



GETTING IT DONE

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YOU'RE INVITED

69th Annual Meeting of the Members

SATURDAY | APRIL 27, 2019 | 10:30AM

HOUSTON HIGH SCHOOL AUDITORIUM
HOUSTON, MN

**Come and enjoy the meeting and meal following.
Receive your attendance gift.
Vote for Board of Directors.
Register for door prizes.**

Message From Our CEO

The year of 2018 was the year of getting it done. It was a great year for AcenTek for so many reasons.

Sixty-nine years ago, our cooperative was founded on telephone line membership but with internet quickly replacing traditional landlines as the primary tool for communication, a change was proposed to revise the criteria for membership. A vote at last year's annual meeting changed our bylaws to include internet customers as members in the cooperative. As a result we have welcomed an additional 3,500 members. At the end of 2018, throughout our entire company, we had over 18,000 internet services, and only 14,000 telephone lines.



We started building fiber to the home in the communities we serve 6 years ago. By the end of this year, we will have invested over 110 million dollars, during that time, primarily on our fiber builds. This investment means better service for our customers. By the end of 2020, we will have more customers served by fiber than by copper.

Financially, your cooperative remains strong. In 2018, AcenTek's operating earnings were 6.6 million dollars, generating cash of 17.2 million dollars from its working efforts. This cash is what enables us to build out our fiber. We want to help the communities we serve thrive in today's competitive economic environment. Fiber is the tool to help them get that job done.

Please join me Saturday, April 27th at 10:30am at the Houston High School gymnasium in Houston, Minnesota for our 69th Annual Meeting.

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

Todd Roesler
AcenTek Chief Executive Officer

Welcome new members!

Did you hear that we've grown?

We've added over 3,500 members to Ace Telephone Association!

Last April at the annual meeting, a vote was held to redefine our membership to include internet customers. Prior to that, membership had been limited to those having telephone service. When the co-op began in 1950 that made sense. After all, reliable phone service was an essential part of life. Everyone had a telephone and depended on it for communicating. But times changed. Many people decided to 'cut the cord' and use other tools as their means to communicate. As a result, membership declined. Fewer members were voting on important issues facing their communications company. Soon reliable internet service became as important to communication as traditional landline telephones once were, and because of that, we proposed redefining membership. The proposal to make customers who have Internet and/or Phone service passed at the annual meeting last year, allowing the co-op to grow bigger and stronger. We welcome the many internet customers as new members to the co-op.

WHEN MEMBERSHIP INCLUDED ONLY
PHONE CUSTOMERS

7,570 MEMBERS

NOW THAT MEMBERSHIP INCLUDES
INTERNET CUSTOMERS

11,175 MEMBERS

47.6% ↑

Why should being a member matter to you?

A cooperative is different from other kinds of businesses. It's not owned by investors from miles away that do not understand your community. The co-op is run by a board of directors, elected by your vote. The candidates who run for the board live in the same communities you live in. They are your neighbors and friends, concerned about the same issues as you. The board of directors, elected by you, represent all of the communities in the service area. Their voice speaks on your behalf. Customers who have Internet and/or Phone service are more than our customer, they are members and owners. As an owner, your vote matters. That's a benefit of membership.

How does a co-op benefit your community?

The co-op believes it is important to keep jobs local. AcenTek employs over 130 people. These people eat lunch at local establishments, stop by the local gas station to fill up, and get involved in their communities. We invest time and money into the communities we live in. We pride ourselves on supporting the local schools, parks, libraries, fire departments and emergency services in the areas we serve. The co-op benefits your community simply because they care about the future of where you live.

As a member, why should you attend the annual meeting?

Not everyone has the privilege of voting for the way they want their communications company to run, but you do. You have decision-making ability by your vote, but voting only takes place at the annual meeting. Come and learn about the issues your communications company face, get to know your representatives and vote for how you want things done. You are a valued member and we look forward to seeing you at the annual meeting.

