



RURAL
MISSOURI

Sac Osage Electric Cooperative

P.O. Box 111, 4815 E HWY 54
El Dorado Springs, MO 64744
Telephone: 800-876-2701

June 2014

News

Visit us on the Web - www.sacosage.com

Official Notice

2014 Annual Meeting of the Members

75th Anniversary

Tuesday, June 10, 2014

Featured Entertainment Randy Newman aka Doofus



The 2014 Annual Meeting of the Members will be held at Sac Osage Electric Headquarters, 4815 E. HWY 54, El Dorado Springs, Missouri, at 6:30 p.m., Tuesday, June 10, 2014, to take action upon the following matters:

- 1). Report of officers and directors;
- 2). Such other business as may properly come before the meeting or any adjournment thereof.
- 3). Bylaw Amendment Election

There was one (1) nominee each from district 4 and 6 and none from district 5.

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. No one was nominated to fill the Director's position being vacated by District 5. In accordance with Article IV Section 7 of the Bylaws, an individual from District 5 will be appointed to this position at a future meeting of the Board of Directors. Any director elected without opposition shall commence serving immediately after the election results are announced at the Annual Meeting of the Members.

Determine the approval or disapproval of Proposed Amendment to Article IV, Section 2 of the Bylaws of SOEC regarding director term limits (ballot included inside).

The director biographical sketches are located inside the back cover of the Rural Missouri.

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

Take Notice!
This year's Business Meeting will start at 6:30 p.m.

Registration Card
SOEC's Annual Meeting
Tuesday, June 10, 2014
(must be present to win prizes)



Be sure to cut out and bring this registration card to the Annual Meeting to receive door prizes and meal.





Summary of 2013 Annual Meeting Minutes

The 2013 Annual Meeting of the Members of Sac Osage Electric Cooperative, Inc. was held Tuesday, June 11, 2013, at the offices of the Cooperative, 4815 East Highway 54, El Dorado Springs.

Tables for member registration were open from 5:00 p.m. to 6:30 p.m. Names of those who registered were entered into a drawing for prizes to be awarded later in the meeting.

Entertainment was provided by "Duke Mason". Following the Pledge of Allegiance, the National Anthem and the prayer of invocation, Brad Thompson, President of the Board, called the meeting to order. He announced Chris Hoberock, attorney, was appointed by the board to conduct the business portion of the meeting. Mr. Hoberock announced that 232 registered members were required for a quorum. A total of 406 members had registered, so the meeting proceeded.

The Inspectors of Election/Credentials Committee Members were introduced and administered an oath. Candidates for the three positions on the board were introduced:

District 1: Tim Minehardt, District 2: George "Tony" Underwood and District 3: Don Levi. Mr. Hoberock stated that according to the Bylaws unopposed candidates are automatically elected without a vote; therefore, Tim Minehardt, George "Tony" Underwood and Don Levi were declared elected.

Upon motion, second, and voice vote, the Minutes of the 2012 Annual Meeting were approved. Copies of the minutes were available at the meeting to any member.

Members heard reports from the Cooperative's President, Treasurer and General Manager. During the business meeting the floor was opened for any unfinished business and or new business. No member requested recognition for unfinished business or new business.

Following the adjournment of the meeting, additional drawings were made for cash gifts and other prizes.



Consolidated Balance Sheet

ASSETS:

Net Plant in Service	\$34,995,044
Investments and Other Property	\$6,814,548
Current Assets	\$3,300,013
Deferred Debits	\$1,411,41,72
Total Assets	\$46,521,077

LIABILITIES & CAPITAL:

Capital Equities	\$19,803,585
Total Long-Term Liabilities & Obligations	\$24,140,704
Current Liabilities	\$2,522,236
Deferred Credits	\$54,552
Total Liabilities & Capital	\$46,521,077

Consolidated Statement

REVENUES:

Operating, Capital & Other Revenues	\$17,387,437
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EXPENSES AND OTHER DEDUCTIONS:

Purchased Power Expense	\$8,538,222
Operating & Maintenance Expenses	\$2,652,974
Accounting and Collection Expenses	\$607,273
Other Customer Expenses	\$140,204
Administrative & General Expenses	\$1,492,707
Depreciation	\$1,468,419
Taxes and Provision for Taxes	\$6,583
Interest on Long-Term Debt	\$1,277,039
Total Expenses & Other Deductions	\$16,183,421
Net Margin	\$1,204,016

2014 Annual Meeting Program Schedule

- 5:00 - 6:30 Registration of Members
- 5:15 - 6:15 Entertainment "Randy Newman"
- 6:30 p.m. Business Meeting Call to Order
- Children's Prize Drawings
- National Anthem
- Invocation
- 2013 Youth Tour & CYCLE
- Representatives- Brooke Bland & Kaitlyn Schrock
- Treasurers Report
- Presidents Report
- General Manager's Report
- Adjournment
- Grand Prizes: Large Flat Screen TV, Apple iPad, Kindle, Garmin GPS and other prizes.
- Free Lion Burgers, Chips, Drink & Schwan's Ice Cream Sandwiches
- Door Prizes & Children's Prizes



Candidates for Sac Osage Electric Cooperative Board of Directors

District 4

Raymond Huesemann

It would be my pleasure to serve as the representative of my neighbors and friends in District 4.

