	2008	2009	2010	2011	2012
Farm and Ranch	43.5%	43.5%	42.6%	40.3%	40.6%	40.7%	38.1%	32.8%
Towns and Subdivisions	23.5%	23.4%	24.1%	22.2%	22.1%	22.7%	20.3%	17.6%
Irrigation	2.7%	4.1%	1.9%	4.6%	5.1%	3.6%	6.5%	4.7%
Small Commercial	7.5%	7.7%	7.7%	7.3%	7.0%	7.1%	8.7%	12.8%
Large Commercial	12.9%	11.1%	12.1%	13.7%	13.3%	13.3%	12.6%	13.9%
Public Buildings	0.1%	0.3%	0.3%	0.3%	0.4%	0.4%	0.3%	0.3%
Oil Wells	8.2%	8.5%	9.7%	10.1%	10.2%	11.0%	12.2%	16.7%
Other Revenue	1.6%	1.4%	1.6%	1.5%	1.3%	1.2%	1.3%	1.2%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

2012 MINUTES

KARNES ELECTRIC COOPERATIVE, INC. ANNUAL MEMBERSHIP MEETING

Karnes City, Texas • June 4, 2012

The Annual Membership Meeting of Karnes Electric Cooperative, Inc. was held at the Karnes City High School Auditorium in Karnes City, Texas, on Monday, June 4, 2012.

President Arlon Retzlloff awarded three punctuality prizes to open the meeting.

President Retzlloff then called the meeting to order. He announced that 188 members were registered and that a quorum was present.

Director David C. Davidson then gave the invocation. A video of the national anthem followed.

President Retzlloff then welcomed everyone and introduced the special guests in attendance.

Secretary-Treasurer Larry R. Schendel then read the official notice of the meeting.

President Retzlloff then asked those in attendance if they wished to dispense with the reading of the minutes from the June 6, 2011, annual meeting or have them read at this time. Upon motion made and seconded, the members voted to dispense with the reading of the minutes and to accept the minutes as mailed. Motion carried.

At this time, President Retzlloff turned the meeting over to Attorney Shawn P. St. Clair to conduct the election of directors.

Attorney St. Clair recognized the candidates for director of District No. 2 and asked if there were any nominations from the floor for that district. He announced that there were no nominations made by petition. There being no further nominations, a motion was made, seconded and carried to accept the nominees placed on the ballot by the Nominating Committee.

Attorney St. Clair then recognized the candidates for director of District No. 5 and asked if there were any nominations from the floor for that district. He announced that there were no nominations made by petition. There being no further nominations, motion was made, seconded and carried to accept the nominees placed on the ballot by the Nominating Committee.

Attorney St. Clair then recognized the candidates for director of District No. 6 and asked if there were any nominations from the floor for that district. He announced that there were no nominations made by petition. There being no further nominations, motion was made, seconded and carried to accept the nominees placed on the ballot by the Nominating Committee.

Attorney St. Clair then recognized the Canvassing Committee and instructed all the voting members to mark their ballots. The ballots were collected by Attorney St. Clair and the Canvassing Committee, who then retired to count the votes.

Secretary-Treasurer Schendel then gave the cooperative's treasurer's report for the year 2011. He reported that the cooperative remains financially sound and that it ended the year with an equity ratio of 53.1% and total margins of \$4,629,277. The cooperative finished the year with a total outstanding long-term debt of \$30,639,902 and total assets of \$94,028,531. He also reported that the cooperative refunded capital credits in 2011 in the amount of \$314,503, bringing the total refunded to date to \$4,309,989.

President Retzlloff presented his annual management report. He focused on the looming electricity generation shortage facing our nation, noting that tighter government regulations and the high cost of complying with these regulations is making it hard for many coal-fired plants to stay in operation. He also mentioned that the STEC Board has decided not to build the Coletto Creek Unit II Project and that they are currently reviewing options for adding gas-fired generation to help with the need for new generation.

General Manager Skloss then presented his annual management report. He took the opportunity to highlight the activity in the cooperative's service territory, and discussed the drought of 2011 and its effects on the membership, employees and the electrical system. Mr. Skloss also reported on the Eagle Ford Shale activity and the impact that it was having on the cooperative's distribution system. He also thanked the membership for their cooperation in granting right-of-way easements that are critical to the expansion and development of the cooperative's distribution system.

General Manager Skloss continued his report by stating that over the past 15 years

the cooperative has awarded a total of 150 scholarships totaling \$110,200. He then recognized the 2012 winners of \$1,000 Karnes Electric Scholarships. This year's winners are:

Kye Burris	Jourdanton High School
Amanda Campos	Somerset High School
Hillary Gillin	McMullen High School
Amber Rae Henicke	Three Rivers High School
Shelby Martinez	Poteet High School
Christina Lynn McRae	Poteet High School
Claire Raabe	Poth High School
Paige Smith	Pleasanton High School
Lisa Titzman	East Central High School
Matthew Winn	Karnes City High School

The management report concluded with the recognition of the following employees for their dedicated service to Karnes Electric Cooperative: Olga Serna, 45 years; Donna Pawelek & Pete Scheffler, 25 years; Gary Pawelek, 20 years; Rebecca Mueller and Sonny Barrientez, 15 years; Russell Korzekwa, 10 years; and Rudy Torres and Teren Jurgajtis, 5 years.

Director Larry R. Schendel was recognized for 40 years of service and David C. Davidson was recognized for 20 years of service to the cooperative.

General Manager Skloss then recognized Director Alfred Moczygemba, who served as director of District No. 5 for the past 39 years. His wife, Margaret Moczygemba, was in attendance and accepted a Resolution of Appreciation from Board President Arlon Retzlloff in recognition of Mr. Moczygemba's dedication and service to the cooperative.

General Manager Skloss then thanked the membership for their support, the board of directors for their guidance, and the Karnes City ISD for the use of its facilities.

Mr. Weldon Coldiron, a KEC member, then addressed General Manager Skloss and the membership regarding wind generation.

President Retzlloff then asked if there was any other business to come before the meeting. There being no further business to come before the meeting, President Retzlloff recessed the meeting for a short intermission.

The meeting reconvened. President Retzlloff called upon Attorney Shawn P. St. Clair to report the official election results:

District No. 2	
Shirley Hofmann	150
Elaine Vickery	30
District No. 5	
Paul T. Brysch Jr.	118
Lambert Moczygemba	62
District No. 6	
David C. Davidson	154
Robert D. Robles	29

President Retzlloff then asked if there was any additional business to come before the meeting. There being no further business, upon motion made, seconded and carried, the meeting adjourned.

Brad Bierstedt, Assistant to the General Manager, then conducted the drawing for door prizes. A combination of 61 household appliances, hand tools and gift certificates were awarded.



Arlon Retzlloff
President



Larry R. Schendel
Secretary-Treasurer