

YOU ARE INVITED TO ATTEND THE

Annual Member-Owners' Meeting of Jackson Electric Cooperative

September 21, 2024

Bay City Civic Center | 201 Seventh St., Bay City 77414

Election of Directors • Reports of Officers • Door Prizes • Attendance Prizes

**The Jackson Electric Cooperative 2023 Annual Report
is included as a supplement to this issue.**



Jackson Electric Cooperative, Inc.

Your Touchstone Energy® Partner 



MESSAGE
FROM
GENERAL
MANAGER

JIM
COLEMAN

Adverse Financial Impacts Necessitate Rate Adjustment

As a member-owned and not-for-profit utility, Jackson Electric Cooperative proudly serves its members reliable, safe and affordable electricity. JEC's dedication to providing the highest quality electric service at a reasonable cost faces challenges in the current economic environment.

JEC has invested heavily in infrastructure and vegetation management to improve reliability of service for members and has successfully maintained rates since 2006. Due to increased cost of energy, inflation and rising interest rates, JEC now requires a rate revenue increase to meet operating costs and cover needed capital improvements.

The region continues to experience the lingering adverse financial impacts of the COVID-19 pandemic, inflation and supply chain delays. Just as consumers have seen a dramatic increase in costs of goods, including gas, food and services, inflation has also hit the electric utility industry hard.

Shipping delays, materials shortages and cost increases are among the many challenges we face. Since 2019, JEC has seen the cost of a power pole rise by 74%, overhead power cables by 70%, underground power cables by 100%, a single-phase (residential) overhead transformer by 92% and a single-phase (residential) underground transformer increase by 50%. These increases are not expected to subside anytime soon.

At the July 2024 board meeting, after careful consideration, the JEC Board of Directors approved changes to the electric rates. The increases will have an impact on all customer classes effective October 1, 2024. These changes coincide with the rate study that was completed by EnerVision earlier this year.

JEC's residential members will see a 3% increase. This means the average JEC residential member using 1,200 kilowatt hours a month will see an average increase of \$3.60 per month.

While adjusting rates is never an easy choice, member value is always our top priority with these decisions. JEC will continue its mission of providing reliable, safe and affordable electric service to all its members. For those facing financial challenges, members can contact the cooperative to establish acceptable payment plans.

Into the future, we will continue to invest in modernized equipment and infrastructure and provide members with up-to-date information on how you can reduce your energy use and get the most value out of your service. If you have any questions regarding this rate adjustment, members can call our office at (361) 771-4400 during regular business hours or visit our website at myjec.coop.



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COVER ILLUSTRATION BY CHRISTOPHER TUPA

Annual Meeting Program

September 21, 2024

Bay City Civic Center, 201 Seventh St., Bay City 77414

Registration	9–10 a.m.
Call to Order	Herff Cornelius, President
Invocation	Bill Hansen, Vice President
Reading of Notice of Annual Meeting	Michael Jacobs, Secretary-Treasurer
Determination of Quorum	Michael Jacobs
Minutes of Previous Meeting, October 15, 2022	Michael Jacobs
Introduction of Board Members and Guests	Jim Coleman, General Manager
Election of Directors	John Merck
Report of Nominating Committee	John Merck
Treasurer’s Report	Michael Jacobs
President’s Report	Herff Cornelius
Manager’s Report	Jim Coleman
Recognition of 2024 Scholarship Recipients	Kealeigh Alex
Service Awards	Herff Cornelius and Jim Coleman
Nominating Committee for 2025 Election	Herff Cornelius
Old and New Business	Herff Cornelius
Adjournment of Business Meeting	Herff Cornelius
Drawing of Attendance Prizes	Paul Bourland and Eric Gardner



Annual Meeting of Member-Owners Minutes

Bay City Civic Center, Matagorda County, Texas | Saturday, October 21, 2023

The 2023 Annual Meeting (2022 Annual Report) of the members of Jackson Electric Cooperative Inc. was held on Saturday, October 21, 2023, at Bay City Civic Center, Matagorda County, Texas, with registration beginning at 9 a.m.

Herff Cornelius, President, called the meeting to order at 10:05 a.m. and thanked those attending for their participation in the Annual Meeting. President Cornelius asked the members to rise for the national anthem performed by Dawson Hudgins followed by the Invocation given by Board Member Anthony Smith. Board Secretary-Treasurer Michael Jacobs presented the Notice of Meeting and proof of mailing thereof to all members of the Cooperative on September 27, 2023. The notice and proof of mailing were ordered to be attached to the minutes.

