

**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 December 28, 2017

**1. CALL TO ORDER and Roll Call**

The following Trustees were present:

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

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

Mike Brewer and Becky Franks were absent.

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**

Joe Silk gave the invocation. President Brent Franks led the Pledge of Allegiance.

**3. Introduction of Guests**

Mr. Robert Moffatt of Soper.

Darren Frazier, CEC Foreman, Hugo Construction. Mr. Frazier was a volunteer in the Energy Trails project, bringing electricity to the village of Chiis in Guatemala. Mr. Frazier wanted the experience of the coop pioneers who brought electricity and a better quality of life to rural areas. He and 12 linemen from other Oklahoma electric coops working alongside the villagers finished the project in 3-weeks bringing power to 66 homes in the village.

**4. Consent Items**

- a. Approval of November 28, 2017 Regular Board Meeting minutes.
- b. Authorization to Write-Off for uncollected accounts for November 2016.

Mr. Burns made a motion to approve the November 28, 2017 Regular Board Meeting minutes and

the November 2016 Write-Off for uncollected accounts. The motion was seconded by Mr. Silk. The motion 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**

- RK Hall/Smith Stone added 180' of 3-phase underground and a 2500 kva transformer for their Sand Plant development and building a cost analysis for an overhead line extension to meet their needs for a 100 HP/200 Kva load.
- Mt. Fork River at Broken Bow Dam options for an aerial cable system.
- Staking continues in Hochatown developments.
- Collecting GPS points in Hochatown developments to update our mapping system.

### **B. Right of Way and Service Quality**

- Sawyer Sub Feeders 3 and 4 are near completion. Hochatown Sub Feeders 1 and 2 are complete. Mt. River Sub should be completed by the end of January.
- By the end of January both contractors should be finished.
- Internal Right of Way crews should have the Hochatown area complete by the first of January.

### **C. Safety and Technical Operations**

- It has been 281 days since a lost time accident has occurred.
- There was one near miss event that occurred. The truck was parked on an incline with outriggers in place. The serviceman was in the bucket working and the emergency brake disengaged causing the truck to roll down the hill and hit a tree. There were no injuries. This incident was used as a topic at the December Safety meeting.

### **D. Customer Service and Billing**

- Incoming calls taken for the month was 4,626, an average of 30.3 calls per hour and the average per day is 243.
- Walk in customers average approximately 9 per hour in Hugo, 112 per day in Idabel and 55 per day in Antlers.

- Small Claims Action is still productive and showing results.

#### **E. Member Services**

- About 4 to 5 Storm Shelter loans are being paid off monthly.
- A Policy Revision Committee is reviewing CEC policy by sections and making recommendations.

Following the department reports Mr. Duncan ask Jacob Johnson to inform the board on the Pole Mounted Breaker switch information that was discussed at the November meeting. Mr. Johnson's informational report included installation, cost, safety concerns and policy. After substantial discussion, the board recommended researching liability and recommendations from other Oklahoma cooperatives.

Jia Johnson was then called upon to inform the board of the 2018 Youth Tour. A presentation was included in each board packet with the guidelines and deadline information for student application to Youth Tour. Mrs. Johnson stated that Youth Tour Information packets had been distributed to all the area schools. Youth Tour is open to all High School Juniors in our service area including Home Based students and Christian schools. Interviews will take place in March during Spring Break. There will be a panel of 3 judges; Mr. Nichols, a CEC coop member, and a representative from the Member Services Department. The board expressed their thanks to Mrs. Johnson for the update.

## **6. Financial Report**

### **Form 7, WFEC Power Bill**

Tiffany Hempsted gave the November 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.

- Form 7 Summary YTD revenue \$38,955,142
- YTD Operations and Maintenance \$5,017,395
- YTD Long Term debt interest decreased when compared to November 2016
- November 2017 Revenue from Electric Sales \$3,085,241
- WFEC Average cost per kWh \$0.0550
- YTD Equity Ratio 47.7%

## **Review of Check Register**

The check register was reviewed after the Form 990 review. Mrs. Hempsted informed the board of a onetime restitution check received in the amount of \$38,000. This was money paid to CEC in the form of restitution for the criminal indictment against the former Operations Manager.

Mrs. Hempsted informed the board of errors in accounts that has left a negative \$71,390 at closing. There are other accounting issues needing to be researched and corrected, however due to personnel shortages it will take time to complete.

Mr. Woolsey questioned the personnel shortage in the Accounting Department. Mr. Duncan indicated this would be discussed in Executive Session.

The board requested that a representative from Raymond James be scheduled to give an Annual Report.

Mr. Franks enquired as to the time threshold for the accounting discrepancies. Mrs. Hempsted advised she is making strides and working on consistency which will take about 2 years to be complete, however accounting regulations are being followed.

## **7. Attorney's Report**

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

## **8. CEO's Report**

### **Board Meeting Updates:**

- Non-sufficient fund policy was discussed.
- Bill Miller will amend the Form 990 to clarify the By-Law.

### **Current Activities**

- Attended an Industrial meeting with the city of Hugo, Choctaw Nation and WFEC.
- Working on Insurance renewal for property, liability, D & O, Automobile and cyber.
- Mr. Duncan prepared a presentation on the Hochatown substation which is an Action item.

