

POWERING ON



Your Touchstone Energy® Cooperative 

2020

ANNUAL REPORT & MEETING NOTICE

JOIN US ON APRIL 20

for the Victory Electric Cooperative Annual Meeting

In accordance with Victory Electric's bylaws, each year the cooperative holds a meeting of the members to communicate the cooperative's activities and financial status for the past year. The meeting also brings the annual trustee election to a close. Members mail their votes prior to the meeting, and the results are announced at the meeting.

Purchasing electric power from Victory Electric gives you membership in the cooperative, and, as a member, you have voting rights. Your participation is a fundamental power that flows from you to your electric cooperative. You have the

power to discuss issues with friends and neighbors and elect your board representation. You have a voice in cooperative business affairs, the business you own. That democratic right — which includes one vote by every cooperative member — is one of several important differences between electric cooperatives and investor-owned electric utilities.

The strength of our cooperative comes from our members. Informed and concerned members stay involved by electing those people who value their way of life and work to improve the quality of life in southwest Kansas.

**5:30
P.M.**

REGISTRATION BEGINS

Bring the registration card you receive in the mail to the meeting on Tuesday, April 20, 2021, for express registration.

No meal provided.

**6
P.M.**

BUSINESS MEETING

Brief cooperative reports

Results of the trustee election

TO ENSURE THE HEALTH AND SAFETY OF ALL IN ATTENDANCE, THE ABBREVIATED BUSINESS MEETING WILL LAST NO MORE THAN 30 MINUTES AND WE WILL BE PRACTICING SOCIAL DISTANCING.

LOCATION

WESTERN STATE BANK EXPO CENTER •
11333 U.S. HWY. 283 IN DODGE CITY

2020 ANNUAL MEETING MINUTES

of The Victory Electric Cooperative Association, Inc.

Due to the Coronavirus pandemic and state and county restrictions on mass gatherings at the time, the board of trustees voted to postpone the annual meeting, originally scheduled in April, until August when it was safer to host the meeting. The 75th annual meeting of members of The Victory Electric Cooperative Assn., Inc., was held Thursday, Aug. 13, 2020, at the Western State Bank Expo in Dodge City. An abbreviated meeting was held with 105 members present and 116 in attendance, and no meal was served.

The meeting began with the National Anthem followed by an invocation by Kirk Larson.

President John Leis called the meeting to order at 6 p.m., pursuant to the notice mailed to all members in accordance with cooperative bylaws, and declared a quorum.

Leis introduced Victory Electric's board of trustees and their spouses: Pat Morse, vice-president, and Shannon; Daryl Tieben, secretary/treasurer, and Carol; Cedric Drewes and Diane; Gary Gillespie and Kelly; Jim Imel and Cindy; Terri Larson and Kirk; Jim Ochs and Deb; Randy Quint and Lynne; Ken Schulte and Gwen; Kenny Wehkamp and Ivy; CEO Shane Laws and Ali; Dave Snapp and Hailey Zimmerman, Victory Electric attorneys; himself and his spouse, Jill.

Leis asked for a motion to waive the reading of the 2019 annual meeting minutes. A motion was made, seconded and

carried. A motion was then made, seconded and carried to approve the minutes as mailed. Leis asked for a motion to waive the reading of the official notice, affidavit of mailing, and the minutes and report of the nominating committee. A motion was made, seconded and carried.

Leis introduced and thanked the members of the nominating committee.

Attorney Dave Snapp explained the proposed bylaw amendment. With no questions, Leis called for a vote. A motion was made, seconded and carried to approve the bylaw change.

CEO Shane Laws gave a brief update and thanked Victory Electric employees for their work, as well as cooperative members for their support and understanding during the COVID-19 pandemic. He also stated 2019 finances were positive.

Snapp announced the results of the trustee election. Those elected were District 2, John Leis; District 4, Jim Imel; District 6, Kenny Wehkamp; and District 10, Randy Quint.