BOARD OF DIRECTORS

Front Row, left to right:

President Richard Bjorlo (Fillmore County), **Garth Zenke** (Winona County), **Gene Henderson** (Houston County), and **Secretary Barry Fruechte** (Iowa Territory).

Back Row, left to right:

Evroul Beckman (Iowa Territory), **Jim Hoiness** (Fillmore County), **Connie Edwards** (Director-at-Large), **Treasurer Terry Oesterle** (Iowa Territory) and **Vice President Joe Thesing** (Houston County).



FIBER PROJECTS

In 2018 AcenTek finished the first fiber build in our Iowa territory of New Albin. Five hundred seventy homes and businesses in this community were upgraded. By replacing the copper cabling with fiber optics, residents in this area can now enjoy internet speeds starting at 200Mbps, all the way up to 1 Gig.

In addition to the fiber project in Iowa, the work continued on the fiber build in Minnesota as well. Customers in rural Lanesboro began to have their services converted to fiber, with installation to start for customers living in town this spring. In rural Rushford, installation for all customers is expected to be complete by this fall.

While faster internet speed is the biggest, most obvious benefit of a community getting fiber, it is not the only one. A fiber connection is more reliable than copper so customers can expect far less disruptions to their services during storms. The improved reputation and economy of a fiber-connected community are also possible benefits of the fiber upgrade. A community that can offer future residents (and potential businesses) connectivity to fiber optics is more attractive as they consider relocating to the community.

Plans continue for building out fiber to more and more of the areas served by AcenTek. This year in Iowa, the city limits of Ossian and the city limits of Clermont will be converted to fiber. This upgrade will include 463 homes and businesses in Ossian and 432 homes and businesses in the city of Clermont. This summer AcenTek will also bring fiber to the city limits of Houston, MN. This build is expected to allow 486 homes and businesses to begin enjoying faster internet speeds and increased reliability.

36.8%

AT THE END OF LAST YEAR, JUST OVER 1/3 OF OUR CUSTOMERS WERE FIBER-FED.

57.9%

BY THE END OF 2020, OVER HALF OF OUR CUSTOMERS WILL BE ENJOYING THE BENEFITS OF FIBER.



STEP 1 | ENGINEERING:

The first step in the fiber process is to create an overview of the project. An engineering team, hired by AcenTek, goes into the community and reviews the layout of the homes/businesses. This information is used to create the plan for the build. The plan details the timeline, materials needed and estimated cost for the project.

STEP 2 | HOME ASSESSMENTS:

The next step is visiting every home and business. Home assessment visits are brief and are set up at the convenience of the home/business owner. The goal of this brief visit by AcenTek is to determine where the fiber optics will enter the home. Drawings and notes are made for each home/business, to be referenced at time of construction. Home assessments need to be done for every location, even if the owner is not an AcenTek customer. Having fiber fed to your home increases the value of it should you ever decide to sell your home or business.

STEP 3 | CONSTRUCTION:

Next is the construction phase. This is where contractors are on location, with all the necessary equipment, and begin replacing the copper facility with fiber optics. Our contractors work carefully with the home owners, referring closely to any notes that were made during the home assessment visit. Careful work is done around landscaping and any cement pads to cause minimal disruption to the property. At every address, the owner is involved in the decisions that take place during the construction, to ensure customer satisfaction.

STEP 4 | INSTALLATION:

The final step in the fiber build is to install the services to the home. This step only occurs for AcenTek customers because it involves making the connection inside the home so their services are fiber-fed.

Keeping Your Information Safe

It is easier than you think for someone to steal your passwords. We have been told time and time again what makes a good, strong password, but still we hear stories on the news about a business being hacked and customer information being compromised.

That is the reason why businesses look for solutions to safeguard their information, keeping the bad guys out, so to speak. For many, the solution is multi-factor authentication. Multi-factor authentication (MFA) is a method in which a computer confirms the user's identity by a combination of two or more factors, not just a password. That means even if a hacker has your password, it is not enough. AcenTek is excited to announce that we, too, have invested in multi-factor authentication as an improved security measure. This offers our customers the reassurance that their information is safe with us.

