

# RURAL MISSOURI

Sac Osage Electric Cooperative Annual Meeting Edition

## OFFICIAL NOTICE OF THE 2024 ANNUAL MEETING

The 2024 Annual Meeting of the Members of Sac Osage Electric Cooperative, Inc., will be held at the Cooperative headquarters, 4815 E. HWY 54, El Dorado Springs, Missouri, at 6:30 p.m., Tuesday, September 10, 2024, to take action upon the following matters:

1. Report of officers, directors and committees;
2. Board of Directors' Proposal to determine the approval or disapproval of Proposed Amendment to Article III, Section 4, Sections 5, 6, and 7, of the Bylaws of Sac Osage Electric Cooperative regarding requirements for membership meetings (ballot included inside).
3. Such other business as may properly come before the meeting or any adjournment thereof.

There was one (1) nominee from each of districts 7, 8 and 9. According to the Bylaws, Article IV, Section 4, if only one (1) person is nominated for the position of director in any district, ballots shall not be mailed and the person nominated shall be deemed elected at the Annual Meeting of the Members. Any director elected without opposition shall commence serving immediately after the election results are announced at the annual meeting of the members. The director biographical sketches are located inside the back cover of the Rural Missouri.

All three directors were the only nominees from their respective districts this year. They shall be deemed re-elected at the Annual Meeting of the Members. All three have completed courses to become Credentialed Cooperative Directors

By order of the Board of Directors of Sac Osage Electric Cooperative, Inc.

Tim Minehardt, Secretary

September 2024



Shannon Tucker  
District 7



Ken Hacker  
District 8



Brian Hubbard  
District 9

## Proposed Bylaw Change

A few years ago, the Association of Missouri Electric Cooperatives (AMEC) began a program to help Missouri cooperatives with annual meeting registration and voting. AMEC brings its employees and equipment to the cooperatives' annual meetings and facilitates the voting process along with appointed Inspectors of Election. They utilize iPads and/or web interfaces to handle this process.

Sac Osage has not been able to take advantage of this service, as our Bylaws do not explicitly allow electronic voting or registration. The Board has proposed an amendment to the Bylaws which would authorize the Board, in its discretion, to authorize voting by electronic means by either online and/or equipment and devices provided by the Cooperative. By approving the proposed Bylaw change, Sac Osage will be able to take advantage of AMEC's or other time saving and/or cost saving innovations.

**Find your ballot for the bylaw amendment in the center of this edition of the Rural Missouri.**

The proposed change would also authorize ballots voted electronically to be counted in the determination of a quorum. However, consistent with existing Article IV, Section 6 of the Bylaws, neither mailed in nor electronic ballots can be used at a special meeting to consider the removal of a director.

Over the years, the Annual Meeting has been delayed for hours by the counting process. With this change, future election results should be available within minutes of the close of the election.

Members will find the ballot with the amended Bylaw language inside this issue of the Rural Missouri. The Board would ask that you carefully consider the matter and vote to approve the proposed amendment and allow Sac Osage Electric Cooperative to move forward with better technology and a more efficient process.

**MAIL in your ballot to Sac Osage Electric Cooperative to receive your \$10.00 bill credit**



## TO THE MEMBERS OF SAC OSAGE ELECTRIC COOPERATIVE

In an effort to increase member participation from all parts of Sac Osage Electric Cooperative Inc., the board has decided to offer a \$10.00 bill credit to every member who mails in a ballot for the Annual Meeting.

There is only one ballot for a proposed bylaw change in the center of the Rural Missouri magazine.

Each member who fills out and mails in a ballot will receive the \$10.00 credit on their next electric bill.

Please follow the instructions on the ballot.

More information regarding the proposed bylaw change can be found on page 1 of this Rural Missouri cover.

Sac Osage Electric Cooperative will be holding a member appreciation drive through starting at 9:30 a.m. and will lead up to the Annual Business Meeting at 6:30 p.m. Members who drive through throughout the day will receive a door

prize for attending. Ballots can also be dropped off at this time.

The Annual Business Meeting will be held in the Community Room of Sac Osage headquarters at 6:30PM. There will not be food, entertainment, or a prize drawing this year.

The Board believes giving a \$10.00 bill credit to ALL members who mail in their ballots will allow the maximum number of members to benefit from the Annual Meeting.

