

RURAL MISSOURI

Sac Osage Electric Cooperative Annual Meeting Edition

September 2021

2021 Annual Meeting Will Bring Back Drive Through Registration

The board has decided to follow the format of last year's Annual Meeting for 2021. **Registration will be open from 9:00AM to 6:30PM on the day of the meeting.** Members will be able to register and collect their door prize without leaving their vehicle during this time. 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 \$20.00 credit on their electric bill. Members will not be required to stay for

the business meeting to collect the door prize and the \$20.00 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.** 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.

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

Members must be present at registration to receive the bill credit.

This year there are no contested director districts and no bylaw changes.

Register from 9:00AM to 6:30PM on September 14th to receive your door prize and bill credit.

OFFICIAL NOTICE OF THE 2021 ANNUAL MEETING

The 2021 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 14, 2021, 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 was one (1) nominee from each of districts 7 and 8. 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

Offices Will Be Closed Monday September 6th For Labor Day



Sac Osage Electric Cooperative News

2021 President's Report



The Sac Osage Electric Cooperative Board of Directors and staff welcome you to the 82nd annual meeting. The meeting will again be held at the cooperative headquarters on Highway 54 east of El Dorado Springs on September 14th, 2021. The meeting will be held in the same manner as last year with a drive-through format. Please review the official published notice for the meeting details.

The past year has been a challenging yet productive one for the cooperative. Financially, the cooperative is in a good position. Please read the report of our treasurer, Tim Minehardt, which is printed for your information. The weather in February stressed the electrical grid throughout the country, but our cooperative's three-tiered system met that challenge with no

interruption of service. This was an exceptional achievement given the extraordinary circumstances that the unseasonal weather caused evidenced by the severe outages in other areas.

The cooperative has sought for many years to find a way to provide high speed internet service to our membership and finally an opportunity presented itself that was appropriate for us to pursue. An announcement was made a few weeks ago about our partnership with Conexon, LLC to build over 2300 miles of fiber for a Fiber-To-The-Home (FTTH) system for our membership. Construction will begin this fall and should be completed in about 2 ½ years. Efficient, dependable highspeed internet is a necessity in today's digital world. We are excited to bring this service to our membership.

All other areas of our cooperative business continue to proceed efficiently with routine maintenance and system upgrades going on as planned. We continue with aggressive right-of-way and

vegetation management throughout our districts. These efforts have resulted in fewer weather-related outages system wide. Dependable and affordable electric service to our membership is always our primary mission. Our system continues to have significant growth as people move into our service area and the cooperative plans for and anticipates future needs. Providing internet capabilities will make our entire service area more attractive to future members.

As I close, I want to thank the membership for allowing me to be a member of the Board of Directors. I will be retiring after this annual meeting. Serving on this Board has been both rewarding and educational. I have been privileged to work with an outstanding group of Directors, Management, staff and employees, all of whom are dedicated to fulfilling their responsibilities and obligations to the cooperative. Thank you for this opportunity.

Neale W. Johnson, Board President



Jim Murray
District 7

I have been a long-time resident of the Iconium area, where I presently have a small cow/calf operation. My wife and I have been members of Sac Osage Electric Cooperative for 44 years. I am honored to be your District 7 Board member, where I have served as both President and Vice-President. I also represent Sac Osage Electric Cooperative on the KAMO Power Board of Trustees in Vinita, Oklahoma.

I have completed the Credentialed Cooperative Director training program and also attended advanced board leadership classes. The Cooperative faces many challenges in the coming years as the cost of doing business continually rises. As your director, my objective will be to provide safe, reliable, and affordable electricity for our membership. I appreciate your trust in me as your Board member this year, after all, it's our cooperative.



Ken Hacker
District 8

I am a lifelong resident of El Dorado Springs and my wife Alice and I have been a member of Sac Osage Electric Cooperative 40 years. We have two daughters Sonia Hacker and Alexa Heiserman. We are active participants in the Church of God (Holiness) in El Dorado Springs. We owned and operated Hacker's Jewelers in El Dorado Springs and Nevada for 39 years along with a variety of other businesses. Civially, I served on the boards of POPS Museum, El Dorado Springs and Nevada Chambers of Commerce, Hoffman Financial, and Missouri Jewelers Association. I have served as President of Chamber of Commerce and State President of Missouri Jewelers Association.