Director Jacobs reported 120 members present in person as of 10 a.m., which constitutes a quorum of the members of the cooperative.

President Cornelius announced that the meeting would be dedicated to the U.S. Armed Forces.

Director Jacobs was again called upon for the reading of the minutes of the October 15, 2022, Annual Meeting. Upon motion duly made and seconded to dispense with the reading of the minutes and to approve said minutes, the following resolution was adopted:

RESOLVED, that the Jackson Electric Cooperative Inc. membership hereby approves the October 15, 2022, Annual Meeting Minutes as written.

Motion carried.

General Manager Jim Coleman introduced special guests, the Cooperative's Board of Directors and retired employees.

Attorney John Merck recognized the Nominating Committee members and expressed the appreciation of the cooperative for their service. They were Barbara Juranek and Philip Rudolf. Mr. Merck then reviewed the nominating procedure.

Districts for election are:

District 1: William "Billy" Mertink, David Murphy and William "Bill" Orton

District 9: Tom Hudgins

District 10: James Roach

Mr. Merck stated that Tom Hudgins of District 9 and James Roach of District 10 were unopposed and shall be elected by acclamation, then stated that James Hoffmeister of District 1 is not seeking reelection then offered the candidates an opportunity to address the membership. Beginning with William "Billy" Mertink, then William "Bill" Orton. David Murphy was not present.

A vote for District 1 Director position was then held by ballot. The ballots were collected and delivered to the Election Inspectors to count.

Director Jacobs gave an updated Treasurer's Report for 2022, with no changes since the Cooperative's Annual Audit. Upon motion duly made and seconded, the following resolution was adopted:

RESOLVED, that the Jackson Electric Cooperative Inc. membership hereby approves the Treasurer's Report for 2022 as presented.

Motion carried.

President Cornelius gave the President's Report which reflected on the role of a board director, the increased costs for materials, the additional Environmental Protection Agency regulations on the coal mining facilities and the future of growth for Jackson Electric.

Mr. Coleman gave the General Manager's Report, expanding on some of Mr. Cornelius' talking points and added additional insight into our new metering technology that is being tested in certain areas of the territory. Mr. Coleman also mentioned a \$56 million dollar fiber project to bring fiber to more members, and the cooperative's intent to remain aggressive in upgrading distribution lines as our membership continues to grow. Coleman also thanked the board of directors for their role in delivering reliable electricity and the staff for their commitment to excellence.

A presentation explaining the internet bill was presented by Darla Smith.

President Cornelius called upon Mike Myers to introduce the recipients of a \$1,000 scholarship.

2023 Recipients were Callie Bell, Michael Bubela, Peyton Green, Tanner Woodring, Sam Brooks, Bailey Hauff, Sydney Junek, Sara Brezina, Madison Rosalez and Madison Shelton.

Mr. Cornelius then recognized the following employees for their years of service to the Cooperative:

5 Years: Brian Cunningham, Frank Diggs, Martin Flores, Jr., Anthony Landry, Jared Latimer.

10 Years: Clayton Brandes, Roxie Gartica, Missie Landry, Michael McLeod, Tyler Stastrny.

15 Years: Charlie Burnett, Ubelio Montero, Kim Peters, Christopher Tupa.

20 Years: Beverly Sulak.

Mr. Cornelius then recognized the following board members for their years of service to the Cooperative:

5 Years: Patrick Stuart and Doug Tise.

President Cornelius present James Hoffmeister with a Board Resolution of Appreciation for his 14 years of service as a member of the board of directors.

The Certificate of the Inspectors of Election was received from the Election Inspectors and presented by Mr. Merck, certifying that William "Bill" Orton was elected to the board of directors to represent District 1.

President Cornelius then mentioned to the members that a Nominating Committee will need to be formed and stated that anyone who would like to serve on the 2024 committee should contact the Cooperative to make known their willingness to serve. Mr. Cornelius announced the Directors whose terms would expire in 2024 will be Michael Jacobs, representing District 3; Bruce Elliott, representing District 5; Doug Tise, representing District 8; and Pat Stuart, representing District 11.

President Cornelius asked for any other old or new business that membership should address. There being no further business to come before the membership and upon motion being duly made, the meeting was adjourned at 11:14 a.m. and opened the floor for any questions from the membership.

Members enjoyed a meal catered by Mustang Creek BBQ.