There was no old or new business. Leis called for any questions. There were none.

Members who registered for the annual meeting received a \$20 bill credit as a registration gift. Winners of the door prizes received their prizes in the days following the meeting.

Leis thanked everyone for their attendance and adjourned the meeting at 6:16 p.m.



Those elected were
District 2, John Leis;
District 4, Jim Imel;
District 6, Kenny Wehkamp;
and District 10, Randy Quint.





POWERING ON

SHANE LAWS, CEO | PAT MORSE, PRESIDENT



The word resilience took on a whole new meaning for Victory Electric in 2020. In normal, everyday utility operations, a resilient electric grid has the ability to anticipate, absorb, adapt to, and rapidly recover from potentially disruptive events such as storms, wind, ice and snow, car collisions, squirrels, snakes and other small critters. In our everyday lives, resilience means springing back when troubles knock us down.

No one expected our introduction to the 2020s would knock us down with a storm of a different kind. The COVID-19 pandemic turned lives upside down and dominated news reports 24/7. For the past year, the unknowns of a pandemic necessitated many changes in each of our lives, but Victory Electric’s focus was clear and our goal constant — keep our employees and members healthy, power on, and keep the lights on for our members.

As essential workers responsible for maintaining critical infrastructure while facing an invisible, unknown threat, face masks and hand sanitizer became standard personal protective equipment for lineworkers — no different than hard hats, rubber gloves and FR clothing. Changes for other cooperative employees included adjusting to social distancing at the office and transitioning to a work-from-home environment.

Members Matter, Especially Through a Pandemic

When COVID-19 hit, it seemed that in a span of just days, we went from “business as usual” to businesses closing, schools switching to distance learning, and at one point, Victory Electric closed our lobby to the public to comply with state mandates. We quickly and safely established new working practices to limit potential health risks to our team, made adjustments to cooperative operations to ensure continued electric reliability, and helped members by suspending late fees and disconnects. Our goal was to provide our members with some degree of certainty during a period of rapidly developing uncertainty. The suspension of late fees and disconnections lasted for weeks as the economy regained its footing and businesses started to reopen.

Focusing on the Future

Victory Electric exists in an era defined by change. Technology, people, society, our country and the world are all changing at a rapid pace. As technology and the utility industry continue to evolve, we are always on the lookout for new technology



For the past year, the unknowns of a pandemic necessitated many changes in each of our lives, but Victory Electric’s focus was clear and our goal constant — keep our employees and members healthy, power on, and keep the lights on for our members.

and system improvements that allow us to better serve our members. Victory Electric's operations team continuously makes infrastructure improvements to decrease the number of outages, shorten outage duration times, and improve our crews' safety, workflow and production levels.

Our geographic information system (GIS) contains detailed schematics and the GPS location of every pole, power line, transformer, substation and meter at each home and business served by Victory Electric. Interconnecting the GIS/GPS system with our outage management system (OMS) gives Victory Electric personnel the location data and information needed to determine exactly where a problem originates and the extent of the outage. This saves us valuable time during outage situations.

Also connected with OMS is the Supervisory Control and Data Acquisition (SCADA) system, which allows Victory Electric to control substation equipment from our office. If power goes out, operations personnel use SCADA to restore power by remotely switching power from one substation to another in minutes with the click of a button. In the past, it oftentimes took hours to restore power because lineworkers had to travel to both substations and be on site to manually switch power from one substation to another. In addition to outage situations, remote switching allows our crews to perform maintenance more efficiently and for less cost. As your cooperative, we continue to monitor new and emerging technology that will allow us to better serve our members both now and in the future.

Two Million Reasons

There were more than **\$2 MILLION** reasons for you to be proud (and excited) to be a member of Victory Electric in 2020! The board of trustees voted to retire \$2.1 million in capital credits in December to members who purchased electricity between 1995 and 1998, as well as between 2008 and 2012. Only your local electric cooperative makes every customer an owner of the business. It is just another way we are looking out for our members.

