

# RURAL MISSOURI



## Sac Osage Electric Cooperative

A Touchstone Energy® Cooperative 



# News

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Visit us on the Web - [www.sacosage.com](http://www.sacosage.com)

*Jim W*

### Official Notice

## 2019 Annual Meeting of the Members

### Tuesday, June 11, 2019

#### FEATURED ENTERTAINMENT Circle S Boys



The Circle S Boys and friends will bring you some of the finest traditional bluegrass in this area. The band is based out of the El Dorado Springs area. The boys consist of players from various parts of Southwest Missouri. The core group, who have been friends for many years, took form from the Circle S Bluegrass Jams.

The 2019 Annual Meeting of the Members of Sac Osage Electric Cooperative, Inc., will be held at the Sac Osage Electric Headquarters, 4815 E. HWY 54, El Dorado Springs, Missouri, at 6:30 p.m., Tuesday, June 11, 2019, to take action upon the following matters:

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

There were three (3) nominees from district 3 and one (1) nominee each from districts 1 and 2. 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.

Therefore, pursuant to the Bylaws, Article IV, Section 4, members in District 3 will receive a ballot and Districts 1 and 2 will not receive a ballot.

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

**Take Notice!**  
**Your registration card is on the back page!**



# Summary of 2018 Annual Meeting Minutes

The 2018 Annual Meeting of the Members of Sac Osage Electric Cooperative, Inc. was held Tuesday, June 12, 2018, 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 "Robin's Hood". Following the Pledge of Allegiance, the National Anthem and the prayer of invocation, Neale Johnson, 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 233 registered members were required for a quorum. A total of 398 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 7: John (Jim) Murray, District 8: Amy Hedrick and Kenneth Hacker,

and District 9: Neale Johnson. Mr. Hoberock stated that according to the Bylaws unopposed candidates are automatically elected without a vote; therefore, John (Jim) Murray and Neale Johnson were declared elected.

Upon motion, second, and voice vote, the Minutes of the 2017 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 tabulation of votes, Chris Hoberock announced the following election results:

- District 8 Director:
- Amy Hedrick 55 votes
- Kenneth Hacker 66 votes

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



<b>Balance Sheet</b>	
<b>December 31, 2018</b>	
<b>Assets:</b>	
Net Plant in Service	\$ 39,557,454
Investments and Other Property	\$ 8,980,990
Current Assets	\$ 4,623,577
Deferred Debits	\$ 654,997
<b>Total Assets</b>	<b>\$ 53,807,237</b>
<b>Liabilities and Capital:</b>	
Capital Equities	\$ 24,722,821
Total LT Liabilities and Obligations	\$ 27,239,691
Current and Noncurrent Liabilities	\$ 1,628,332
Deferred Credits	\$ 226,174
<b>Total Liabilities and Capital</b>	<b>\$ 53,807,237</b>
<b>Statement of Revenue &amp; Expenses</b>	
<b>For the Year Ended December 31, 2018</b>	
<b>Revenues:</b>	
Operating Capital & Other Revenues	\$ 19,647,681
<b>Expenses and Other Deductions:</b>	
Cost of Power	\$ 10,308,284
Operating and Maintenance Expenses	\$ 3,198,085
Customer Accounts Expense	\$ 549,413
Other Customer Expenses	\$ 138,501
Administrative and General	\$ 1,646,450
Depreciation	\$ 1,686,365
Taxes and Provision for Taxes	\$ 6,417
Interest on Long-Term Debt	\$ 1,128,370
Other Interest Expense	\$ -
Other Deductions	\$ 41,599
<b>Total Expenses &amp; Other Deductions</b>	<b>\$ 18,703,484</b>
<b>Net Margin</b>	<b>\$ 944,197</b>

## Annual Meeting Program Schedule

- 5:00 - 6:30 Registration of Members
- 5:15 - 6:15 Entertainment "Circle S Boys"
- 6:30 p.m. Business Meeting Call to Order
- Children's Prize Drawings
- Invocation
- National Anthem
- General Manager's Report
- Adjournment
- Grand Prizes: Large Flat Screen TV, Apple iPad, Kindle, Garmin GPS; and other prizes.
- Free Pulled Pork Sandwiches, Chips, Drink & Hiland Ice Cream Sandwiches
- Door Prizes & Children's Prizes

# Candidates for Sac Osage Electric Cooperative Board of Directors

## District 1

My name is Tim Minehardt and I'm running for my last term as your representative in District 1.

