

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 August 29, 2017

1. CALL TO ORDER and Roll Call

The following Trustees were present:

George Burns, District A
Joe M. Silk, District B
Stacy Nichols, District C
Bill Woolsey, District D

Becky Franks, District E
Norman Ranger, District F
Brent Franks, District G
Mike Brewer, District H
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

George Burns gave the invocation. President Brent Franks led the pledge of allegiance.

3. Introduction of Guests

Mr. Franks introduced his wife, Stacy.

4. Consent Items

Mr. Burns made a motion to approve the following consent items:

- a. July 25, 2017 Regular Board Meeting minutes
- b. July 2016 Write-Off for uncollected accounts.

Mr. Silk seconded the motion and it was affirmatively voted upon by all.
The Motion carried.

5. Department Reports

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

A. Service and Construction

- Center Point Conversion complete August 18. Presented gig sheet to contractor for a work critique.
- Choctaw Mountain project completed August 11. Gig sheet will be presented to the contractor.
- Collected transformer and fault current data for Tyson Foods “Arc Flash Study” at their feed mill.
- Changed out arrestors at Martin Marietta Sawyer Rock Quarry.
- Working on a cost analysis for Choctaw Nation to bury existing service drops and primary lines at the Idabel Shopping Center.
- Lee Pole Inspection has inspected close to 1000 poles in a month, finding 2 hazard poles. Bethel feeder 1 is 80% complete.
- Idabel and Hugo construction crews have worked on bad pole changeouts, primary and secondary overhead, primary underground and outages.

B. Right of Way and Service Quality

- In-house west side spray crews have finished with the Miller, Jumbo line. Crews have begun spraying three-phase from Farris to Darwin sub.
- In-house east side spray crews finished with the line going to Tom and Haworth sub, feeder 4. Crews have begun spraying Feeder 1, three-phase south of Haworth sub.
- Service crews are cutting hot spots and Right-of-Way in Hochatown in addition to working outages, yard light repairs, and upgrading service. East and west service crews worked 485 cases.
- The Staking department has worked 78 staking appointments system wide. There were 50 jobs released for construction. A 50-lot development in Hochatown was completed and sent off for contractor bids.
- Right of Way crews are in the Hochatown sub area and working on Feeder 1 feeding Beavers Bend State park. Crews have cleared 9.6 miles which includes Timber Ridge

Estates.

- Areas of The Mountain River sub, Feeder 2 east of Broken is being cleared by NRS crews.
- A question was asked about NRS time sheets being included in the board report. There are several pages of time sheets included with the report. After some discussion, it was decided the NRS invoice and map is all that needs to be submitted for this report.
- Asplundh crews worked on the Sawyer sub, Feeder 4 going south clearing approximately 3.63 miles. Clearing has been slow due to wet conditions.

C. Safety and Technical Operations

- Safety meeting covered Workplace violence this month.

Mrs. Franks raised the question of training and safety of our crews if they were to encounter a hostile situation and employee preparedness in these circumstances.

Mr. Wolf advised that any threat or incident against a Choctaw Electric employee needs to be reported to law enforcement and documented.

D. Customer Service and Billing

- Small Claims Action.
- For McCurtain County, the total Fees were \$1,512 that included \$812 filing fee and process service fee \$700. CEC was awarded \$10,784.37 in total judgments. Payment arrangements were made with defendants for a total of \$3,622.40.
- Year to date Kiosk payments \$40,513.65. The Choctaw Country Market in Clayton and the Country Mountain Store in Smithville have been selected as additional kiosk pay sites. This will be discussed as an Action Item to be voted on later during the meeting.

E. Member Services

County fairs will be taking place in September and Choctaw Electric will have a booth at each fair promoting Smarthub.

McCurtain County Fair September 5 – 9

Choctaw County Fair September 7 – 9

Pushmataha County Fair September 13 – 16

Jia Johnson, Director of Public Relations gave an update on the 2017 Annual Meeting.

- Ballots have been mailed
- To date there are 56 vendors planning to attend. The Health Department will also be giving free flu shots and there will be a blood drive.
- A Smarthub area will be in place with information and instructions to access the app.
- Annual Meeting press releases will go out to area newspapers September 1.
- Payne Radio Group will be at the Annual meeting doing a live feed, in addition to radio ads at 3 stations prior to the meeting.
- McCurtain County 4-H students will be helping with the clean-up and serving food.