### 2024 President's Report



Sac Osage Electric Cooperative Inc. Board of Directors and Employees invite you to the 85th Annual Meeting of the Members. This annual meeting will be held on September 10, 2024, at Sac Osage Electric

Cooperative Headquarters east of El Dorado Springs on US 54 Highway.

This year, each member is required to "mail" in their voting ballot or "drive" through with their ballot to receive a \$10.00 credit on their electric bill.

The Board of Directors were presented the 2023 annual audit of the financials at the monthly June board meeting. The annual audit indicated that there were no issues for 2023. The Auditor stated the cooperative was financially sound for the year. For more details, please be sure to read the report from Sac Osage Electric Treasurer, Tim Minehardt. This report can be found in the September issue of the Rural Missouri magazine. This past year has been very busy for our line crews and office staff. Our line crews, staking engineer, and line engineer have been busier with new build jobs than in previous years. Our membership area has continued to grow with the opportunities for employees to work from home and move to more rural areas. Our Fiber to the Home Project has helped promote our service area for these employees, too. We have also had some new large industrial builds that the linemen have completed.

While speaking about our Fiber to the Home Project, the expected timeframe to complete the project was approximately 5 years. We currently have all the fiber huts installed and are on the very last line to finish off the entire

Fiber to the Home Project. We are currently ahead of the original timeframe and are expected to have the project completed at approximately a little over the 3-year mark.

With Conexon Connect leading the way, we now have over 4,000 connected services with more on the waiting list to receive their internet service. This network will not only enhance our quality of life, but also foster economic growth, educational opportunities and technological innovation within our region. If you have not signed up for Conexon Connect internet service, there is still no charge at this time for installation and internet packages starting as low as \$49.99 per month.

Sac Osage Electric Cooperative strives to have dependable and affordable electric service for our membership and focus on preventable outages with our pre-maintenance scheduling. Routine maintenance, aggressive right-of-way and vegetation management throughout our districts, has allowed the cooperative to operate more efficiently than in years past.

Our new General Manager, Aaron Ash, has been doing a very respectable job in his many duties of running the cooperative, along with the excellent office staff performing the many daily tasks necessary to keep your cooperative running at peak performance.

Enough cannot be said for our Sac Osage Electric Linemen. They are working in the worst of conditions to include rain, sleet, hail, lightening, tornados and excessive heat or extreme cold temperatures, doing what they do best to keep your electricity on with the flip of a switch. Be sure to thank your local linemen as they put their lives on your line.

Mr. Ash, along with our board director, Brian Hubbard, attend monthly board meetings at KAMO to keep us abreast of any power supply issues. The biggest issue at hand is our Federal Government forcing our coal fired generation plants to shut down "before" anything can be built to replace them.

As your co-op is for utilizing solar and wind generation, we also realize the sun doesn't shine every day and the wind does not blow every day. Long-term storage of electricity in large battery backups is still being designed for efficiency. We are hopeful as a board to not have rolling black outs in future years from regulatory issues. Another board director, Tim Minehardt, represents the cooperative at the state level in Jefferson City by attending AMEC meetings on a bi-monthly basis. These gentlemen represent your board and you as the members, as the spokes persons for your cooperative on the State and Federal levels.

To the members of Sac Osage Electric Cooperative, I want to say it has truly been a privilege to serve another year on the Board of Directors as President. I want the members to know firsthand that each of your District Board of Directors spend countless hours studying financials, by-law changes, and issues at hand before each board meeting. Sac Osage Electric Board of Directors also answer phone calls during their time at home and attend other meetings to stay informed of electrical business at hand. I assure you, your District Director is ENGAGED and DEDICATED for the betterment of representing you, the member! As I close, I would like to say once again, a board "without" a staff or a line crew, is just a board. With the help of everyone involved, your cooperative has the "best of the best" working for you to keep affordable and reliable electricity coming for your everyday wants and needs!

THANK YOU and may GOD BLESS YOU!

Ken Hacker  
Sac Osage Electric Cooperative Inc. Board of Directors President

**Find your Sac Osage Electric Cooperative Member Number on the Address Label of this Magazine**



## Summary of 2023 Annual Meeting Minutes

The 2023 Annual Meeting of Members of Sac Osage Electric Cooperative, Inc. was held at the offices of Sac Osage Electric Cooperative, Inc., East Highway 54, El Dorado Springs, Missouri on September 12, 2023 beginning at 6:30 p.m.

