



NOW, MORE THAN EVER



2020 ANNUAL REPORT

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Our Board of Directors



PRESIDENT
JOE THESING
Houston County



VICE PRESIDENT
BARRY FRUECHTE
Iowa Territory



SECRETARY
TERRY OESTERLE
Iowa Territory



TREASURER
CONNIE EDWARDS
Director-at-Large



RICH BJORLO
Fillmore County



GENE HENDERSON
Houston County



JIM HOINESS
Fillmore County



GARTH ZENKE
Winona County



BRUCE LEHMANN
Iowa Territory

Message From Our CEO

2020 was the year that a pandemic up-ended our lives, our families, our communities, our society, and the world. As this annual report is going to press, we are just now seeing light at the end of the tunnel as vaccines are being produced and distributed. Hopefully, by mid-year we will be back to normalcy, although the new normal will look different than it did prior to Covid-19. Your cooperative reacted quickly to the pandemic, and through policies and procedures kept our staff, their families, and our customers and their families safe from the spread of the disease.



The pandemic has placed a magnifying glass on the need for quality broadband for everyone, now more than ever. Those having a high-speed connection were able to work remotely if their employer allowed it. Those without a high-speed connection struggled to work remotely, and school-aged kids were either able to continue their education from home or had to seek other options to meet the requirements of classes.

Your cooperative has been working to bring a fiber connection, the “gold standard” of internet connections, to all the homes, businesses, and schools we serve. As of now, 60% of AcenTek’s customers are served by fiber to the premise. This has taken us six years and about \$130 million to accomplish. The challenge for us is we still have 40% of our customers yet to cover, amounting to another estimated \$105 million. We wish we could tell everyone that “you’re next!” Unfortunately, we just cannot get to everyone “next” as our fiber-to-the-premise buildout not only takes the cash investment mentioned above, but also takes significant manpower to accomplish.

We ask for your patience. It is your cooperative’s intention to provide the gold standard of internet connections to every household and business. Financially, your cooperative had a very strong year in 2020, creating \$23 million in cash from its operations. After taxes, capital credit payments, and debt service, the remaining cash is what we have left to continue to build out. In 2021, we have budgeted over \$18 million to be spent on capital expenditures, most of which goes to provide more fiber connections.

Please join me at our virtual annual meeting to be held Wednesday, April 20th, at 7pm celebrating a successful 2020, and looking forward to our future.

A stylized, handwritten signature in black ink, appearing to read 'Todd Roesler'.

Todd Roesler
AcenTek Chief Executive Officer



Now, more than ever, grants help our customers.

Rural Peterson Grant

Last September AcenTek applied for a grant to build fiber to customers in rural Peterson. At the end of January the good news was announced. AcenTek was among the companies awarded grants and would be able to move forward on building fiber to rural Peterson. The project will include 374 locations in the townships of Fremont, Pilot Mound, Arendahl, Norway and Preble. It is estimated that the project will be completed in 2022. Once finished, all locations in rural Peterson would be capable of getting faster internet speeds and will have more access to services through AcenTek. The rural Peterson fiber project will cost just under \$5 million dollars. This grant will help with 30% of the project's cost (or just over \$1.4 million).

Fiber means the fastest internet speeds for customers. It means more reliable services. And it means more services may be available at the customer's home, especially if that home is in a rural location. Connectivity in rural communities can increase household incomes, improve access to healthcare and assist with access to education. In addition, fiber can increase streaming and entertainment services in the home. While it is crucial to do, bringing fiber to the communities is an expensive undertaking. Grant programs are an essential tool in helping AcenTek to build fiber. With the goal of bringing fiber to all customers, AcenTek is grateful for grant programs that can fund these projects. This assistance helps to speed up the process of getting fiber to all customers.



Now, more than ever, we must get fiber to our customers.

Fiber Progress

The year 2020 was a challenging one for everyone. All the more reason for AcenTek to get fiber to as many customers as possible. Despite the hurdles the virus created, AcenTek still made progress. Throughout the year, headway was made on fiber projects in both Houston, MN, and Waterville, IA.

Last September, the work began on the Waterville project. With a little later start than anticipated, it is exciting to note that AcenTek was able to complete Phase 1 of this project. Customers within the city limits (and roughly 2 miles surrounding the city limits) began having services switched from copper to fiber earlier this year.

In October, construction began on the fiber project in rural Houston. By the end of 2020, the construction was complete on Phase 1 of the project, which included areas around Highway 16, County Road 22, County Road 13 and Mound Prairie Drive (including the Valley High subdivision). Splicing, for this phase, will be complete mid-April. Some customers are now being converted over to fiber optics. Phase 2 construction will begin in late April or early May.