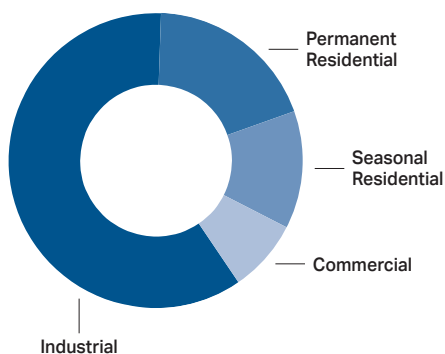
Michael Jacobs, Secretary-Treasurer

Treasurer's Report

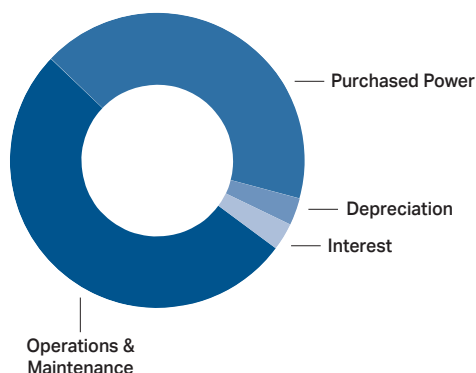
OPERATING STATISTICS	2022	2023
Income		
JEC Sold Electric Service Amounting to:	\$ 74,290,613	\$ 73,546,484
Capital Credits Amounted to:	2,475,384	3,854,130
Other Income Amounted to:	(599,373)	1,063,730
Total Operating and Nonoperating Income	\$ 76,166,624	\$ 78,464,344
Expenses		
Cost of Electric Energy	\$ 56,656,417	\$ 53,913,456
Operating and Maintenance Expenses	11,183,032	11,803,506
System Depreciation	3,444,161	4,183,937
Cost of Interest on Long-Term Debt	3,280,420	3,983,988
Total Operating Expenses	\$ 74,564,030	\$ 73,884,887
Patronage Capital or Margins	\$ 1,602,594	\$ 4,579,457

BALANCE SHEET	2022	2023
Assets		
General and Operating Funds in Bank	\$ 2,807,811	\$ 3,074,885
Investments and GT CC	40,494,210	44,602,610
Payments Due	(579,195)	762,149
Construction Supplies on Hand	6,189,518	6,952,987
Advance Payments on Insurance, etc.	602,312	1,100,596
Total Cost of Electric System	140,433,022	150,710,895
Less Depreciation	(23,104,827)	(24,669,432)
Net Value of Electric System	117,328,195	126,041,463
Total Assets	\$166,842,851	\$182,534,690
Liabilities		
Memberships and Deposits	\$ 1,568,681	\$ 1,568,801
CFC Long-Term Debt and Other	86,007,470	100,110,512
Other Current and Accrued Liabilities	10,479,776	7,492,401
Nonoperating Margins	10,256,493	12,695,564
Patronage Capital	58,530,431	60,667,412
Total Liabilities	\$166,842,851	\$182,534,690

2023 SOURCES OF REVENUE



2023 USES OF REVENUE



AUDITOR'S LETTER

At the August 2024 board meeting of Jackson Electric Cooperative, the directors heard and approved the results of the 2023 annual audit conducted by Gowland, Streatly, Morales & Co. concerning the financial statement of the cooperative.

Board of Directors



Herff Cornelius
President
District 2
Sheppard Mott



William C. Hansen
Vice President
District 4
Palacios



Michael Jacobs
Secretary-Treasurer
District 3
Ashwood



Bill Orton
District 1
Sargent



Bruce T. Elliott
District 5
Palacios



Anthony Smith
District 6
Cedar Lake



Laval Simons
District 7
Port Lavaca



Doug Tise
District 8
La Ward



Tom Hudgins
District 9
Bay City



James Roach
District 10
Edna



Patrick Stuart
District 11
Edna



Jim Coleman
General Manager



John M. Merck
Attorney

2024 Employee Service Awards

45 YEARS

Jim Hamor

35 YEARS

Johnny Reckaway

20 YEARS

Hayden Karl

Timothy Vargas

15 YEARS

Marci Merecka

Roland Skoruppa

Veronica Webernick

10 YEARS

Cody Sulak

Quinten Waters

5 YEARS

Kealeigh Alex

Trayln Davis

Cole Macek

Rusty Parker

Pete Sertuche

DIRECTORS

5 YEARS

Anthony Smith

2024 Nominees for JEC Board of Directors



Michael Jacobs, District 3

I have been serving as District 3 director since May 2000 and currently serve as the board secretary-treasurer. District 3 covers most of Van Vleck and the area north and east of it, including Sugar Valley and Ashwood, which is where my wife, Vicki, and I live.

