

RURAL MISSOURI

Sac Osage Electric Cooperative Annual Meeting Edition

September 2023
**2023 Annual Meeting of
the Members**

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

There are two ballots for proposed bylaw changes 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 ballot issues can be found on page 2 of this Rural Missouri cover.

Sac Osage Electric Cooperative will be holding a member appreciation drive through giveaway 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.

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.

**Offices Will Be
Closed Monday
September 4th
For Labor Day**

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

**Find your
Member
Number on the
address label**

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

OFFICIAL NOTICE OF THE 2023 ANNUAL MEETING

The 2023 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 12, 2023, 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



2023 President's Report



Sac Osage Electric Cooperative Board of Directors and staff welcome you to the 84th annual meeting. The meeting will again be held at the cooperative headquarters on Highway 54, east of El Dorado

Springs, on September 12, 2023. The annual meeting this year will be conducted back to the State Statutes per pre-pandemic covid. This year each member is required to "MAIL" in their voting ballot or deliver their ballot when they drive through Annual Meeting day to receive a \$10.00 credit on their electric bill.

The Auditor met with the Board of Directors to report he found NO issues for 2022 and stated the cooperative is financially sound, even with the massive broadband project. For more details, please be sure to read the report of our treasurer, Tim Minehardt, here in the September issue of the Rural Missouri magazine.

This past year has been a very busy year for our staff and crews. At present our line crews, staking engineer, and line engineer are busier with all the new build jobs than in several previous years. Many city dwellers have chosen to move to rural Missouri because of our new broadband fiber project

and are building new homes to work from. Speaking of broadband, it was to be approximately 5 years to build our entire system and it appears it will be done in 3 years and a few months.

Along with Conexon Connect leading the way, we have some of the best crews available. MDR is doing our make ready, Ervin is stringing fiber, and BTS is hooking up homes.

At present, we now have 2700 connected services with many more on a waiting list. If you have not signed up, it's still NO charge for installation and a low price of only \$49.95 per month for 100 Mbps.

The cooperative operation continues to proceed efficiently with routine maintenance, aggressive right-of-way and vegetation management throughout our districts.

The cooperative also strives to have dependable and affordable electric service for our membership with as few preventable outages as possible because of our pre-maintenance scheduling.

Our new General Manager, Aaron Ash, has been doing a very respectable job in his many duties of running the cooperative, along with going to the NRECA general managers schooling to gain more insight on

up-and-coming issues. Mr. Ash's previous 17 years of experience has been very valuable in the continued running of Sac Osage Electric. Mr. Ash, along with our board director, Brian Hubbard, attend KAMO monthly as the members spokesperson for your cooperative on the State and Federal level.

To the membership, I want to say it is truly a privilege to serve as President on the Sac Osage Electric Board. I want the membership to know firsthand that each of your district's board director spends countless hours studying financials, by-law changes, and issues at hand before each board meeting. I assure you that your district director is ENGAGED and DEDICATED for the betterment of the membership first and your community as a whole.

As I close, I would like to say a board "without" staff or a line crew, is just a board. But, with the unity of our co-op workers and everyone involved, Sac Osage Electric Cooperative has the "best of the best" working for you 24/7 to keep affordable and reliable electricity coming for your everyday wants and needs.

THANK YOU and may GOD BLESS YOU!

Ken Hacker



**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 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 2022 Annual Meeting Minutes

The 2022 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 13, 2022 beginning at 6:30 p.m. The registration tables at the meeting site remained open from 9:00 a.m. to 6:30 p.m. for members to register prior to the meeting. Because of COVID-19, the Board of Directors of the Cooperative authorized membership registration for the meeting by drive-through. However, all members were notified that if they wanted to do so they were welcomed to stay for the entire meeting.

Additionally, because of COVID-19, no prize drawings were conducted, nor food or entertainment provided in connection with the meeting. 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.

Mr. Hacker then gave the prayer of invocation and led the members in attendance 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 9,091 members, Mr. Hoberock announced that a quorum for the annual meeting was 241 members. He informed the membership that as of 6:25 p.m., 1,303 members (later updated to 1,309) had registered for the Annual Meeting in person at the meeting site and therefore a quorum was declared present and that the business portion of the meeting would proceed. Attached to these minutes is the Secretary's Certificate of Membership showing the total number of members registered for purposes of determining if a quorum was achieved. Also attached to these minutes is a listing of member numbers which details each member who registered in person.

It was then moved, seconded, and upon voice vote, agreed to by a majority of the membership present that the reading of the Official Notice of the 2022 Annual Meeting would be waived. Attached to these minutes is a copy of the Notice of Annual Meeting as well as the Secretary's Certificate of Mailing stating that a copy of the Notice of the 2022 Annual Meeting had been mailed to each and every member of the Cooperative at his, her or its address as shown on the records of the Cooperative. The certification reflects that the Notices were placed in the United States

mail on August 23, 2022.