Now, more than ever, we want to connect with our customers.

Virtual Annual Meeting

Our first ever virtual annual meeting was held in 2020. Without an option to safely hold the meeting face to face, the decision was made, by the board of directors, to have the meeting online.

The meeting, originally scheduled for April, didn't take place until September, due to the virus. The result of the first-ever online annual meeting for AcenTek was an increase in number of members who voted and also, a boost in attendance. During the online meeting, election results were shared. The incumbent for Fillmore County, Richard Bjorlo (uncontested) was re-elected, along with the incumbent for the Minnesota Territory, Connie Edwards. The director for Iowa who was elected was Bruce Lehmann. Bluff Country Financial Services (Houston, MN) assisted AcenTek in the voting process, securely handling the ballots and tallying the results from members.

Once again, this year, the annual meeting will take place online. You are invited to join us on April 20th at 7pm. Attend the meeting from home and learn the state of the business, hear election results and receive a \$10 bill credit. Members received packets containing all the materials needed to vote by mail and to register to attend the online event. From those who voted, 10 winners will be chosen and announced during the meeting. The winners will receive a gift card valued at \$50, to the merchant of their choice. All who attend the online meeting will also be entered in a drawing to win one of ten gift cards, valued from \$100 to \$500. The gift cards will be awarded to the merchant of choice.

Please RSVP to attend the annual meeting online by visiting www.AcenTek.net/Meeting



Now, more than ever, we give back to the communities we serve.

The AcenTek Foundation

At a time when education has faced new challenges and economic growth has been curtailed for so many communities, AcenTek feels passionately about giving back.

In 2012, the AcenTek Foundation was created to handle donation requests from non-profit, tax-exempt organizations. The funds available through the foundation are to be used by the recipients for education, teaching and/or the promotion of economic development. Three times per year, a committee reviews the submitted applications and awards organizations in the area. Now, more than ever, AcenTek wants to make sure you are aware of the foundation. We want to help.

If you are interested in applying to the AcenTek Foundation for a donation to help your non-profit, visit **AcenTek.net/donations** and fill out the application. The next deadline for submitting your application is May 6th.

THANK YOU TO THIS YEAR'S
**NOMINATING
COMMITTEE**

Paul Whalen | New Albin
Wayne Meyer | New Albin
Craig Colbenson | Rushford
John Linder | Rushford
Larry Torgerson | Houston
Richard Snow | Houston

Service Awards

With gratitude, we recognize employees who have reached the following milestones. For their commendable skills and dedication, we thank them for being part of the AcenTek team.

40 YEARS



MIKE LOKEN
Combination Technician

20 YEARS



KELLY THOMAS
Customer Service Representative



MARK VANDERKOLK
Combination Technician

15 YEARS



SHERI WILKEMEYER
Executive Assistant



WENDY BOELTER
Provisioning Technician



JAMIE JOHNSTON
Cable Splicer

10 YEARS



DARREN MOSER
Chief Financial Officer



LISA KLEIST
Customer Service Representative

5 YEARS



LORI MANN
Human Resources Assistant



DEANNA STENNES
Customer Service Representative



MATT MINOR
Network Engineer



JOSH NORTHRUP
Combination Technician

2020 Financials

Consolidated Balance Sheets Dec. 31, 2020 and 2019

Assets	2020	2019
Current assets	\$25,132,776	\$15,308,985
Other non-current assets	17,159,518	7,337,937
Net property, plant and equipment	96,839,605	94,111,384
Total Assets	<u>\$139,131,899</u>	<u>\$116,758,306</u>
Liabilities and Members' Equity		
Current liabilities	\$10,884,482	11,078,735
Long-term debt	30,797,806	20,186,829
Other non-current liabilities	7,368,008	5,004,734
Members' equity	90,081,603	80,488,008
Total Liabilities & Members' Equity	<u>\$139,131,899</u>	<u>\$116,758,306</u>

Consolidated Statements of Earnings Years ended Dec. 31, 2020 and 2019

Operating revenues	\$52,327,351	\$49,409,140
Operating expenses	41,482,983	41,106,724
Operating earnings	10,844,368	8,302,416
Other income (expense)	987,473	(881,298)
Equity income (loss)	91,487	55,422
Earnings before income taxes	11,923,328	7,476,540
Income taxes	1,069,552	815,744
Net Earnings	<u>\$10,853,776</u>	<u>\$6,660,796</u>

Consolidated Statements of Members' Equity Years ended Dec. 31, 2020 and 2019

Balance, Beginning of Year	\$80,488,008	\$75,151,497
Net earnings	10,853,776	6,660,796
Excise tax refund	18,138	19,289
Unrealized pension obligations	(97,649)	(123,052)
Capital credits paid (net of discounts)	(1,180,670)	(1,220,522)
Balance, End of Year	<u>\$90,081,603</u>	<u>\$80,488,008</u>

Members who would like a complete copy of our financial statements can request a copy by calling us at 1811 or 888-404-4940 option 9.