I grew up in a rural cooperative home where my father was manager of Sac Osage Electric and later retired from Osage Valley Electric of Butler, Missouri. I have witnessed the many changes of the operations of rural electric cooperatives, from doing almost everything manually to today's advances in technology and renewable energy. Since I have retired from the jewelry business, I can now devote my time and offer my years of business experience to represent the consumers by serving on the Sac Osage Electric Cooperative board.

Jim Murray and Ken Hacker were the only nominees from their respective districts this year. They shall be deemed re-elected at the Annual Meeting of the Members. District 9 did not have any nominees, and the board will appoint a replacement from the membership of that district.



Sac Osage Electric Cooperative

News

Summary of 2020 Annual Meeting Minutes

The 2020 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 22, 2020 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. Consistent with the emergency declaration issued by the Governor in response to the COVID-19 pandemic and the waiver the Governor issued through the Missouri Department of Agriculture which granted to the board of directors of rural electric cooperatives the flexibility in conducting membership meetings, and to insure the safety of the Cooperative's members and staff by adhering to CDC and Cedar County Health Department guidelines, 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 by complying with social distancing guidelines. 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., Neale Johnson, the Cooperative's President, officially convened the meeting and called the business portion to order. Rev. Jack Daniel of the 1st Christian Church of El Dorado Springs, Missouri 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 8,778 members, Mr. Hoberock announced that a quorum for the annual meeting was 236 members. He informed the membership that as of 6:35 p.m., 1,216 members (later updated to

1,327) had registered for the Annual Meeting in person at the meeting site and 560 members had submitted ballot envelopes, and therefore a quorum was declared present and that the business portion of the meeting would proceed

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 2020 Annual Meeting would be waived. The certification reflects that the Notices were placed in the United States mail on August 31, 2020.

Mr. Hoberock reviewed with the Members the actions taken at the 2019 Annual Meeting of Members. The Secretary elected to make copies of the minutes of the 2019 Annual Meeting available as opposed to reading the minutes. 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 2019 Annual Meeting as published.

Mr. Hoberock announced that copies of the 2019 Independent Auditor's Report and Financial Statements of the Cooperative for the year ended December 31, 2019 were available to any member requesting a copy.

Mr. Hoberock announced that the first matter to be acted on at this meeting was the election of directors for District 4, District 5 and District 6 of the Cooperative. Mr. Hoberock then announced that the candidates for the directorship vacancies were as follows: District 4, Raymond T. Huesemann; District 5, Gary C. Ashby; and District 6, Ronald (Gene) Brockus. 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.

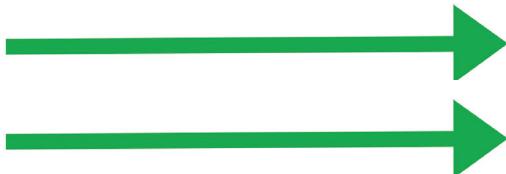
Mr. Hoberock then announced that the next two items of business were to consider and vote on proposed amendments to Article III, Section 4, and Ar-

ticle IV, Section 2, of the Cooperative's Bylaws. A motion to adopt the resolution on Article III, Section 4 was made by Tony Underwood and seconded by Neale Johnson. A motion to adopt the resolution on Article IV, Section 2 was made by Jim Murray and seconded by Gary Ashby the Board had previously appointed Delbert Bybee, Pat Moomaw and Stephanie Harper as Inspectors of Election. These three individuals then took the oaths of Inspectors of Election given by Gina Whitlock. 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.