Last year the Annual Meeting Grand prize given was three (3) \$500 bill credits. Mrs. Johnson asked the board if they wanted this to remain the same.

Mr. Woolsey made a motion the Annual Meeting Grand Prize is to be three (3) \$500 bill credits.

The motion was seconded by Mr. Brewer and affirmatively voted upon by all.

The motion carried.

6. Board Committee Report

Mr. Brewer, Chairman presented the Policy Committee's report. The meeting took place August 3 at the Choctaw Electric Office in Hugo. Committee members are Mr. Brewer, Mr. Autry, Mr. Franks and Mr. Duncan.

The committee met for 3 hours going over policy and determined about 30% needs to be revised and/or streamlined. Mr. Brewer's recommendation; Mr. Duncan provide proposed policy revisions to the board within 30 to 60 days.

Mr. Duncan expressed the time frame for the revisions would be difficult to meet. During this time frame, budgets, insurance renewal and other time sensitive projects will be taking place. Mr. Duncan ask Mr. Brewer to consider a template be worked out and a section at a time of policy revision be brought to the board for review and approval.

Mr. Brewer recommended a Bylaw Committee be formed at the end of the year and begin the process of considering any by-law revision in January 2018.

7. Financial Report

Form 7, WFEC Power Bill

Tiffany Hempsted gave a Form 7 Financial presentation of Sales and Power Statistics. 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.

- The monthly revenue from electric sales for July 2016 \$4,302,860 and July 2017 4,081,552.
- WFEC year to date cost of power; Average per kWh. July 2016 \$0.0531, July 2017 \$0.052. Power Cost July 2016 \$2,483,217, July 2017 \$2,436,446.
- Number of members; 2016 18,553, 2017 18,820 a difference of 267.
- 2017 Average Budgeted and Actual Revenue and Cost of Power per kWh.
 - Revenue Budget: \$0.095448 Actual: \$0.098846
 - Cost of Power Budget: \$0.060014 Actual \$0.053186
- Cash Management
 - Beginning Balance Cash and Short-Term Investment \$762,522
 - Ending Balance Cash and Short-Term Investment \$1,541,916
 - Increase/Decrease \$779,394
- Summary of Loan Obligations
 - YTD Beginning Balance Total (CFC, CoBank/Other) \$54,901,078
 - YTD Ending Balance Total (CFC, CoBank/Other) \$53,388,541
 - YTD Increase/Decrease Total (CFC, CoBank/Other) (\$1,512,537)

Following the presentation, a board member inquired about loans for the month of July. Mrs. Hempsted stated we have not taken from our lines of credit and our costs have remained consistent.

Review of Check Register

Mrs. Franks questioned an amount to NRECA for Strategic Planning Training for \$17,318.00. The cost was for Director Training May 22-24 that took place at the Choctaw Nation Resort in Grant, OK. Mr. Nichols, Mr. Autry, Mr. Franks, Mr. Woolsey and Mrs. Franks attended. There were also two directors outside of our coop who attended.

8. Attorney's Report

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

9. CEO's Report

Board Meeting Updates:

- An explanation of 3-Phase was given to Mr. Silk
- The Organizational Chart and Employee Directory have been revised and placed on Call to Order as have 2017 Board Resolutions.
- 2016 vs 2017 Coincidental Peak

Current Activities

- Mr. Duncan read a letter from the Governor's office. Mr. Duncan indicated there would be further discussion during Executive Session.
- Capital Credits
 - Re-issues – July \$8,124.14 YTD \$89,576.66
 - Estates – July \$40,064.85 YTD \$257,394.29
- The document vault is complete. Since the completion supporting documents can be scanned which makes for streamlining the process and easier access.
- Automatic Time Entry is also complete. Employees can enter their time worked and time off and submit to supervisors for approval which then goes directly to payroll for processing. This program saves hours of payroll employees keying in individual time sheets in addition to reducing errors.
- Fleet management system is complete.

After board meeting business and before adjournment Board members will be visiting the Customer Service Department. visits.

10. Executive Session –Legal Matters and Contracts

At 10:40 am Mr. Burns made a motion to enter executive session.

Mrs. Franks seconded the motion. The Motion was carried.

Mr. Duncan and Mr. Wolf was asked to remain during Executive Session.

At 11:04 am, Mr. Nichols made a motion to exit executive session.

Mr. Burns seconded the motion. The motion was carried.

The meeting was reconvened in regular session.