I am a graduate of Willard High School and my family has lived in this area for 150 years. I have worked at 3M Company for over 20 years and use my personal vacation to make sure I can attend all needed meetings. I have taken all suggested classes and the CCD courses and they have been very helpful.

The Sac Osage Electric Board is very diversified and my background as a factory worker helps this. I want to thank the membership for their trust in me, it is a true honor to serve you in this position. A big thanks to my family for giving me the time and always supporting me.



Tim Minehardt

## District 2

My name is George (Tony) Underwood; I have been a long time resident in the Jerico Springs area where my wife Thelma and I presently raise cattle and farm. We have two sons and three grandchildren. I have a degree in Agricultural Education from University of Missouri Columbia. I taught school for Stockton R-1 Schools for a year and then started a Home Building Company, which I ran until 1983. At that time, I joined Carpenters Local 311 in Joplin, MO and worked as a carpenter and supervisor until retirement in 2004.

I am an active Farm Bureau Member and serve on the Cedar County Farm Bureau Board. I also have current experience as a Road District overseer, University of Missouri Extension Council, Stockton R-1 Board Member and Little League Baseball Coach.

During the past six years as a Director for Sac Osage Electric Cooperative I have taken all the director courses required to become a Certified Credentialed Director. As a director I will continue to strive having reliable electric power source at affordable rates available for today and for the future. Thank you for your trust and support.



Tony Underwood

## District 3

My name is Ted Woodrell and I have been a member of Sac Osage Electric since 2009. My wife Brenda and I have been married 44 years and are owners and operators of a cow-calf operation on our farm near Stockton, MO since 1995.

I was born in St. Charles, Missouri and moved to Overland Park, Kansas, graduating from Shawnee Mission West High School in 1972. Upon graduating from high school, I earned a Bachelor of Science degree in Accounting from Emporia State University in 1976. After that I received a Master's Degree in Public Administration from UMKC in 1978.

Upon graduating from college, I worked in hospital administration, working in Missouri, Florida, Mississippi, and Arkansas. Beginning in 1992, I began 14 years with the University of Mississippi Medical Center as Hospital CEO and Associate Vice-Chancellor of Integrated Health Systems. I also served on the faculty.

The last 5 years of my professional career I ran a national health care consulting company covering the entire US and Puerto Rico, specializing in hospitals going through changes such as buyouts, bankruptcies, turnarounds, etc.

During my working career I have served on approximately 20 boards of chambers, professional associations and civic organizations. I currently serve on the Administrative Counsel of the Stockton United Methodist Church and Chair the Finance Committee.

We are the proud parents of 2 daughters and a son and now have 3 grandchildren.

I am interested in serving on the board because I am concerned about sustaining Sac Osage Electric Cooperative history of providing safe, affordable and reliable service to its members because of its importance to the community, especially given the tremendous changes we are facing.

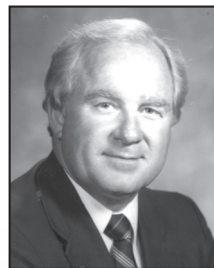
As a twenty year member myself, I take great interest in the quality of electricity that your money purchases, on a monthly and yearly basis.

Some of us are single family home owners, with a house and maybe a couple of additional buildings that require electricity, or you may be a small farmer or a mega farmer but, we all have one thing in common, the need for reliable, continuous and cost effective source of electricity. Others may be retail outlets, of varied sizes and requirements for dependable, uninterruptible electricity. Sure, some of these larger retail outlets have generators, that run on a different power supply but, ultimately they do, must return to the electrical grid.

We have all experienced that dreaded "BLINK" of our lights or even several "BLINKS" in a row and then, no lights at all, for several long seconds, minutes or few hours. I know that I have endured all those experiences and they can be traumatizing. You immediately think of all the things that require electricity for operation i.e., your freezer and refrigerator for food storage, air-conditioning



Ted Woodrell



Norman Capps

## District 3

for cooling, or a furnace for warmth. Perhaps a hospital or clinic, needing a continuous electrical supply for medical equipment, or maybe a dairy farmer, to run your milking operation.