By early summer, two factors will be required for each AcenTek employee to access any computer; their password or PIN number alone will not be enough. This new system will protect AcenTek against social engineering and the possible compromise of customers' data. Every time the employee steps away from their desk, their computer will be locked so that no one can access it. This heightened security measure is being implemented as a way to offer multiple layers of protection to sensitive data and customer information.

GETTING IT DONE
improved security



PARADES

Each year AcenTek participates in 8 area parades, showing support for these communities.



DONATIONS



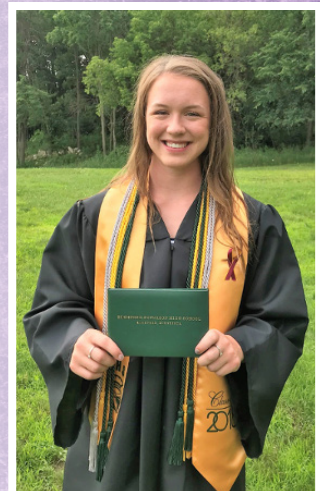
Employees pay for the luxury of being able to dress casually. AcenTek matches that money and awards it to area non-profit organizations. In 2018, five area Emergency Medical Services (EMS) were the recipients of the Casual Day Fund.

EVENTS



Business trick-or-treating in Houston

Over the years, AcenTek has awarded \$325,000 to deserving young adults through scholarships. Each year, AcenTek awards twenty high school seniors a \$1,000 scholarship to help with the expense of continuing their education.



SCHOLARSHIPS

Consolidated Balance Sheets Dec. 31, 2018 and 2017

Assets	2018	2017
Current assets	\$12,015,051	\$12,813,482
Other non-current assets	8,312,805	6,678,888
Net property, plant and equipment	83,892,708	71,079,886
Total Assets	<u>\$104,220,564</u>	<u>\$90,572,256</u>
Liabilities and Members' Equity		
Current liabilities	8,592,754	7,718,145
Long-term debt	17,035,600	8,755,539
Other non-current liabilities	3,440,713	2,213,844
Members' equity	75,151,497	71,884,728
Total Liabilities & Members' Equity	<u>\$104,220,564</u>	<u>\$90,572,256</u>

Consolidated Statements of Earnings Years ended Dec. 31, 2018 and 2017

Operating revenues	\$47,765,449	\$45,789,176
Operating expenses	41,133,211	41,090,495
Operating earnings	6,632,238	4,698,681
Other income (expense)	(20,064)	(25,799)
Equity earnings	(28,702)	(12,284)
Earnings before income taxes	6,583,472	4,660,598
Income taxes	2,155,096	2,052,067
Net Earnings	<u>\$4,428,376</u>	<u>\$2,608,531</u>

Consolidated Statements of Members' Equity Years ended Dec. 31, 2018 and 2017

Balance, Beginning of Year	\$71,884,728	\$70,712,280
Net earnings for the year	4,428,376	2,608,531
Excise tax refund	5,383	457
Unrealized pension obligation	53,952	681
Capital credits paid (net of discounts)	(1,220,942)	(1,437,221)
Balance, End of Year	<u>\$75,151,497</u>	<u>\$71,884,728</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.

REFER-A-FRIEND PROGRAM

Refer a friend to AcenTek services
and you both earn a \$50
credit on your account.

VISIT WWW.ACEN TEK.NET
TO LEARN MORE

GETTING IT DONE
financials 2018

Houston County



JOSEPH THESING, incumbent, has been a member of the Ace Telephone Association Board of Directors since 2007.

Joe has been employed by Home Federal Savings Bank in La Crescent, Minnesota for the past 5 years as a Market President. Prior to that, he worked for Merchants National Bank for 24 years as Vice President of the Business Banking Department.