Board Candidates

Fillmore County



VANCE HAUGEN, candidate, graduated from Oklee High School in Oklee, MN in 1975. In 1979 he graduated from North Dakota State University with a bachelor degree in Agriculture Mechanization and in 1984 with his masters, which focused on biogas energy production.

Vance started his career at North Dakota State in 1979 as a research technician in the Agricultural Engineering Department. From 1985 – 2018 he was employed with the University of Wisconsin as an

Extension Educator in Shawano and Crawford Counties. During his time at the University of Wisconsin, Vance had the opportunity to do international consulting through the United States Agency for International Development (USAID); consulting on biogas and grazing in Nicaragua, Zambia, and Guyana. He retired from the University in January of 2018. Vance is currently the co-owner and operator of Springside Farm and Springside Dairy LLC and owner of Haugen Enterprises.

Vance currently serves on the Grass Works Board as a coordinator/facilitator for the Great Rivers Graziers, as well as a supervisor for Canton Township. He has served as chairman of the Committee of Professors for the Department of Agriculture Extension Educators, chairman of the Canton Township Land Use Planning Study Committee, has served on the Tri-County Electric Advisory Board, has been a liaison to the Grass Works Board at the University of Wisconsin Extension, as well as a department head at the University-Crawford County.

Having lived his entire life in rural areas in the Midwest, Vance knows there is value in our rural communities. He would like to see a strong and vibrant Ace Telephone Association continue to support and improve the lives of rural members, continue its good work and move forward with innovative methods and policies that will aid in voice, video and internet service. Other technologies will emerge and Ace Telephone Association must be ready to assess and move forward. He wishes to be a director to help encourage and build that future.

Vance and his wife, Bonnie, have three children and six grandchildren.



BOBBIE HILLERY, candidate, graduated from Mabel-Canton High School in Mabel, MN in 1993. In 1997, she graduated from Luther College with a Bachelor of Arts degree in accounting and economics.

She started her career in 1997 as controller for D&L Controls, Inc.

From 2000-2003 she was business manager for Spring Valley Care Center and from 2003-2013 was city administrator for the City of Lanesboro.

In 2013 Bobbie accepted her current position, county administrator for Fillmore County.

Bobbie has enjoyed coaching junior high and varsity volleyball, softball, and basketball for Mabel-Canton, Rushford-Peterson, and Lanesboro school districts over the years. She served on church council from 2009-2015, the Mabel-Canton booster club from 2013-2017, and the Mabel-Canton School board from 2015-2017. Bobbie is currently coaching junior high basketball and volleyball at Rushford-Peterson Schools.

Bobbie says it is clear that Ace Telephone Association has a high level of management and direction and knows what needs to happen to keep up with the fast-paced technology that is continually changing. She says it would be an honor to serve on the board of a company with such innovative technology that continues to ensure all its serving areas grow and thrive.

Bobbie, her husband Andy, and children live in Rushford Village.

THANK YOU JIM HOINESS

Special thanks to Jim, for admirably serving as our board member for the past 44 years. We appreciate you, Jim, for your outstanding leadership and many other contributions. Congratulations and best wishes on your retirement.



Houston County



GENE HENDERSON, incumbent, a resident of Houston, Minnesota, has been a member of the Ace Telephone Association Board of Directors since 1990. He has served as president, vice president, secretary, and treasurer.

Prior to his retirement, Gene worked in the financial services industry for 24 years, and he farmed in the Houston area for 12 years. Gene attended Syracuse University and served as a

Russian linguist in the Air Force during the Vietnam era. He worked with Burroughs Corporation as a field engineer following the military.

Gene was a member of the Lions Club in Houston for over 30 years and also served on the Valley View Nursing Home Foundation Board in Houston. He is a member of Looney Valley Lutheran Church in rural Houston, has served as president of the church council, and has been a Sunday school teacher.

