

RURAL MISSOURI

Sac Osage Electric Cooperative Annual Meeting Edition

September 2020

2020 Brings Big Changes to the Annual Meeting of the Members

The board has approved changes to the September 22nd Annual Meeting to insure the safety of our members by adhering to the Cedar County Health Department recommendations while maintaining the integrity of the Annual Meeting. **This year registration will be open from 9:00AM to 6:30PM on the day of the meeting.** Members will be able to register without leaving their vehicle during this time to collect their door prize and submit their ballot if desired. Cooperative offices will be closing to normal operations at noon the day of the annual meeting. All members who register at the cooperative headquarters will receive a \$50.00 credit on their electric bill. Members will not be required to stay for the business meeting to collect the door prize and the \$50.00 credit.

Any members who wish to stay for the business meeting will be asked to park at the top of the hill and walk to the warehouse. **There will not be food, entertainment, or a prize drawing this year.** Members who would like to remain for the business meeting will be asked to wear protective face coverings and

maintain a social distance of 6 feet outside of family groups.

While these plans for the Annual Meeting may change due to continuing challenges of COVID-19, the board of directors believes giving the drive-thru option for registration will allow the maximum number of members to benefit from the Annual Meeting without the increased risk of serving food to large crowds with close-quarter seating. Members who do not intend to attend the meeting at all can exercise their right to vote by mail.

Cut out and bring the address card on the back page for easy registration.

Find your ballots for the bylaw amendments in the center of this edition of the Rural Missouri.

Register from 9:00AM to 6:30PM on September 22nd to receive your door prize and bill credit.

OFFICIAL NOTICE OF THE 2020 ANNUAL MEETING

The 2020 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 22, 2020, 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 of the Bylaws of Sac Osage Electric Cooperative regarding requirements for membership meetings (ballot included inside).
3. Board of Directors' Proposal to determine the approval or disapproval of Proposed Amendment to Article IV, Section 2 of the Bylaws of Sac Osage Electric Cooperative regarding extending director term limits (ballot included inside).
4. Such other business as may properly come before the meeting or any adjournment thereof.

There was one (1) nominee from each of districts 4, 5 and 6. 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.

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

Tim Minehardt, Secretary



TO THE MEMBERS OF SAC OSAGE ELECTRIC COOPERATIVE

The Board of Directors of Sac Osage Electric Cooperative, Inc. (the “Cooperative”) is recommending amending two provisions of the Cooperative’s Bylaws. The two proposals are as follows:

First Proposal: The Board is first recommending that the membership amend Article III, Section 4 of the Cooperative’s Bylaws dealing with establishing a quorum for membership meetings. The present provisions of the Bylaws address annual meetings of members, but does not specifically address quorum requirements for special meetings. Also, the quorum requirements of the Bylaws, when adopted, followed the language of the Missouri statute which also dealt with quorum requirements for all membership meetings. In both cases, the quorum requirements only counted those members present in person at a meeting. Since this Bylaw provision was adopted, the Missouri statute has been amended

and it now allows quorum requirements to be met by counting both the members present in person at a meeting as well as those members voting by mail. Since the Cooperative’s Bylaws already provide that its members can vote by mail or in person at a meeting, the Board is recommending that the Cooperative’s Bylaws be amended to follow the language of the Missouri statute to: (i) clarify that the quorum requirements apply to both annual meetings and special meetings of members and (ii) allow the quorum to be met by counting both those members present in person at a meeting as well as those members voting by mail.

Second Proposal: The Board is also recommending that the membership amend Article IV, Section 2 of the Cooperative’s Bylaws dealing with the tenure in office of a member of the Board of Directors. The present Bylaws limit a director from serving more than five consecutive

three-year terms. The Board is recommending that this provision be amended to allow a director to serve up to six consecutive terms. This recommendation is being made to allow board continuity during a period when several key personnel are expected to retire and key business decisions will be made. The Cooperative would be benefited tremendously by providing the opportunity for experienced Directors to remain on the board during this unique time. Failure to pass this amendment will result in automatically losing 3 of the Cooperative’s 9 current Board members before the end of 2022. Even with a longer six-term limit, members would continue to have the power to elect directors to three-year terms and the option of being able to replace any director at the conclusion of his or her three-year term.

Your Board of Directors

Find the ballots with full ammendments inside.



**Ray Huesemann
District 4**

Ray Huesemann has been representing the 4th District since 2014. He lives in the Osceola area with his wife, Ann. He is a retired Associate Circuit Judge.



**Gary Ashby
District 5**

Gary Ashby has been representing the 5th District since 2014. He lives in the Nevada area with his wife, Martha. He works alongside his sons in their cattle operation.