A reliable source of efficient and cost effective electricity is something we all need and use. I have a background in several diverse and varied businesses, often employing or managing 25 or more people. Including full time employees, independent contractors, negotiating with vendor and purveyors of supplies and equipment companies. There was always a continuous need for, negotiating and managing material costs, delivery fees, internal and external building and repair cost, that all effected the efficiency of operations.

In summation, I have the background and desire, to fulfill the Board of Directors position at Sac Osage Electric Cooperative and my promise to you, the members of District 3, that I will do my best to help control and continue to bring you the best and most cost efficient electricity possible.

I appreciate and thank you in advance, for your vote for me, to the Board of Directors at the Annual Membership Meeting, June 11, 2019.

For your vote to count, you must bring your VOTING BALLOT to the Annual Meeting, or fill it out as per instructions and mail it to the "Inspectors of Election, c/o the Main Office of the Cooperative, in El Dorado Springs, Missouri.

My name is Douglas Mollet:

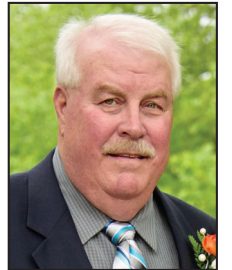
I am number 2 of 7 children raised on a dry land farm in southeast South Dakota and I have lived in rural communities my entire life. I retired in 2015 and my wife and I chose to make rural Missouri the place where we will live out our "Golden Years". We have lived in rural Missouri at Stockton Lake for 4 years and we are loving life.

In my professional life, I have held positions of responsibility in the electric utility industry over a span of 42 years. I began as a design engineer for a rural electric cooperative in Montana and moved upward in cooperative positions over a span of 16 years. I then moved on to the U.S. Department of Energy for 5 years, where I focused on demand side energy efficiencies, wind and the Electric Power Research Institute. This led to a position of 12 years with Nebraska Public Power District managing their hydroelectric generation assets and siting, building and operating the largest wind energy plant in the state of Nebraska at the time. This led to a position of 9 years with Berkshire Hathaway Energy where firstly, I built the team to operate and maintain 1,000 wind turbines in Washington, Oregon and Wyoming. Secondly, I worked for MidAmerican Energy managing the electric and gas transmission and distribution systems in northwest Iowa and southeast South Dakota.

I hold an AA degree in Agriculture from South Dakota State University and a BS degree in Business from Eastern Oregon State University.

As a Trustee candidate, I offer a solid rural background and a career of 42 years in the utility industry from which to draw on for decision making. I have a clear understanding of the business and because of my lifelong commitment to rural America and my knowledge of the rural electric industry, I am confident that I am qualified for the position of Board Trustee for Sac Osage Electric Cooperative.

I would sincerely appreciate your vote.



Douglas Mollet

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

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

**Registration Card**  
**SOEC's Annual Meeting - Tuesday, June 11, 2019**  
*(must be present to win prizes)*

## 2019 ANNUAL MEETING PRESIDENT'S REPORT

On behalf of the Sac Osage Electric Board of Directors and staff, it is my privilege to welcome you to the 80th Annual Meeting Members. This year the meeting will be held on Tuesday, June 11th, at the Cooperative headquarters on Highway 54 east of El Dorado Springs. We invite you to join us for an evening of food, entertainment and prizes. Our Annual Meeting will begin at 6:30 PM. We feel that it is important for the membership to be engaged and educated about the business of their Cooperative. We feel very fortunate that membership attendance at our annual meeting continues to be strong and this contributes to the success of Sac Osage Electric.

In 2018 your Cooperative had another good year and continues to be efficient and responsible in its operation. As was mentioned last year, to remain financially responsible, a change in our billing rate structure was necessary. This change will provide more equitable rates for the membership. The new rate design has been explained in various formats including the "Rural Missouri" publication and took effect on April 1st. The rate design was created to better provide fairness for the members in supporting the maintenance and

operation of our electrical system as well as allowing members to use off-peak hours to manage their electrical usage. A more detailed financial statement will be provided in the reports of the Secretary-Treasurer and Manager.