He graduated from La Crescent High School in 1986 and graduated from the University of Wisconsin-La Crosse with a Bachelor of Science Degree in Finance. He is a 2000 graduate of the Blanden Community Leadership Program and continues to take classes in communications, technology, finance, leadership, and emergency medicine.

Joe has been a member of the La Crescent Fire Department and First Responders for 26 years and is an active member of Houston County EDA, Rotary Lights Inc., La Crescent Area Event Center, and La Crescent Rotary. He is a past board member of La Crescent Fire Department Relief Association, Houston County Networks (DAC), Church of Crucifixion Parish Council, and Lancer Youth Hockey Association.

Joe and his wife, Heidi, have two children, Rochelle and Levi. They have also been foster parents to several children.



SHARON ROHRER, opponent, graduated from Loretto High School in Caledonia, MN in 1956, from St. Francis School of Nursing in '59 as a registered nurse, from Viterbo University in '86 with a bachelor degree in Nursing, and completed 1 year in the University of Wisconsin Master of Nursing program in '88.

Sharon has been a registered nurse for 60 years. She started her career for the State of Wisconsin in 1960 at Mendota Mental Health. In 1978 she worked as the pain/oncology clinician at the University of Wisconsin Hospital/Clinics in Madison, WI. In 1980 she was the Director of Public Health for Houston County, and in '82 was a health services supervisor for Houston County Group Homes. From 1983-1986 she was an oncology certified registered nurse at Skemp Clinic and from '86 - '92 was an intensive care registered nurse at St. Francis Hospital. In 1989 Sharon served in Desert Storm as a reserves nurse, where she received the Army Achievement Medal. Sharon currently volunteers as a nurse for the American Red Cross Disaster Response team and is self-employed performing registered nurse benefit determinations for long-term care.

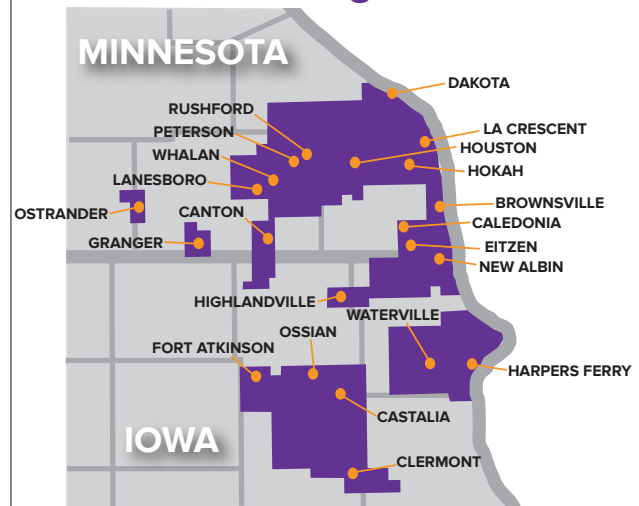
Sharon has served on the Madison Board of Health, Madison Schools Advisory Committee, Madison General Hospital Board of Directors, Wisconsin Nurses Association Board of Directors, and Chief Negotiator for the State of Wisconsin Professional Employees Association. She has served continuously on the Houston County Public Health Advisory Board since 1996.

Sharon was married to her late husband, Ronald, for 37 years. She has six children, five stepchildren, twenty-nine grandchildren, and fourteen great-grandchildren.

THANK YOU TO THIS YEAR'S NOMINATING COMMITTEE

J. Peter Petersilie | La Crescent
Bill Ohm | La Crescent
Ernest Erdmann | La Crescent
John Albrecht | Winona
Raymond Mullarkey | Lansing
Joseph Egan | Waterville

AcenTek Serving Area:



Winona County



GARTH ZENKE,

incumbent, has been a member of the Ace Telephone Association Board of Directors since 2016.

Garth graduated from Luther High School in 1991 and attended Winona State University and Western Wisconsin Technical College.