Reflection

If there was ever a good time to reflect on our lives and realize what is important, it was 2020. The pandemic forced us to take the time to slow down, take a breath and enjoy the simple things. Although it came with some heartache, it also gave life to new hopefulness. It gave us extra time to enjoy our families, discover new ways to communicate with friends, and presented new ways to explore our communities and change the way business can be conducted.

While Victory Electric may sell electricity, we are first and foremost in the people business. The employees of Victory Electric work each day to bring value to the lives of our members and the communities we serve. We want your experience with us to be more than just paying your electric bill. We will always strive to provide you with the exceptional service and affordable power you have come to expect from Victory Electric.



Steve Lauer



CANDIDATES FOR THE BOARD OF TRUSTEES



Daryl Tieben District 1
DODGE CITY | INCUMBENT

For 12 years, it's been my honor to be the voice for the members on the board of trustees and ensure members continue to have access to affordable, safe and reliable electricity. My wife, Carol, and I are deeply rooted in the community. We live south of Dodge City and have rental houses and farmland. In addition, my family owns My-D Han-D Mfg. Company, TOLD, and TKO Oil Company. As a business owner, my experiences in personnel, business and financial management, and responsible decision making allows me to make informed decisions for the cooperative, while keeping members' best interests in mind. Members are the heart of a cooperative and as the district 1 elected representative, it's important I am available to members with a listening ear and I welcome your comments and concerns.



Kenny Schulte District 3
SPEARVILLE | INCUMBENT

Decisions are a necessity in all aspects of life. Some decisions are reactionary and some decisions are proactive, but rarely are they ever simple or easy, especially when tasked with representing others. The electric utility industry is becoming increasingly complex with rapid industry changes, advances in technology, and challenges from state and federal regulations. Members of Victory Electric can be confident that when decisions are made in the boardroom, members are always top-of-mind and I will carefully evaluate and balance the best interests of both the members and Victory Electric. It has been a privilege to serve the interests of cooperative members in district 3 for the past 14 years and your vote would give me the opportunity to continue representing you, the members of Victory Electric.



These candidates were nominated by the nominating committee for a seat on the Victory Electric Board of Trustees.



Cedric Drewes District 8
DODGE CITY | INCUMBENT

Let me start by thanking the members of district 8 for allowing me to represent you the last several years. It is an honor I cherish very much. Looking back, I am proud of what our entire team at Victory Electric has accomplished. It is because of productive employees, quality management and sound decisions in the boardroom that Victory Electric is once again positioned to retire and return capital credits. I will strive to keep rates as low as possible, maintain our culture of safety, and make sure Victory Electric remains a vital part of our community. I will continue to make future decisions with our member's best interests in mind while also striving to keep the cooperative on strong financial ground.