11. Action Items

a) Pay site kiosk in Clayton and Smithville

The current pay site kiosks are in Hugo at Save-a-Lot Grocery Store and Choctaw Nation Travel Plaza in Antlers, Atoka, Broken Bow and Idabel. At present members in the Clayton and Smithville areas do not have a convenient location to pay their bills. Choctaw Country Market in Clayton and Mountain Country Store in Smithville have approved installation of pay site kiosks. There is a monthly fixed cost of \$200, transaction fee for cash or check \$1.50 and transaction fee for credit cards is \$0.75. The expected time frame for installation at the Choctaw Country Market in Clayton is 2 to 3 weeks, Mountain Country Stores in Smithville is 2 to 3 months. Mr. Duncan requested Board approval to move forward with installation of kiosks in Clayton and Smithville. This will be a benefit to our members in these remote areas.

Mr. Woolsey made a motion that CEC move forward with installation of pay site kiosk at the Choctaw Country Market in Clayton and Mountain Country Store in Smithville

The motion was seconded by Mr. Burns and affirmatively voted upon by all.

The motion carried.

b) Lost Creek, LLC

Bid packets for the Lost Creek, LLC, a 50-lot development project was sent July 21, 2017 to 5 potential bidders. The bid deadline was August 21, 2017. The total project estimate is \$152,348.80. Construction-in-aid has been paid by the developer. The successful bid for the project went to Higher Power. Mr. Duncan recommended that we award the bid to the contractor based on Work Order estimates, and Labor bids from them.

Mr. Nichols made a motion to award the project bid to Higher Power and move forward with the Lost Creek, LLC construction project.

The motion was seconded by Mr. Ranger and affirmatively voted upon by all.

The motion carried

c) December Board Meeting Date

The December regular scheduled board meeting date is December 26, 2017. This date would conflict with the Christmas holiday office closing.

Mr. Woolsey made a motion to reschedule the regular board meeting to Thursday December 28, 2017 due to the conflict with the Christmas holiday.

The motion was seconded by Mr. Silk and affirmatively voted upon by all.

The motion carried.

d) Commercial Deposit Revision

The existing policy requires applicants to place an estimated deposit equal to two (2) times the estimated bill. This is not consistent if the load is not comparable.

The proposed policy change will require applicants with a billing history to place a deposit equal to two (2) times the estimated monthly bill. Applicants without a billing history would place a deposit based upon the requested installed KVA transformer size multiplied by twenty (20) or an amount greater if necessary to cover demand charges.

The existing policy returns commercial deposits plus accrued interest when the member disconnects service. It is returned as a credit on the final bill and any remaining amount is refunded in the form of a check.

The proposed policy change would include, on Commercial Accounts, deposits received after August 29, 2017 and be retained for at least five (5) years from the date of deposit. For commercial accounts with a satisfactory payment history, deposits plus accrued interest, where applicable, will be refunded by bill credit. Satisfactory payment history will be determined if payment is received in full on or prior to payment due date, with no more than one (1) late payment per year, for each of the five-year period.

Mr. Duncan recommend that the proposed Commercial Deposit Changes be allowed and updated in the appropriate CEC Board policies, Operating procedures and Terms and Conditions and become effective August 29, 2017.

Mrs. Franks made a motion to approve the Commercial Deposit Revision becoming effective August 29, 2017 and update the appropriate policies, procedures and terms and conditions.

The motion was seconded by Mr. Autry and affirmatively voted upon by all.

The motion carried.

e) Application for Service/Joint Membership

Joint membership can include any two (2) persons, whether married or not.

The vote of either, separately or jointly shall be one joint vote.

Removal or withdrawal of either will terminate the joint membership.

Divorce shall terminate the joint membership, without releasing either from any debts due the cooperative. A legal court document must be provided to terminate joint membership.

Joint memberships will be terminated if either member provides written notice to the cooperative requesting termination, however neither will be released from debts owed the cooperative.

Any capital credits earned during the Joint Membership will be retired as normal unless the Joint Members both instruct the cooperative otherwise in writing or a court instructs the cooperative otherwise.

Mr. Duncan recommend that the proposed Application for Service/Joint Membership be allowed and updated in the appropriate CEC Board policies, Operating procedures and Terms and Conditions.

Mr. Burns made a motion to approve the Application for Service/Joint Membership and update the appropriate policies, procedures and terms and conditions.

The motion was seconded by Mr. Ranger and affirmatively voted upon by all.