I understand electricity fairly well. As a boy back in the 60's I built electrical generator with no moving parts, powered by a candle, and won the Engineering Division of the St. Louis Science Fair. I attended college and was studying engineering in Graduate School at Ohio State University when it came my time for military service. I enlisted in the Army, and served three years as a surface-to-air missile and make the missile do its job. And, like most people, I have been shocked numerous times with each time I learned a little more.

I understand that the laws have everything to do with how electricity is produced, distributed and sold, and I can understand those laws. After completing my military service, I came home from Korea and enrolled in Law School. Upon graduation in 1975, and wanting to get out of the city, my wife, daughter, and I, moved to Osceola, and I served as the St. Clair County Prosecuting Attorney until 1978, when I was elected as Associate Circuit Judge. I worked as the local judge through 2002, when I retired.

My wife, Ann, retired from teaching at Osceola School. We have lived on the same rocky, stump-patch since 1976. We produce some hay and spend a lot of time moving rocks, but I do have plenty of time to devote to the business of the Cooperative. I hope that I have a little bit of common sense about things. And Ann says that if you can appreciate stubborn, then I'm your man.

I promise you my best efforts to see that our electricity keeps flowing at a price we can afford. Someone has to represent District 4 and I volunteer. The way I see it, my job will be, as Bill O'Reilly says, to "look out for the folks." Thank you, and plan to attend the annual meeting this year, after all, it's our cooperative.

District 5

No one was nominated to fill the Director's position being vacated by Bradley Thompson. In accordance with Article IV Section 7 of the Bylaws, an individual from District 5 will be appointed to this position at a future meeting of the Board of Directors.

Join Us at the Annual Meeting on Tuesday, June 10

District 6

My name is Gene Brockus. I was born and raised in Independence. After graduation from High School, I served in the United States Air Force, later becoming an electrician on commercial construction. I worked



Gene Brockus

several years in the KCPL power plants. In 1975 my family and I moved to St. Clair County where we began a cow-calf operation on our farm. I worked as Plant Services Director at Sac Osage Hospital for twelve years, later retiring from the electrical trade in 1999.

My wife and I have two children and seven grandchildren who keep us involved in school, church and community activities. A priority in our lives has been to work toward improving life for others. I am currently a member of the Vista Road district and Optimist Club in Osceola.

I have a keen interest in power generation and the distribution industry. I consider it a great honor to represent the patrons of District 6.

Sac Osage Cooperative belongs to its patrons and should work for all of us. My pledge to you is that I will always work to that purpose.

Proposed Amendment to the Third Paragraph of Article IV, Section 2 of the Bylaws of Sac Osage Electric Cooperative, Inc.

Board of Directors Proposal: BE IT RESOLVED BY THE MEMBERS OF SAC OSAGE ELECTRIC COOPERATIVE, INC. that the Third Paragraph of Article IV, Section 2 of the Bylaws of the Cooperative be amended as follows: (Deletion of existing language is shown by strike-through text and any addition to existing text is shown by bold italics.)

No member of the Board of Directors shall serve more than ~~three (3)~~ **five (5)** consecutive terms. This limitation shall apply upon completion of a current director's term and any director who has served ~~three (3)~~ **five (5)** consecutive terms shall not be eligible for reelection for a period of three (3) years.

So that, if the proposed amendment is approved, this paragraph would read in its entirety as follows:

No member of the Board of Directors shall serve more than five (5) consecutive terms. This limitation shall apply upon completion of a current director's term and any director who has served five (5) consecutive terms shall not be eligible for reelection for a period of three (3) years.

Board of Directors' Supporting Statement Of Proposed Bylaw Amendment

YOUR BOARD OF DIRECTORS RECOMMEND APPROVAL OF THE PROPOSED BYLAW AMENDMENT

A longer 5-term limit would enhance continuity and help retain an experienced and knowledgeable Board. A cooperative's member-owned organizational structure and operational goals are much different than traditional businesses. A solid understanding of the Cooperative's financial objectives and high service expectations are vital in order to make appropriate board decisions. Retaining an experienced and educated Board benefits the Cooperative in many ways, such as in budgeting decisions and long-term planning. Increasing the term limits will increase the likelihood that a majority of the Directors at any given time have extensive experience in a unique business environment.