Mr. Hoberock reviewed with the Members the actions taken at the 2021 Annual Meeting of Members. Mr. Hoberock then announced that copies of the minutes of the 2021 Annual Meeting of Members had been available at the office of the Cooperative for review by the members and that additional copies were available for review by any member of the Cooperative. He then stated that the Bylaws of the Cooperative allow the Secretary the option of making the minutes available for all members to read rather than reading them at the meeting. The Secretary elected to make copies of the minutes available. A motion was then made and seconded to approve the minutes as written and published. Upon a voice vote by the membership, a majority of the members present voted to approve the minutes of the 2021 Annual Meeting as published. Mr. Hoberock announced that copies of the 2021 Independent Auditor's Report and Financial Statements of the Cooperative for the year ended December 31, 2021 were available to any member requesting a copy. Mr. Hoberock reviewed the matters acted upon at the 2021 Annual Meeting of Members.

Mr. Hoberock announced that the first matter to be acted on at this meeting was the election of directors for District 1 and District 2 of the Cooperative. Mr. Hoberock then announced that the candidates for the directorship vacancies were as follows: District 1, Tim Minehardt and District 2, George "Tony" Underwood. Mr. Hoberock informed the membership that there were no nominations to fill the vacancy for District 3 and therefore pursuant to the Bylaws the Board of Directors would fill that position at a later time. Mr. Hoberock stated that pursuant to the Bylaws of Sac Osage Electric Cooperative, Inc., unopposed candidates for a director position are automatically elected without a vote. Therefore, Mr. Hoberock announced that the unopposed candidates for District 1, Tim Minehardt, and District 2, George "Tony" Underwood, were declared elected without a vote and that they would assume their duties at the conclusion of the meeting. Ken Hacker, President, Tim Minehardt, Treasurer and Jim Davis, General Manager, each gave their reports to the members. Mr. Hacker in his report recognized and offered the Cooperative's appreciation to Mr. Davis for his long service to the Cooperative. Mr. Davis has announced his retirement in October of this year and he will be succeeded by Aaron Ash at that time. Mr. Hoberock then announced that the floor was open for any unfinished business which might properly come before the membership. Although a member expressed his appreciation to the Cooperative's employees for the work they have performed over the last year, 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 that might come before the membership. 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 6:48 p.m.

Dated: September 2023.

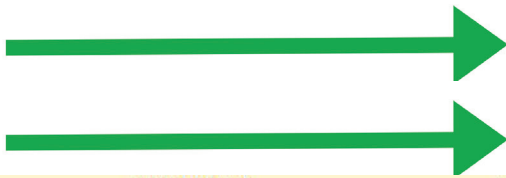
Ken Hacker, President

ATTEST:
Tim Minehardt, Secretary

Member appreciation drive through starting at 9:30AM to 6:30PM on September 12th 2023



FIND YOUR MEMBER NUMBER HERE



Balance Sheet		2022
December 31, 2022		
Assets:		
Net Plant in Service	65,622,943\$	
Investments and Other Property	11,646,728\$	
Current Assets	16,860,662\$	
Deferred Debits	229,071\$	
Total Assets	94,359,404\$	
Liabilities and Capital:		
Capital Equities	27,814,322\$	
Total LT Liabilities and Obligations	56,158,412\$	
Current and Noncurrent Liabilities	8,928,760\$	
Deferred Credits	1,457,910\$	
Total Liabilities and Capital	94,359,404\$	

Statement of Revenue & Expenses		
For the Year Ended December 31, 2022		
Revenues:		
Operating Capital & Other Revenues	20,680,402\$	
Expenses and Other Deductions:		
Cost of Power	9,946,610\$	
Operating and Maintenance Expenses	4,461,935\$	
Customer Accounts Expense	700,441\$	
Other Customer Expenses	166,073\$	
Administrative and General	1,577,825\$	
Depreciation	1,885,869\$	
Taxes and Provision for Taxes	5,957\$	
Interest on Long-Term Debt	1,292,486\$	
Other Interest Expense	-\$	
Other Deductions	9,775\$	
Total Expenses & Other Deductions	20,046,971\$	
Net Margin	633,431\$	

2023 Annual Meeting Treasurer's Report

It has been my privilege to serve you for the last 5 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 budget making process.

The annual budget is affected by sales revenue more than any other single factor, with residential and residential seasonal sales currently representing 91% of all revenue. Depending on the weather, residential sales can fluctuate significantly from year to year. Sales for 2022 were up 8.75% from 2021 and were almost 3.7% greater than the 5-year average. The 2023 budget assumes that sales will approximate the previous 5-year average. Continued energy efficiency measures are expected to offset a potential increase in the number of consumers.

Purchased power is our largest single expense. Purchased power now represents about 50% of the total cost of electric service. In 2023, KAMO Power's billing is expected to be higher, with an overall increase in power costs of \$500,000 compared to the 2022 budget. The 2023 Construction Work Plan calls for total spending of \$3,172,400 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 5.8% above the 2022 Construction Work Plan level.

The Board has approved \$1,600,000 for contract mechanical tree-trimming in 2023 to clear trees, branches, and foliage away from our power lines. \$75,000 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 being allocated to our 2022 members amount to \$2,003,336. These margins will eventually be returned to the membership based upon the amount of revenue each member contributed in 2022. During the year ending December 31, 2022, total refunds authorized to patrons amounted to \$1,218,190.

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 2022 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 2022 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 2022 with the first members receiving ultra high-speed internet early in the year. The fiber project added \$598,826 to revenue with payments from our partnership with Conexon Connect.

Respectfully submitted,
Tim Minehardt, Secretary-Treasurer