When asked why he feels it is important to serve on the board, Gene replied, "Communication is a large part of our lives. Whether you work in gigabits or just to say hello to a friend, communication is important to everyone. I take this position on the board seriously so that Ace Telephone Association can be the best that it can be."

Gene and his wife, Anita, have three children and nine grandchildren.



LARRY JOHNSON, candidate, graduated from Westby High School in Westby, WI in 1975. In 1978 he graduated from the University of Wisconsin-Madison/College of Agriculture and Life Science with a bachelor degree in Agronomy.

Larry started his career in 1978 with Cargill in Minnetonka, MN in the sales and marketing department and in 1979 transferred to their facility in Cresco, Iowa. From 1980-1990 he was employed at Miracle Feeds in La

Crosse, WI in sales, and from 1990-2020 was employed at Cottonseed, LLC where he served as president for many of those years before retiring in June of 2020. In January of 2021, Larry started a consulting business, Tactical Risk Advisors, to assist cotton gins in reducing risk in merchandising cottonseed.

Larry has been involved in many school, church, and business associations. He is currently a member of Zion Evangelical Church in Brownsville, MN where he serves on the church council. He is a past member of First Lutheran Church in Onalaska, WI where he taught Sunday school and was a member and chairperson of the property management committee. Larry has been a delegate and board member of the National Cotton Council and past president of the Cottonseed and Feed Association. He is presently on the Cottonseed Advisory Board for Cotton Incorporated ("The Fabric of Your Life" Cotton Promotion Board).

Larry and his wife, Vicki, recently built a home in Brownsville and believe that if you live in a community, you should be involved in that community. He is motivated to assist Ace Telephone Association in any way possible to provide the best available communications to our communities.

Larry and Vicki have six children and one grandchild.

Iowa Territory



BARRY FRUECHTE, incumbent, has been a member of the Ace Telephone Association Board of Directors since 2009. He is a resident of New Albin, Iowa.

Barry is a graduate of Kee High School in Lansing, Iowa and has an associate degree in finance from Western Technical College. He began employment at the New Albin Savings Bank in 1978 as an assistant cashier.

Through the years he has held various positions at the bank and has been president since 2002.

Currently, he serves as president on the St. Peter's Christian Community Church Council, secretary/treasurer of New Albin Charities Inc., and president of the Allamakee County Revolving Loan Fund Committee. He has also served as vice president on the Allamakee County Economic Development Board and was a commissioner for the Allamakee County Soil and Water Conservation District.

When asked why he feels it is important to serve on the board, Barry replied, "I am excited to be part of a company whose primary goal is to give their customers the best possible internet connections, along with responsive customer service." He notes he feels fortunate to live in Ace Telephone Association's serving area and his hope is to continue to build on what the company has to offer.

Barry and his wife, Lisa have four children.



MARIA STAHL, candidate, graduated from Frank B. Kellogg High School in Roseville, MN in 1980. In 1984 she graduated from Ambassador University with a bachelor degree in liberal arts and in 2013 from Viterbo University with a masters degree in business administration. From 2018-2020 she attended Western Technical College and Northeast Iowa Community College where she took prerequisites for nursing.

Maria started her career in 1984 working in the publishing field, first as an editorial assistant and then a page creator and software trainer for Ambassador Publishing. Between 1991-2011, she worked as a medical transcriptionist for Signal Transcription Network, Medquist, Webmedx, and Nuance. Since 2011 she has been employed at Mayo Clinic as a Health Information Department Manager.

Currently she is a council member for the City of New Albin, Iowa, and treasurer at St. Peter's Christian Community Church. She has also served on the Franciscan Healthcare Auxiliary, as a board member of The Way Station in Allamakee County, a council member for the City of Lansing, Iowa, and a committee member of the Eastern Allamakee School District Site Committee.

Maria says technical infrastructure is vital to the survival of our rural communities and wants to see that continue and grow. If chosen to serve on the board of directors, she will put her experience, integrity, and education to work to help guide Ace Telephone Association in wise growth and continued excellent service to its current and future members.

Maria and her husband Barry have three children and four grandchildren.



207 E Cedar Street
PO Box 360
Houston, MN 55943

You are invited to attend Ace Telephone Association's

71st Annual Meeting of the Members

TUESDAY, APRIL 20, 2021 @ 7PM

ONLINE MEETING VIA ZOOM

- Business Meeting
- Election of Board Members
- Prize drawings for attendees and voters (valued at \$50 - \$500)
- Members who attend receive \$10 bill credit

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