I have lived in the Van Vleck area for 60 years and graduated from Van Vleck High School, as did both of my children.

While serving on the board of Jackson Electric Cooperative, I have completed the Credentialed Cooperative Director courses, which provide directors with the knowledge and skills needed to better serve our membership.

We continue to work on our new metering system, which will help provide our members with reliable electric service at an affordable cost. We also are working to bring high-speed internet service to homes, businesses and schools as we respond to changing needs.

As a director, I will continue to work with management, staff and other directors to ensure we have dependable, efficient electric service. Thank you for your support.



Bruce Elliott, District 5

It has been a pleasure to represent the members of District 5 over the past 27 years. As a Credentialed Cooperative Director and a representative of JEC serving on the South Texas Electric Cooperative board, I have never been prouder of the work we've accomplished these past two decades.

Over the past few years, summer and winter extremes have tested infrastructure and service capabilities across Texas. Time and again, JEC has risen to the challenge, setting an example for electric cooperatives across the state.

Even as we have embraced the newest innovations and kept up with the technological demands of our ever-growing customer base, our commitment to the people we serve remains our top priority. In this spirit, I ask for your continued support and the opportunity to represent District 5 for another term.

As your district representative, you will find I am someone with decades of experience and a personal stake in the well-being of the community I serve. I am a lifelong resident of Palacios, where I graduated high school before attending Texas A&M University.

I have been involved with ranching my entire life and have continued to pursue that passion even after retiring from the oil and gas industry. I am a proud grandfather of five and enjoy spending time with family above all else.

As we enter a new board term, my goal is to ensure that our cooperative is leading the way in providing safe, reliable energy for generations to come.

2024 Nominees continued



Doug Tise, District 8

I am a lifelong resident of Jackson County and have been married to LaRhetta Poole Tise for the past 20 years. Together, LaRhetta and I have four adult children, 11 grandchildren and one great-grandchild. We enjoy hunting, fishing, camping, car races and playing golf.

I have learned a lot about electric cooperatives in my years on the JEC Board of Directors. I have attended trainings and have received my Credentialed Cooperative Director certification from the National Rural Electric Cooperative Association. I plan to continue my education and certification to further enhance my knowledge of being a cooperative director.

I worked for Alcoa Alumina as a maintenance manager for 36 years before retiring in 2009. Shortly thereafter, I turned my interests full time to Tise Land Services, where I use my expertise in right-of-way work by helping to negotiate easements for oil and gas pipelines, high-voltage power lines, and distribution lines in addition to coordinating and assisting with environmental studies and investigating pipeline, transmission line and distribution routes and substation locations and surface sites.

The time and amount of work involved in the negotiation process for easements have changed over the years, so I feel that my knowledge and experience working with landowners will be an asset to the board of directors for Jackson EC in the future.

I have enjoyed working with the members, fellow board members and staff of Jackson EC the past six years, and I am looking forward to continuing my service on the Jackson Electric Cooperative board.



Pat Stuart, District 11

I am seeking a second term as a director on the board of Jackson EC for District 11, which includes the Edna area.

I have been married to my wife, Dodie, for 38 years. Dodie is the top store leader for H-E-B in Port Lavaca. We have two grown children as well as two granddaughters.

During my first term, I strived to maintain the fiscal responsibility of keeping rates low, while maintaining the future growth of the cooperative. I have completed the Credentialed Cooperative Director program, which strengthened my knowledge of the workings and responsibilities of director of a cooperative to its members.

I am proud to serve on the JEC board and will continue to work with other directors to ensure the integrity and reliability of our services, which includes electricity, propane and internet.

Thank you for your continued support.

Notice of Annual Meeting of Member-Owners

The annual meeting of the member-owners of Jackson Electric Cooperative will be held in Bay City, Texas, at the Bay City Civic Center on Saturday, September 21, 2024. Registration begins at 9 a.m., and the meeting begins at 10 a.m. with the following agenda:

1. Reports of officers, directors and committees.
2. Election of one director of the cooperative.
3. Status of the cooperative.
4. All other business that may come before the meeting or any adjournment or adjournments thereof.

Candidates in the regular board election are:

DISTRICT 3

Michael Jacobs

DISTRICT 5

Bruce Elliott

DISTRICT 8

Doug Tise

DISTRICT 11

Pat Stuart



Michael Jacobs
Secretary-Treasurer



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