From 1988-1995 Garth was employed at Nodine Manufacturing, Inc. as a welder/fabricator. From 1995-1997 he worked for Fastenal in Winona, MN as a CNC Machine Operator, and in '98 became the owner/operator of Zenke Auto Sales & Service. Garth also assists Nodine Culvert Sales with their operations.

Garth is an active member and past secretary of St. John's Lutheran Church in Nodine, MN. From 2004-2010 he was a member of the Winona County Planning Commission, where he served as Chairman for two years.

Garth and his wife, Jennifer, have three children, Cole, Brianna, and Dominic.



THAD FLAHERTY, opponent, graduated from Central High School in La Crosse, Wisconsin in 2002. From 2003-2004, and again in 2007-2008 he took long distance learning classes through Central Texas College while on active duty with the Minnesota National Guard in Kosovo, where he earned the NATO Medal. In 2010 Thad graduated from Western Wisconsin Technical College with an associate's degree in Criminal Justice.

In addition to his career with the National Guard, Thad has worked at Clason Pontiac and Ray Hutson Chevrolet in their service and body shop departments, at Complete Contracting LLC in sales, and at State Farm as a fire claim representative. In 2004 he started his own construction business, TF Construction, and in 2010 began working at the La Crosse County Sheriff's Office as a jailer.

Thad and his wife, Chelsea, have two children.

Iowa Territory



TERRY OESTERLE, incumbent, has been a member of the Ace Telephone Association Board of Directors since 2001.

Terry lives on the family farm in rural Waukon, Iowa, where he was a dairy farmer for more than 20 years. He owned and

operated Oesterle Backhoe and Trenching for ten years, and was employed with H & L Construction as a driver and lift operator for eight years before retiring in January of 2019.

He is a Paint Creek Township director and Waterville Fire Department board member. He belongs to Allamakee County Farm Bureau and is a member of Zion United Church of Christ in Waukon, where he has served in various positions on the Council of Ministries, and as president of the congregation.

He and his wife, Diane, have two married children, Shane and Kari, and four grandsons.



THERESA HEUKER, opponent, graduated from Eastern Allamakee High School in Lansing, Iowa in 1980. After graduation, she moved to Grand Rapids, Michigan and began working in various bookkeeping/receptionist positions developing her on the job training skills. In 2006 Theresa attended Viterbo University in La Crosse, Wisconsin. She graduated in 2011 with an associate's degree in Organizational Management.

From 1990 to 1999 she worked as the office manager/bookkeeper for USA Waste Services, Inc. in Grand Rapids, Michigan. Between 1999 and 2001 she was the accounts payable manager/dispatcher for Everett's Landscape Management in Grand Rapids, Michigan, bookkeeper at MDS of Michigan from 2001 to 2003, staff accountant at Praxis Packaging Solutions in Grand Rapids, Michigan from 2003-2004, payroll assistant at Viterbo University in La Crosse, WI from 2004 to 2011, insurance/customer service for Leschensky Insurance Agency in Waukon, Iowa from 2011 to 2017, and is currently the senior office assistant at Gundersen Health System of La Crosse, WI in the Spiritual Care Department.

Theresa was a secretary for the Viterbo University Staff Assembly Committee from 2005 to 2007 and again from 2009 to 2010 and is currently the secretary for Immaculate Conception Church Wexford Parish Council. In her spare time, she enjoys volunteering at Lansing Fish Days and Steppin Out In Pink.

Theresa and her husband, Ron, have two children.



207 E Cedar Street
PO Box 360
Houston, MN 55943

You are invited to attend Ace Telephone Association's

69TH Annual Meeting of the Members

SATURDAY, APRIL 27, 2019

10:30 AM

Houston High School Auditorium
306 W Elm Street, Houston MN

- Door Prizes
- Business Meeting
- Election of Directors
- Lunch Provided

Persons with disabilities needing accommodations for effective participation in the meeting should contact AcenTek at 1811 or 888.404.4940 (option 8) one week in advance to request mobility, visual, hearing or other assistance.

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AcenTek.net

200+ visitors per day