

CHOCTAW ELECTRIC COOPERATIVE, INC.
P. O. Box 758 – Hugo, Oklahoma 74743

Regular Meeting Minutes of the Board of Trustees

The regular meeting of the Board of Trustee of Choctaw Electric Cooperative (CEC) was held in the Board Room of the Cooperative in Hugo, Oklahoma on November 28, 2017

1. CALL TO ORDER and Roll Call

The following Trustees were present:

Brent Franks, District G
Joe M. Silk, District B
Mike Brewer, District H
George Burns, District A

Stacy Nichols, District C
Bill Woolsey, District D
Becky Franks, District E
Norman Ranger, District F
Ken Autry, District I

There being a quorum present, President Brent Franks presided and called the meeting to order at 9:00 a.m.

Co-op Attorney, Frank Wolf, with Rabon, Wolf and Rabon law firm, was present. Choctaw Electric Cooperative staff present: CEO Kooney Duncan, Chief Financial Officer, Tiffany Hempsted, Executive Assistant, Jennifer Boling,

2. Invocation and Pledge of Allegiance

Stacy Nichols gave the invocation. President Brent Franks led the Pledge of Allegiance.

3. Introduction of Guests

There were no guests present

4. Election of WFEC Alternate Representative

Mr. Franks specified the WFEC alternate is not a paid trip and the alternate will only attend WFEC meetings when the delegate is unable to.

At the September 26, 2017 meeting Mr. Ranger and Mr. Autry were nominated for the WFEC Alternate Representative.

Prior to the election for WFEC Alternate Representative, Mr. Franks recognized Mr. Ranger who was handed the floor. Mr. Ranger withdrew his name as a candidate for WFEC Alternate

Representative. At the October meeting Mr. Ranger was approved by a majority vote to attend, in December, a Director Training in Nashville to obtain his Director Gold certificate. In the best interest of the co-op Mr. Ranger also withdrew attending training.

Mr. Franks ask for nominations from the floor. There being no further nominations from the floor, Mr. Autry was elected the 2017 – 2018 WFEC Alternate Representative for Choctaw Electric Cooperative by acclamation.

5. Consent Items

- a. October 31, 2017 Regular Board Meeting minutes.
- b. October 2016 Write-Off for uncollected accounts.

Mr. Brewer made a motion to approve the October 31, 2017 Regular Board Meeting minutes and the October 2016 Write-Off for uncollected accounts. The motion was seconded by Mr. Nichols. The motion was affirmatively voted upon by all. The Motion carried.

6. Department Reports

The following Department reports were given by Choctaw Electric Cooperative CEO and General Manager, Kooney Duncan:

A. Service and Construction

- RK Hall/Smith Stone is adding 180' of 3-phase underground and a 2500 kva transformer for the Sand Plant.
- Sundance Power Pole Inspections performed a free pole inspection south of Hochatown to showcase their abilities and computer software.
- Choctaw Nation requested a cost analysis to remove over 30 power poles at Lake Pine Retreat.
- A proposal was prepared and given to Forest Grove School for new lighting on their football and softball fields.
- Pine Hill Northwest, Lost Creek, and Lost Creek West in Hochatown are complete

During the Department Reports Mr. Autry expressed a concern from a few members regarding follow-ups on service orders being reported. Mr. Woolsey, Mr. Ranger and Ms. Franks have also received some comments from members in their district. Mr. Woolsey pointed out the significant number of phone calls the Call Center receives. There may be a handful of times service orders are dropped. After some discussion Mr. Autry recommended members follow-up with the Call Center

or Call Center Supervisor before contacting Mr. Duncan, and their board member.

Mr. Duncan continued with the Service and Construction Report.

- The Staking Department released 67 jobs for construction. System wide there were 93 staking appointments and 62 jobs were staked.
- Staked a job for ODOT to retire 1.25 miles of idle primary line along the Carl Albert Bridge on Highway 93.
- Design work has begun on Timber Creek Trails, Phase 5 project. This is a 56-lot development in Hochatown.

B. Right of Way and Service Quality

- In-house right-of-way crews have cleared 12.48 miles in the Hochatown area.
- NRS contract crew should be finished by the end of the year. Feeder 1 is complete. They are finishing up areas in Eagletown, Ogden Hills and Craig Road.
- Asplundh crews are nearing completion. To catch up, Asplundh brought in extra crews. Approximately 25 miles for the month has been cleared.

C. Safety and Technical Operations

- It has been 251 days since a lost time accident has occurred.
- Safety training was held at the upgraded Hochatown substation. Trip saver training took place along with becoming familiar with the new control system.

D. Customer Service and Billing

- Tampering cases are being identified and reported to authorities.
- Postcards with the Clayton kiosk payment information were delayed being sent by US Payments due to a printing issue. They were mailed November 20th. The postcards are a free service of US Payments.
- The estimated timeframe for the Smithville kiosk is mid-December – first part of January 2018.
- Small Claims Action continues. Arrangements are being made for payments in addition to judgments by the court.
- At total of 4,241 transactions were made in Hugo, Idabel, and Antlers offices.

E. Member Services

- Storm Shelter loans are being paid off monthly.
- Member Services activities included:
 - AARP Driver Safety program
 - Senior Celebrations
 - Judging Science Fairs
 - Visiting Key Accounts: Huber and Tyson Foods
 - Attending area chamber of Commerce Meetings.
- Revising the CEC Disaster Plan
- Revising and condensing the 2018 Strategic Plan.

Mr. Duncan's objective for the Strategic Plan is to condense the plan to 2 pages of Core Goals with departments focusing on essential elements.