At 6:30 p.m., Ken Hacker, the Cooperative's President, officially convened the meeting and called the business portion of the Annual Meeting of Members of Sac Osage Electric Cooperative, Inc. to order. Mr. Hacker welcomed all members present to the meeting. The meeting was also streamed live on Facebook.

Gene Brockus gave the prayer of invocation and led the members in the Pledge of Allegiance.

Chris Hoberock, the Cooperative's General Counsel, who was appointed by the Cooperative's Board of Directors to preside over the business portion of the meeting, announced to the membership that a quorum for the meeting consisted of 5% of the first 2,000 members of the Cooperative and 2% of all members in excess of 2,000.

Based upon a total membership of 9,148 members, Mr. Hoberock announced that a quorum for the annual meeting was 243 members. He informed the membership that as of 6:25 p.m., it was determined that a quorum had been established by 762 members voting by mail and that an additional member had registered for and was personally present for the meeting and submitted his vote at that time, for a total of 763 members participating. Therefore, a quorum was declared and that the business portion of the meeting would proceed.

Mr. Hoberock announced that copies of the 2022 Independent Auditor's Report and Financial Statements of the Cooperative for the year ended December 31, 2022 were available to any member requesting a copy.

Mr. Hoberock stated that pursuant to the Bylaws of Sac Osage Electric Cooperative, Inc., unopposed

candidates for director are automatically elected without a vote. Therefore, Mr. Hoberock announced that the unopposed candidates for District 4, Raymond T. Huesemann; District 5, Gary C. Ashby; and District 6, Ronald (Gene) Brockus were declared elected without a vote and that they would assume their duties at the conclusion of the meeting.

Mr. Hoberock explained that the first proposed amendment is to Article IV, Sections 4 and 8 of the Bylaws relating to (i) the disclosure by a candidate running for election to the Board of any money, financial benefit or campaign contribution from any third party or outside source and (ii) prohibiting any member of the Board from receiving any money, financial benefit or campaign contribution from any third party or outside source for service on the Board.

A motion to adopt the forgoing resolution was made by Gary Ashby and seconded by Aaron Ash. No member asked for the opportunity to discuss the motion.

Mr. Hoberock stated that the second proposal was to amend the Bylaws relating to director term limits which would change from six (6) to seven (7) consecutive terms that a member of the Board of Directors can serve.

A motion to adopt the forgoing resolution was made by Tim Minehardt and seconded by Maranda Spangler. No member asked for the opportunity to discuss the motion.

Mr. Hoberock announced that the Board had previously appointed Delbert Bybee, Pat Moomaw and Stephanie Harper as Inspectors of Election who had taken their oath of office just prior to the commencement of the meeting.

Mr. Hoberock then declared the polls open for voting on the proposed amendments to the Cooperative's Bylaws.

After inquiring whether every member

has had an opportunity to vote who desired to do so, Mr. Hoberock then declared the polls closed for further voting on the proposals to amend the Cooperative's Bylaws.

Mr. Hoberock then turned the meeting over to Aaron Ash who gave his manager's report.

Mr. Hoberock called the meeting back to order and then read to the membership the Report of Inspectors of Election containing the results of the voting on the proposals to amend the Bylaws of the Cooperative with respect to disclosure of financial benefits by a candidate running for and/or serving on the Board and director term limits.

That Report showed that on the question of amending Article IV, Section 4 and 8, 1006 votes were cast "FOR" the proposal, 78 votes were cast "AGAINST" the proposal and 155 members voted to "ABSTAIN".

The Inspectors of Election Report also showed that on the question of amending Article IV, Section 2 relating to term limits, 814 votes were cast "FOR" the proposal, 286 votes were cast "AGAINST" the proposal and 145 members voted to "ABSTAIN".

Mr. Hoberock then announced that the floor was open for any unfinished business. After a reasonable pause, it was determined that no member requested recognition to bring up any matter of unfinished business.

Mr. Hoberock announced that the floor was open for any new business.

Two members provided comments, to which Mr. Ash and other members of the Board responded. However, no new business was proposed by any member.