**Gene Brockus
District 6**

Gene Brockus has been representing the 6th District since 2011. He lives in the Osceola area with his wife, Susan. He is a retired master electrician.

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.



Summary of 2019 Annual Meeting Minutes

The 2019 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 June 11, 2019 beginning at 6:30 p.m.

The registration tables at the meeting site remained open from 5:00 to 6:30 p.m. for members to register prior to the meeting. Names of registered members were entered into a drawing for prizes.

Prior to the meeting being called to order, an entertainment program was provided by The Circle S Boys. Thereafter, the children's prizes were awarded.

At 6:30 p.m., Neale Johnson, the Cooperative's President, officially convened the business portion of the meeting. Rev. Jack Daniel gave the prayer of invocation. The Pledge of Allegiance was led and the National Anthem was sung by a group led by Ron Alumbaugh.

Chris Hoberock, the Cooperative's General Counsel, announced that a quorum for the annual meeting would be 233 members. The final count of the number of Members who had registered for the meeting was 406.

Mr. Hoberock reviewed with the Members the actions taken at the 2018 Annual Meeting of Members. Upon a

voice vote by the membership, a majority of the members voted to approve the minutes of the 2018 Annual Meeting as published.

Mr. Hoberock announced that copies of the 2018 Independent Auditor's Report and Financial Statements of the Cooperative for the year ended December 31, 2018 have not been finalized by its Auditors. However, the membership was advised that a copy of the financial statements would be provided to any member who requests a copy as soon as they are made available to the Cooperative.

Mr. Hoberock announced that the only matter to be acted on at this meeting was the election of directors for District 1, District 2, and District 3 of the Cooperative. Mr. Hoberock then announced that the candidates for the directorship vacancies were as follows: District 1, Tim Minehardt; District 2, George (Tony) Underwood, and; District 3, Norman Capps, Douglas Mollet and Ted Woodrell. Unopposed candidates for director are automatically elected without a vote. Therefore, Mr. Hoberock announced that the unopposed candidate for District 1, Tim Minehardt, and District 2, George (Tony) Underwood, were declared elected without a vote and that they would assume their du-

ties at the conclusion of the meeting. Three Inspectors of Election were introduced and administered an oath. 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 election of a director for District 3.

The President's and Secretary-Treasurer's reports to the members had previously been made available to each member in written form as published in the Rural Missouri magazine.

Jim Davis, the Manager of the Cooperative, was then introduced and presented his Manager's Report. No member requested recognition to bring up any matter of unfinished business. No new business was brought up by any member, and no member asked to speak to the membership by way of questions or comments.

Mr. Hoberock gave the results of the voting on the election of a director for District 3. Ted Woodrell had been elected to serve as the director for District 3.

There being no further business to come before the meeting, upon motion made and seconded, the meeting was adjourned at 7:46 p.m. followed by the drawing for the award of prizes.

Balance Sheet 2019

Assets:

Net Plant in Service	\$ 40,354,558.00
Investments and Other Property	\$ 9,567,189.00
Current Assets	\$ 8,463,238.00
Deferred Debits	\$ 496,212.00
Total Assets	\$ 58,881,197.00

Liabilities and Capital:

Capital Equities	\$ 25,742,762.00
Total LT Liabilities and Obligations	\$ 29,568,832.00
Current and Noncurrent Liabilities	\$ 3,300,289.00
Deferred Credits	\$ 269,314.00
Total Liabilities and Capital	\$ 58,881,197.00

Statement of Revenue & Expenses For the Year Ended December 31, 2019

Revenues:

Operating Capital & Other Revenues	\$ 19,182,412.00
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Expenses and Other Deductions:

Cost of Power	\$ 9,655,633.00
Operating and Maintenance Expenses	\$ 3,412,453.00
Customer Accounts Expense	\$ 627,182.00
Other Customer Expenses	\$ 145,592.00
Administrative and General	\$ 1,791,621.00
Depreciation	\$ 1,721,967.00
Taxes and Provision for Taxes	\$ 6,535.00
Interest on Long-Term Debt	\$ 1,103,645.00
Other Interest Expense	
Other Deductions	\$ 8,713.00
Total Expenses & Other Deductions	\$ 18,473,341.00

Net Margin	\$ 709,071.00
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Cut this address card out for easy registration.