We regret the retirement of long-time director Don Levi, who represented the members of District 3 for the Cooperative. Don was a faithful, dedicated director who gave untold hours of service to the Cooperative. Don was also the Sac Osage Electric representative to the Association of Missouri Electrical Cooperatives (AMEC) and drove many miles attending those monthly meetings in Jefferson City. Don and his wife Chris are moving to Lawrence, Kansas, to be closer to family. We give Don our heartfelt thanks and best wishes for the future. The new director for District 3 will be elected at the Annual Meeting. Tim Minehardt, Director of District 1, was elected to be our representative to AMEC and we look forward to him serving the Cooperative in that position.

The Cooperative has recently completed a three-year effort to replace all of the old analog meters with new state-of-the-art digital meters. Although this has been a

labor intensive project, we know that the new meters will provide many benefits in efficiency and enhance our ability to make timely repairs to the system.

Right-of-way clearing is a never-ending endeavor necessary to maintain the integrity of the system. Keeping the process going costs us about \$1 million a year, but the benefits exceed the cost. Weather related outages and other system damages have been significantly reduced with this aggressive management practice.

We always want to express our sincere appreciation to our employees for the outstanding jobs they perform for the Cooperative. The hours they spend, many times in very difficult and dangerous circumstances, are truly appreciated. Each employee is critical to the success of the Cooperative. Our employees represent Sac Osage Electric to the membership and are our greatest asset.

As you may have read, electrical cooperatives across the state and the nation are participating in an initiative to create habitats for Monarch butterflies which have been in a critical decline for several years. Flower gardens containing milkweed plants, the major food source for the Monarchs,



Neale Johnson

have appeared statewide and are hopefully inspiring cooperative members to become personally involved. Sac Osage Electric is also involved with this project. Please visit our flower garden when you have time or during the Annual Meeting.

Once again, we thank the membership for their involvement and interest in the operation and success of Sac Osage Electric Cooperative and we look forward to seeing you at the Annual Meeting.

Thank you,  
Neale W. Johnson  
Board President

## 2019 ANNUAL MEETING TREASURER'S REPORT

It has been my privilege to serve you for the last year 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 92% of total revenue. Depending on the weather, residential sales can fluctuate significantly from year to year. After three years of mild weather and slow growth, 2018 saw sales increase by 12.9% over the previous year due to both abnormally cold and hot weather conditions. The 2019 budget assumes that normal weather patterns will return in 2019, and that any anticipated sales growth will be offset by energy efficiency measures and behavioral changes caused by the new residential rate redesign.

Purchased power is our largest single expense. Purchased power now represents about 52% of the total cost of electric service. In 2019, KAMO Power announced a rate

decrease, which is being partially offset by a net increase in the kW billing demand charges. Our 2019 budget reflects an overall decrease in power costs of 3.84%, or roughly \$376,275. KAMO Power's rate decrease, along with solid earnings following a rate increase by Sac Osage Electric in 2018, has eliminated the need for any rate increase in 2019.

The 2019 Construction Work Plan calls for total spending of \$2,538,125 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 22% above the 2018 Construction Work Plan level.

The Board has approved \$1,100,000 for contract tree-trimming in 2019 to clear trees, branches, and foliage away from power lines coming out of the Mt. Zion and Damascus substations. \$75,000 has been budgeted for herbicide treatment of rights-of-way coming out of the Walker and Taberville substations.

This will greatly reduce tree-related outages and decrease the amount of damage caused by storms.

Total margins being allocated to our 2018 members amount to \$1,902,054. These margins will eventually be returned to the membership based upon the amount of revenue each member contributed in 2018. During the year ending December 31, 2018, total refunds authorized to patrons amounted to \$955,000.

Our independent auditor, Kevin Kelso CPA PC PA, recently reported that the 2018 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 2018 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



Tim Minehardt

during normal business hours.

Please join us Tuesday, June 11, 2019, at the Annual Meeting of the Members to enjoy good food and local entertainment, participate in the business meeting, and have a chance to win one of the many prizes to be given away. We look forward to seeing you there!

Respectfully submitted,  
Tim Minehardt, Secretary-Treasurer