The motion carried.

f) Approval of 2017 Audit Agreement

Bolinger, Segars, Gilbert & Moss, L.L.P. – Certified Public Accountants have conducted CEC's financial audit for the last 3 years.

Mrs. Hempsted ask for board approval of the 2017 audit agreement with this audit firm at an estimated fee of \$28,500.

After substantial discussion regarding the audit firm and audits in general recommendations were made that included:

- Implementing a 5 to 7-year forensic audit
- Developing a Risk Management Policy
- Training in Risk Management
- Correct all issues identified by the auditors and report to the board.

Upon conclusion of the discussion Mr. Burns made a motion to approve the 2017 Audit Agreement for Bolinger, Segars, Gilbert & Moss, L.L.P. – Certified Public Accountants.

The motion was seconded by Mr. Silk and affirmatively voted upon by all.

The motion carried

12 Resolutions

2017.12 Regarding Check Signing Signatures

2017.13 Idabel National Bank

Mr. Autry made a motion to approve Resolution 2017.12 and 2017.13.

The motion was seconded by Mrs. Franks and affirmatively voted upon by all.

The motion carried.

13. OAEC Report

The OAEC Board Meeting minutes were included in the board report for review. Mr. Silk ask if there were any questions and there were none.

14. WFEC Report

Mr. Burns report that Solar plants were affected by the solar eclipse that took place but WFEC was prepared for this. His report also touched on the future of electric cars and the possibility of fossil fuel engines no longer being used in about 10 years.

15. New Business

New Business

a. Mr. Duncan and Mrs. Hempsted will be attending a 2-day Residential Demand Workshop October 4-6. Mr. Franks will also attend. The workshop will address electric cooperative rate structure. Mr. Duncan expressed the benefit of attending the workshop. Mr. Nichols made a motion that expenses would be paid for any board member attending the workshop.

The motion was seconded by Mr. Ranger and affirmatively voted upon by all.

The motion carried.

- b. Board Members agreed that 3 students, as in previous years, will attend 2018 Youth Tour. Also discussed was reviewing the criteria and selection process. This will be on the September agenda.
- c. The board business concluded and the board members proceeded to the Customer Service/Call Center area to see the function and operational aspects of the department.
- Hilary Pound demonstrated, and discussed what takes place in Customer Service and Call Center Department.
 - CSR's in Hugo, Idabel and Antlers
 - Payments and pay arrangements
 - 4 billing cycles, dates of billing
 - Zero usage meter reports and flagged meters
 - Connects and disconnects
 - Prepaid accounts
 - Smarthub
 - Phone calls and customer service
 - Deposit calculation for new connects

After this portion of the session the board returned to the board room. Mrs. Hempsted gave

**Accounts Payable
Check Register**

08/01/2017 To 08/31/2017

Bank Account: 10 - COBANK

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
15152 08/30/2017	CHK 260		MIKE BREWER	BOARD EXP	600.00
15153 08/30/2017	CHK 264		GEORGE BURNS	BOARD EXP	64.20
15154 08/30/2017	CHK 328		JOE M SILK	BOARD EXP	978.49
15155 08/30/2017	CHK 330		NORMAN RANGER	BOARD EXP	607.78
15156 08/30/2017	CHK 351		WILLIAM H WOOLSEY	BOARD EXP	582.10
15157 08/30/2017	CHK 352		BECKY FRANKS	BOARD EXP	576.75
15158 08/30/2017	CHK 355		KENNETH AUTRY	BOARD EXP	703.80
15159 08/30/2017	CHK 356		STACY NICHOLS	BOARD EXP	652.72
15160 08/30/2017	CHK 357		DOUGLAS B FRANKS	BOARD EXP	664.20
Total for Bank Account - 10 :					(9) 5,430.04
Grand Total :					(9) 5,430.04

a presentation over capital credit allocation and general retirement. Mrs. Boling gave a presentation over Estate Capital Credit.

16. Adjourn

At 3:10 pm, Mrs. Franks made a motion to adjourn. Mr. Woolsey seconded the motion and affirmatively voted upon by all. The motion carried.

Board Expenses Reported August 1, 2017 to August 29, 2017


Mike Brewer	\$600.00
George Burns	\$64.20
Joe Silk	\$978.49
Norman Ranger	\$607.78
Bill Woolsey	\$582.10
Becky Franks	\$576.75
Ken Autry	\$703.80
Stacy Nichols	\$652.72
Brent Franks	\$664.20



Vice-President

9-26-17

Date



Secretary/Treasurer

9/26/17

Date