2020 President's Report



The Sac-Osage Board of Directors and staff welcome you to the 2020 annual meeting of the Sac Osage Electrical Cooperative. This year it will be held on September 22, 2020, at the cooperative headquarters on Highway

54 east of EI Dorado Springs. As you can tell it was necessary to change the date of our meeting due to concerns with the coronavirus pandemic. The meeting will be conducted with a substantially different format and style to conform with recommended social distancing guidelines. The protocol for the meeting is outlined in this issue of "Rural Missouri" publication.

As most of you can attest, our lives have been definitely altered by the pandemic. Our cooperative has been trying to operate as "business as usual" although is certainly has not been "business as usual". The staff is to be commended for their efforts in maintaining the cooperative while operating within the recommended guidelines. As you may be aware, cooperative employees are designated as essential workers during this period because of their importance in maintaining a reliable energy source at all times for the membership.

The business of the cooperative has remained good and the details of that are contained the report of Tim Minehardt, our treasurer, in this issue of "Rural Missouri". We

encourage you to review that report.

All routine planned maintenance, system upgrades and right-of-way clearing have been conducted as scheduled despite dealing with the different protocols that were necessary due to the pandemic. Maintaining the integrity of our system has to be the primary goal for the cooperative and its members.

In the past year we recognized the retirement of three long-time employees: Roxene Robison, Lindell Marshall, and John Julian. The three of them had more than 120 years of combined experience. Their presence and expertise will be missed but we wish them the best and hope that they can have a long, healthy and wonderful retirement.

The Sac-Osage staff and the Board of Directors continue to monitor new developments in the industry as they relate to our membership. Renewable and sustainable energy, electric vehicles and charging stations and in-

ternet to the home are just some of the issues that the Board considers during the year. We would like for you to look to the cooperative as a resource for factual information and advice when considering changes that affect your energy usage. Please don't hesitate to call the cooperative with questions and be sure to check our website and Facebook for notifications and other information.

We look forward to having our annual meeting even if it will be different this year. We also look forward to visiting (at social distancing!) with members that choose to stay, after the drive-through registration, for the business portion of the meeting which will convene at 6:30 PM to address the needed agenda items. The reports, status of the proposed by-law amendments and election of board directors will be conducted at that time.

We hope that you all will attend.
Thank you,
Neale W. Johnson, Board President

2020 Annual Meeting Treasurer's Report

It has been my privilege to serve you for the last 2 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 sales currently representing 91% of total revenue. Depending on the weather, residential sales can fluctuate significantly from year to year. Sales for 2019 were down 3.6% from the 2018, but still almost 3% greater than the 5-year average. The 2020 budget assumes that milder weather patterns will return in 2020 and that energy efficiency measures and behavioral changes will continue to somewhat offset sales growth.

Purchased power is our largest single expense. Purchased power now represents about 52% of the total cost of electric service. In 2020, KAMO Power made no change to their rates, but because members had been decreasing usage during periods of high demand, KAMO's share of costs passed on to Sac Osage Electric are expected to decrease 2.93%. Our 2020 budget reflects an overall decrease in power costs of \$276,307. Due to this favorable power cost development, along with continued adequate earnings following a

rate increase by Sac Osage Electric in 2018, a rate increase was considered unnecessary in 2020.

The 2020 Construction Work Plan calls for total spending of \$2,392,125 for: new extensions, tie lines, and line conversions; replacement of bad poles, transformers, and regulators, and; AMR improvements and miscellaneous distribution upgrades and replacements. This investment in new and improved infrastructure is 5.8% below the 2019 Construction Work Plan level.

The Board has approved \$1,481,418 for contract tree-trimming in 2020 to clear trees, branches, and foliage away from power lines coming out of the Osceola and Collins substations. \$75,000 has been budgeted for herbicide treatment of rights-of-way coming out of the Taberville, Mt. Zion and Damascus substations. This will greatly reduce tree-related outages and the amount of damage caused by storms.

Total margins being allocated to our 2019 members amount to \$1,773,727. These margins will eventually be returned to the membership based upon the amount of revenue each member contributed in 2019. During the year ending December 31, 2019, total refunds authorized to patrons amounted to \$1,025,000.

Our independent auditor, Kevin Kelso CPA PC PA, has reported that the 2019 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 2019 in an acceptable financial position.

Additional information regarding the balance sheet and statement of revenue and expenses may be found in this issue of the Rural Missouri. Also, you may request an official copy of the audit by calling the office during normal business hours.

Please join us Tuesday, September 22, 2020, to register for the meeting, receive a door prize, cast your ballot, and attend the business portion of the Annual Meeting of Members if you so desire. By registering for the meeting, you will receive a \$50 credit on your next electric bill! We look forward to seeing you there!

Respectfully submitted,
Tim Minehardt, Secretary-Treasurer