- Surge protectors are continuing to be researched. Mr. Duncan indicated the material with data will be available at the December board meeting

Following the department reports Mr. Duncan ask if there would be any district meetings scheduled in 2018. After a bit of discussion, the conclusion was that a few informational district meetings may be held at some point in 2018.

Mr. Nichols talked briefly about having breaker switches installed on poles. One of the principle concerns was safety to the member. Mr. Duncan will research and have information for the December board meeting.

7. Financial Report

Form 7, WFE Power Bill

Tiffany Hempsted gave the October 2017 Financial presentation. The Form 7 Summary for Year to Date Actual vs. Budget, Year to Date Revenue, Cost of Power and Gross Margins, Year to Date Expenses and Year to Date Capital and Margins was reviewed.

- WFE kWh purchased in October 2017 was 36,543,940. The Average cost per kWh. 0.0542. The WFE Power cost was \$1,980,281.

- Gross margins are comparable to 2016.
- Form 7 Summary Level YTD vs Budget
 - Year to Date Revenue, Cost of Power and Gross Margins were a bit lower than budgeted.
 - Year to Date Maintenance and Operations higher due to right-of-Way expenses.
 - Actual Total Year to Date cost of electric service is lower than budgeted.
- Sales Comparison
 - Revenue from residential sales is \$2,286,579
 - The number of customers are up due to seasonal growth.
- Year to Date Equity Ratio is 47.6%

Review of Check Register

The check register was reviewed after the Form 990 review.

Form 990 Review

Bill Miller, CPA, Tax Partner of Bolinger, Segars, Gilbert and Moss joined the meeting via telephone conference to review the 2016 Form 990.

Choctaw Electric complies with the public inspection requirement by posting on our website. Currently Year's 2013, 2014, and 2015 Form 990's is on our website. Mr. Miller pointed out that Form 990's can be rolled off every 3 years from due date. Year 2013 can be removed once 2016's Form is added.

Mr. Miller gave explanation of sections throughout the Form 990.

A portion of Article IV Section 4.02 was noted on the Form 990 which initiated some questions from board members concerning the inaccuracy of the bylaw. Following the discussion, it was determined the bylaw is correct when read or recorded in its entire form. Board members requested that the entire bylaw be included on the Form 990 for clarification purposes. Mrs. Hempsted will visit with Mr. Miller about the revision.

Review of Check Register

There were some questions concerning payments to the credit union, and material invoices.

Mrs. Hempsted clarified the credit union payments were employee payroll deductions being made to the credit union, for savings accounts, loans, etc.

Mr. Burns requested to see the November, December line material invoices at the December

meeting. He also questions how material is received and inventoried. Mr. Duncan has a committee in place working on improving the work order system which includes material inventory and receiving.

8. Attorney's Report

Mr. Wolf advised this report would take place during Executive Session

9. CEO's Report

Board Meeting Updates:

- Tampering and Restoring Power information will be in the December "Inside Your Coop" monthly publication.

Current Activities

- An insurance information session was provided for CEC retirees. Medicare and Medicare supplement material and information was made available. It was a good session with 10 – 12 in attendance.
- Continuing to work on 2016 Audit Findings.
- Employee insurance Open Enrollment is taking place.
- Oklahoma Electric Coops are looking at the value of Touchstone Energy. Choctaw Electric utilizes the Coop Connections discount card and as a host for our webpage.
- We have had an excellent response from members on the physical address updates.
- Key account load data is being prepared for Large Power applications.

10. Executive Session –Legal Matters and Contracts

President Brent Franks announced the board would convene in Executive Session to discuss Legal Matters and Contracts.

At 12:58 pm Mr. Ranger made a motion to enter executive session.

The motion was seconded by Mr. Burns. The Motion was carried.

At 1:20 pm, Mr. Burns made a motion to exit executive session.

The motion was seconded by Mr. Nichols. The motion was carried.

The meeting was reconvened in regular session.

11. Action Items

2018 Capital Operating Budget

Mrs. Hempsted presented the 2018 Choctaw Electric Cooperative Budget.

- Efficient operation within this budget with little operating margin
- Long term debt decreased while still borrowing enough to continue work plan and maintenance projects
- Increased Plant
- Increased Equity
- Meeting required ratios as required by lenders

Mrs. Hempsted has discovered accounting errors in historical years. Once the corrections are fully implemented, 2018 Budget line items may be different than where actual 2018 items will hit the Income Statement and Balance sheet. This change should not affect total end-of-year net margins.

Goals for the 2019 Budget year:

- Accounting changes based on RUS Uniform System of Accounts.
- Correct accounting errors found during 2018 budget process.

Mr. Ranger made a motion to approve the 2018 Operations and Capital Budget. The motion was seconded by Mr. Silk.

The motion was affirmatively voted upon by all. The Motion carried.

12. WFEC Report

Mr. Burns gave a report on the new Moore office project. Construction will begin soon.

13. New Business

There was no New Business to discuss.

14. Adjourn

At 2:23 pm Mrs. Franks made a motion to adjourn. The motion was seconded by Mr. Brewer and affirmatively voted upon by all. The motion carried.

Board Expenses Reported November 1, 2017 to November 30, 2017

Mike Brewer	\$550.00
George Burns	\$64.20
Joe Silk	\$614.20
Norman Ranger	\$607.78
Bill Woolsey	\$582.10
Becky Franks	\$576.75
Ken Autry	\$601.90
Stacy Nichols	\$652.72
Brent Franks	\$582.10



President

12/28/17

Date



Secretary/Treasurer

12/28/17

Date