There being no further business to come before the meeting, upon a motion made and seconded, the meeting was adjourned at 11 :12 p.m.



Cut this address card out for easy registration.



## 2024 Treasurer's Report



It has been my privilege to serve you for the last 6 years as Sac Osage Electric Cooperative's Secretary-Treasurer. As a member of the Board, one of my primary duties is to represent you in the Cooperative's annual budgeting-making process.

The annual budget is affected by sales revenue more than any other single factor, with residential and residential seasonal sales currently representing 93% of all revenue. Depending on the weather, residential sales can fluctuate significantly from year to year. Projected sales from 2023 were in line with what was projected by AECI's Clearspring Energy Forecast. The 2024 budget assumes that sales will approximate the previous 5-year average. As material expenses continue to increase the budget indicated the need for a rate increase in 2024.

Purchased power is our largest single expense. Purchased power now represents just under 50% of the total cost of electric service. In 2024, KAMO Power's billing is expected to be higher, with an overall increase in power costs of \$1,251,254 compared to the 2023 budget. The 2024 Construction Work Plan calls for total spending of \$3,810,900 for: new extensions and line conversions; replacement of bad poles, transformers, and regulators, and; AMR improvements and miscellaneous distribution upgrades and replacements. Our investment in new and improved infrastructure is 8.3% above the 2023 Construction Work Plan level.

The Board has approved \$1,600,000 for contract mechanical tree-trimming in 2024 to clear trees, branches, and foliage away from our power lines. \$100,000 has been budgeted for herbicide treatment of rights-of-way. This ongoing effort will continue to reduce tree-related outages and the amount of damage caused by storms.

Total margins for 2023 amounted to \$2,138,113. These margins will eventually be returned to the membership based upon the amount of revenue each member contributed in 2023. During the year ending December 31, 2023, total refunds authorized to patrons amounted to \$1,237,193.

Sac Osage Electric's last rate increase, a change in the service availability charge, took place over 5 years ago. The cooperative set aside \$500,000 in deferred revenue to offset increasing expenses. With the deferred revenue, a rate increase was considered unnecessary for 2023.

Our independent auditor, Kevin Kelso CPA PC PA, has reported that the 2023 financial statements complied with generally accepted

accounting practices. The audit revealed no misstatements of information and all recorded transactions met RUS rules and regulations. I am pleased to report that the Cooperative concluded 2023 in an acceptable financial position.

Information regarding the balance sheet and statement of revenue and expenses may be found in the current issue of the Rural Missouri.

An official copy of the audit may be obtained

by calling the office during normal business hours. These audited financial reports show that Sac Osage Electric Cooperative continues to be in a solid financial position.

The fiber build-out program continued in 2023 with the completion of the project in the year 2024. The fiber project added \$4,075,700 to revenue with payments from our lease agreement with Conexon Connect.

Respectfully submitted,  
Tim Minehardt, Secretary-Treasurer

### Statement of Revenue & Expenses For the Year Ending December 31, 2023

<u>Revenues:</u>	
Operating Capital & Other Revenues	\$24,087,195
<u>Expenses &amp; Other Deductions</u>	
Cost of Power	\$10,170,845
Operating & Maintenance Expenses	\$4,288,223
Customer Accounts Expense	\$678,559
Other Customer Expenses	\$172,610
Administrative & General	\$1,645,474
Depreciation & Amortization	\$2,473,842
Taxes & Provision for Taxes	\$5,832
Interest Expense	\$2,513,697
Other Deductions	
<b>Total Expenses &amp; Other</b>	<b>\$21,949,082</b>
<b>Net Margin</b>	<b>\$2,138,113</b>

### Balance Sheet 2023 December 31, 2023

<u>Assets:</u>	
Utility Plant	\$96,500,878
Other Assests & Investments	\$12,389,233
Current Assets	\$8,903,464
Deferred Debits	\$187,658
<b>Total Assets</b>	<b>\$117,981,233</b>
<u>Liabilities and Capital:</u>	
Capital Equities	\$29,041,056
Total LT Liabilities & Obligations	\$80,832,742
Current and Noncurrent Liabilities	\$6,329,676
Deferred Credits	\$1,777,759
<b>Total Liabilities &amp; Capital</b>	<b>\$117,981,233</b>