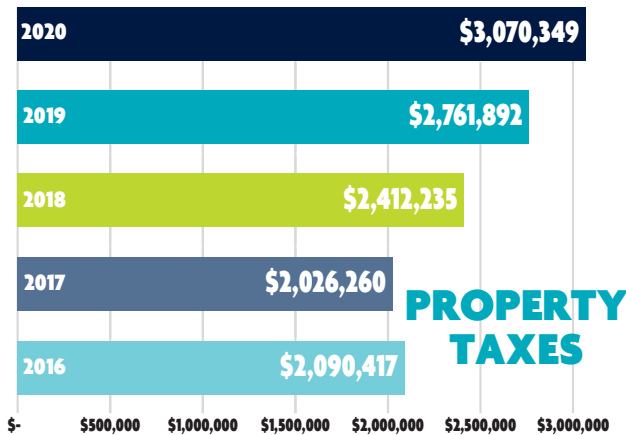
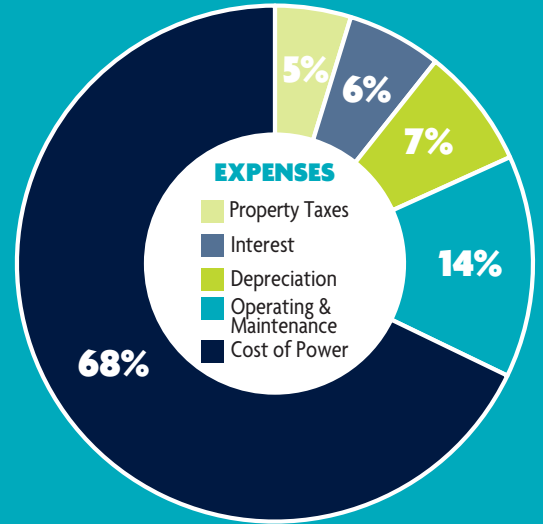
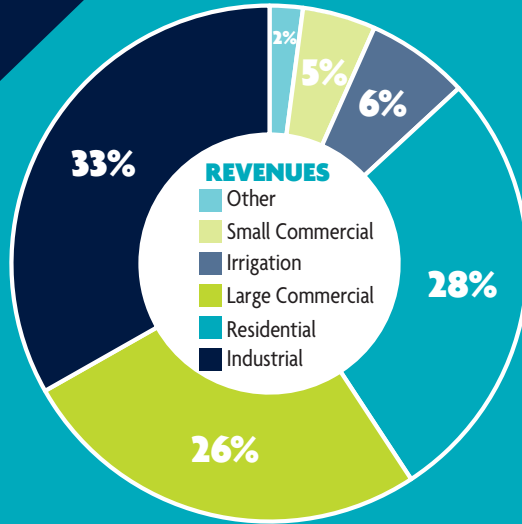


Terri Larson District 10
DODGE CITY | INCUMBENT

Looking back at 2020, we remember how the unknowns of a pandemic necessitated disruptive changes and real-time adjustments to our daily lives. It was important Victory Electric made business decisions that carefully balanced the health and safety of employees and members with the economic well-being of the cooperative while ensuring power was readily available at the flip of a switch. Knowing the importance of making sound business and financial decisions on the members' behalf, I've dedicated myself to attending certification courses and industry training, which ensures I possess the knowledge to be an effective board leader. With your support and votes, I am committed to ensuring Victory Electric maintains its tradition of providing quality, affordable service for years to come.

The Victory Electric Board of Trustees is elected by the membership. Like you, they are cooperative members who live in various locations throughout the Victory Electric service area. Trustees are local residents with the best interests of members, the community and the cooperative always in mind.

FINANCIAL REPORT



Income Statement

INCOME	
Electric Revenue	\$67,753,136
EXPENSES	
Cost of Power	\$43,763,582
Operating & Maintenance Expenses	\$8,973,412
Depreciation	\$4,870,258
Property Taxes	\$3,070,349
Interest	\$3,820,911
Total Expenses	\$64,498,512
OPERATING MARGINS	\$3,254,624
NON-OPERATING MARGINS	\$2,011,446
NET MARGINS FOR 2020	\$5,266,070

Balance Sheet

ASSETS	
Total Cost of Plant	\$175,927,357
Less: Accumulated Depreciation	\$58,403,859
Total Net Value of Plant	\$117,523,498
Cash	\$2,074,930
Investments	\$38,616,566
Receivables	\$5,993,799
Materials and Supplies	\$2,494,478
Prepayments	\$113,524
Other Current & Accrued Assets	\$7,032
Deferred Debits	\$2,668,829
TOTAL ASSETS	\$169,492,656
LIABILITIES	
Long-Term Debt	\$96,209,246
Notes & Accounts Payable	\$4,172,680
Current Liabilities	\$6,573,939
Noncurrent Liabilities	\$39,278
Deferred Credits	\$95,687
Total Liabilities	\$107,090,830
MEMBERS' EQUITY	
Deposits	\$1,160,405
Equities & Margins	\$61,241,421
Total Members' Equity	\$62,401,826
TOTAL LIABILITIES & EQUITY	\$169,492,656