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. Mr. Hoberock 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 director term limits. That Report showed that on the question of amending Article III, Section 4, 434 votes were cast in favor of the proposal and 111 votes were cast in opposition. Therefore, Mr. Hoberock declared that the proposal was approved. The Report of Inspectors of Election also showed that on the question of amending Article IV, Section 2, 354 votes were cast in favor of the proposal and 188 votes were cast in opposition.

Mr. Hoberock then announced that the floor was open for any unfinished business, and 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 was one comment and recommendation made by a member. There being no further business to come before the meeting, upon a motion made and seconded, the meeting was adjourned at 7:22 p.m.

**Cut this address card out
for easy registration.**



STATEMENT OF REVENUE & EXPENSES For the Year Ended December 31, 2020

Revenues:	
Operating Capital & Other Revenues	\$ 18,887,024
Expenses and Other Deductions:	
Cost of Power	\$ 9,321,175
Operating and Maintenance Expenses	\$ 3,628,321
Customer Accounts Expense	\$ 601,912
Other Customer Expenses	\$ 160,079
Administrative and General	\$ 1,551,476
Depreciation	\$ 1,762,791
Taxes and Provision for Taxes	\$ 5,928
Interest on Long-Term Debt	\$ 1,027,522
Other Interest Expense	
Other Deductions	\$ 11,428
Total Expenses & Other Deductions	\$ 18,070,632
Net Margin	\$ 816,392

BALANCE SHEET 2020

Assets:		Liabilities and Capital:
Net Plant in Service	\$ 41,344,711	Capital Equities \$ 26,546,226
Investments & Other Property	\$ 10,075,682	Total LT Liabilities and Obligations \$ 28,127,379
Current Assets	\$ 6,141,104	Current and Noncurrent Liabilities \$ 2,935,507
Deferred Debits	\$ 391,178	Deferred Credits \$ 343,563
Total Assets	\$ 57,952,675	Total Liabilities and Capital \$ 57,952,675

2021 Annual Meeting Treasurer's Report

It has been my privilege to serve you for the last 3 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 sales currently representing 92% of total revenue. Depending on the weather, residential sales can fluctuate significantly from year to year. Sales for 2020 were down 1.0% from 2019, but almost .8% greater than the 5-year average. The 2021 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 52% of the total cost of electric service. In 2021, KAMO Power made a number of changes to their billing determinants, but because members continued to decrease usage during periods of high demand, KAMO's share of costs passed on to Sac Osage Electric are expected to decrease .08%. Our 2021 budget reflects an overall decrease in power costs of \$7,087 compared to the 2020 budget. The 2021 Construction Work Plan calls

for total spending of \$2,267,125 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 5.3% below the 2020 Construction Work Plan level.

The Board has approved \$1,513,695 for contract tree-trimming in 2021 to clear trees, branches, and foliage away from the power lines coming out of the Collins, Arnica and Arcola substations. \$75,000 has been budgeted for herbicide treatment of rights-of-way coming out of the Osceola and Collins substations. This ongoing effort will greatly reduce tree-related outages and the amount of damage caused by storms. Total margins being allocated to our 2020 members amount to \$1,721,786. These margins will eventually be returned to the membership based upon the amount of revenue each member contributed in 2020. During the year ending December 31, 2020, total refunds authorized to patrons amounted to \$1,200,000.

Sac Osage Electric's last rate increase took place in over 3 years ago, but due to stable power costs and continued expectations of adequate earnings, a rate increase was considered unnecessary in 2021.

Our independent auditor, Kevin Kelso CPA PC PA, has reported that the 2020 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 2020 in an acceptable financial position.

Information regarding the balance sheet and statement of revenue and expenses may be found in this issue of the Rural Missouri. An official copy of the audit may be obtained by calling the office during normal business hours.

By bringing your registration ticket and coming in person on Tuesday, September 14, 2021 between 9:00 AM and 6:30 PM you can take home a door prize and receive a \$20 credit on your next electric bill! This can be done quickly and safely from the convenience of your vehicle, with the option of attending the business portion of the meeting at 6:30 PM if you so desire. We look forward to seeing you on the 14th!

Respectfully submitted,

Tim Minehardt, Secretary-Treasurer