The present 3-term limit places the Cooperative at a competitive disadvantage. The Cooperative is a member of or is affiliated with other electric cooperatives and organizations. For example, Sac Osage Electric Cooperative is a member/owner of KAMO Power, the Cooperative's wholesale power supplier. As a member/owner of KAMO Power, the Cooperative appoints one of its Board members to serve on the Board of Directors of KAMO Power. The KAMO Board of Directors, among other things, sets the rates for electric power sold to Sac Osage Electric Cooperative, which then affects the rates our members pay. Positions of leadership on the KAMO Board, which enhance a Cooperative's ability to influence corporate policy, have historically paralleled a Board member's seniority on the KAMO board.

A longer term limit would help maximize the Cooperative's influence on the KAMO Power Board as well as other organizations to which it belongs.

Failure to pass this amendment will result in losing 7 of our 9 Sac Osage Electric Cooperative current Board members within the next 3 years. While desiring to honor the intent of term limits, the Board of Directors believes that the present 3-term limitation on Board of Directors will result in excessive turnover in the next 3 years. At this time, 7 of your Directors who were elected after the present term limits were established in 2004 will be ineligible to run for election again, regardless of whether the membership now desires for these Directors to continue serving.

Directors must still run for re-election every 3 years even if a longer 5-term limit is passed. Directors are accountable to upholding their fiduciary duties to the Cooperative and its members. Directors must still stand before the membership for re-election every three years. Therefore, with a longer 5-term limit, members will continue to have the power to elect directors to three-year terms and the option of removing from the Board any director at the conclusion of his or her 3-year term. The annual election of one-third of the directors under the Cooperative's current Bylaws already provides members with an orderly and efficient means to affect change and communicate their views on the performance of the Cooperative and its directors.



News

~ Serving our members' needs since 1940 ~

2014 ANNUAL MEETING PRESIDENT'S REPORT



Brad Thompson

Sac Osage Electric Cooperative will celebrate its 75th Anniversary at the Annual Meeting of the Membership held on Tuesday, June 10, 2014, at the Cooperative's office building two miles east of El Dorado Springs on Highway 54. Registration will begin at 5:00 p.m. and entertainment will be provided by Randy "Doofus" Newman. As always, the famous "Lion-burger" with all the trimmings will be served by the El Dorado Springs Lions Club. The business meeting will begin promptly at 6:30 PM.

As a Member of the Cooperative, I sincerely hope you can attend this year's Annual Meeting. Your Cooperative is Member-controlled by an elected Board of Director's that operate under a set of Bylaws established and approved by you, the Members. As a Member of the Cooperative, you have the opportunity to participate in this process and let your voice be heard.

This year we will be selecting Directors in Districts 4, 5 and 6 as well as deciding whether to amend

the Bylaws to allow an extension of term limits. You will also have a chance before and after the meeting to visit with your Director to ask questions or share any concerns you might have.

Your Cooperative is a non-profit business focused on providing safe, reliable electricity at an affordable price. Our goal is to meet our financial obligations, with any excess revenue received eventually being returned to the Membership in the form of capital credits.

2013 was an especially challenging year for the Cooperative, as the cost of doing business continued to rise and the outlook for kilowatt hour sales appeared to be stagnant. However, the Board made a determined effort to hold the line on expenditures in order to avoid any rate increases. As it turned out, weather factors resulted in Kilowatt hour sales for 2013 being 5% higher than expected. This resulted in our financial margins being just \$43,049.42 less than in 2012. The Board was still able to provide capital refunds to members

of \$465,700.54. We feel we were able to attain all of our financial goals in 2013.

The Cooperative continues to improve its technology and is about mid-way through the implementation of its Geographical Information System. Soon we will be able to restore service more effectively with better information available on our computer systems. We are also looking at more convenient payment options with Pre-Paid Metering becoming a reality. The Cooperative is making use of new innovations as technology continues to progress at a rapid pace.

In 2013 the Board was also faced with replacing its General Manager due to the announced retirement of Tom Killebrew. The Board is pleased to have selected Jim Davis as its new General Manager. Mr. Davis is a graduate of the Missouri University of Science and Technology in Rolla, and began his career at Sac Osage Electric Cooperative in 1979, serving as Assistant Manager/Engineer before selected General Manager.

At the 2014 Annual Meeting you will also learn how the electric industry now faces staggering cost increases if regulations placed on power plants utilizing coal are put in place by the EPA. Your involvement is essential in letting our legislators know how you feel. If you have not been to an Annual Meeting before, please take this opportunity to make it your first. If you have been in the past, I am sure you will want to return.

Lastly, I want to thank you for letting me serve as Director for the last 9 years and as Board President for the last 3 years. It has been a privilege to serve this fine organization. I wish the Cooperative the best in the future.



The proposed amendment ballot is located inside this edition of *Rural Missouri*.

See you at the Annual Meeting!