A motion was made by Mr. Ranger to move to Agenda Item 10, Hochatown substation Project. The motion was seconded by Mr. Woolsey. The motion was affirmatively voted upon by all. The Motion carried.

## **9. Executive Session –Legal Matters and Contracts**

President Brent Franks announced the board would convene in Executive Session to discuss the Performance Evaluation and Compensation of the CEO, Contract and Legal Matters.

At 12:42 pm Mr. Ranger made a motion to enter executive session.  
The motion was seconded by Mr. Burns. The Motion was carried.

At 3:08 pm, Mr. Woolsey made a motion to exit executive session.  
The motion was seconded by Mr. Autry. The motion was carried.  
The meeting was reconvened in regular session.

Mr. Autry made a motion to modify the CEO salary from \$160,000 per year to \$190,000 per year commence January 1, 2018.  
The motion was seconded by Mr. Burns. The motion was carried.

The Board approved Mr. Duncan and Mrs. Hempsted's recommendation to hire a Finance Specialist.

## **10. Action Items**

### **a. Hochatown Substation**

The board approved the Hochatown Substation Upgrade February 2017.

Bids were received for underground trenching, installation and termination. Mr. Duncan recommends Spartan Resource Group to complete this phase of the upgrade.

A motion was made by Mr. Woolsey to accept the bid from Spartan Resource Group to complete the underground work for Hochatown substation project. The motion was seconded by Mr. Autry. The motion was affirmatively voted upon by all. The Motion carried.

Bids were received for Highway Boring portion of the project. Mr. Duncan recommends Lone Hickory Cattle, LLC to complete this phase of the Hochatown substation project.

A motion was made by Mr. Burns to accept the bid from Lone Hickory Cattle, LLC to complete the highway boring for Hochatown substation project. The motion was seconded by Mr. Ranger. The motion was affirmatively voted upon by all. The Motion carried.

Mr. Autry made a motion to continue to Agenda Item number 11, Resolutions. The motion was seconded by Mr. Silk. The motion was affirmatively voted upon by all. The motion carried.

## **11. Resolutions**

### **b. Clarifying Resolution of the NRECA 401(k) Pension plan and RS Plan**

Resolution 2017-16 was presented at the October 31, 2017 board meeting and approved establishing a new Retirement and Security (RS) and 401(k) plan for employees hired on or after January 1, 2018. The October minutes did not provide NRECA Compliance enough detail. Rather than amending the October minutes a new Resolution with clarifying detail was brought before the Board for approval.

Mr. Burns made a motion to vacate Resolution 2017-16. The motion was seconded by Mr. Woolsey. The motion was affirmatively voted upon by all. The motion carried.

Mr. Ranger made a motion to approve the Clarifying Resolution 2017-17. The motion was seconded by Mr. Autry. The motion was affirmatively voted upon by all. The motion carried.

Resolution 2017-17 was adopted as follows: Effective January 1, 2018, any employee hired, rehired or transferred from another participating system to the cooperative shall be ineligible to participate in the RS Plan and 401(k) Plan offered to employees hired, rehired or transferred to the cooperative before January 1, 2018. Employees hired, rehired or transferred to the cooperative on or after January 1, 2018 shall be eligible to participate in the RS Plan and the 401(k) Plan under 37030-003.

## **12 OAEC Report**

Mr. Silk advised of the approaching Director's Association meeting February 4-5 in Oklahoma City. The event will involve a Director's meeting, OAEC meeting, Board Chair Training and "Out of the Gate" Legislative Reception. The Legislative Reception is a good opportunity to meet State Legislatures and Mr. Silk encouraged board members to attend.

Mr. Ranger made a motion to approve Mr. Silk, Mr. Autry and Mr. Franks to attend the Director's Association meeting and board training with expenses paid. The motion was seconded by Mr. Woolsey. The motion was affirmatively voted upon by all. The motion carried.

Mr. Autry indicated he will attend the meeting and pay his own expenses.

**13. WFEC Report**

Mr. Burns reviewed a WFEC Wholesale vs. IOU” s Residential Comparison report. The report included WFEC wholesale billing vs. IOU’s residential rate and a Comparison of 2016 Average Cost of power.

**14. New Business**

Mr. Burns made a motion to review Purchase Order for Line Material. The motion was seconded by Mr. Woolsey. The motion was affirmatively voted upon by all. The motion carried.

November Invoices and Purchase orders for Line Material was reviewed by the Board. Mr. Duncan went through the warehouse procedure for approval, receiving, inventory and removal of line material.

Mr. Burns requested that the Credit Card procedure be reviewed in January.

**15. Adjourn**


At 3:35 pm, Mr. Ranger made a motion to adjourn. Mr. Burns seconded the motion and affirmatively voted upon by all. The motion carried.

**Board Expenses Reported December 1, 2017 to December 30, 2017**

George Burns	\$64.20
Joe Silk	\$777.33
Norman Ranger	\$607.78
Bill Woolsey	\$582.10
Ken Autry	\$601.90
Stacy Nichols	\$652.72
Brent Franks	\$582.10

  
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President

1-30-18  
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Secretary/Treasurer

1/30/18  
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