

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 October 31, 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

Norman Ranger, District F
Brent Franks, District G
Mike Brewer, District H
Ken Autry, District I

Becky Franks was 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 and Ms. Debbie Cody of Ft. Towson were introduced.

Mr. Moffatt was then asked to address the board about meter base surge protectors. He and other members in his area have experienced appliance and electronics damage due to surges or lightening. The cost of the product is \$85 plus shipping. It has a 15-year warranty if purchased through an electric cooperative.

Mr. Duncan has researched the product and there are positive and negative reasons for installing this type of surge protector. The warranty excludes well pumps and several types of electronic equipment and the device does not protect against lightning strikes.

Mr. Moffatt indicated that a product representative would be willing to address the board and answer any questions the board has about the surge protector product.

The board is in support of Mr. Moffatt's recommendation. However, based upon various issues including installation of the product, release of liability, and the products protection for household appliances and electronics, the board recommended that Mr. Duncan and Mr. Moffatt research other surge protector products and present to the board when further information is available.

4. Election of WFEC Alternate Representative

On nominations duly made and seconded, the 2017 – 2018 WFEC Alternate Representative for Choctaw Electric Cooperative was not elected due to a tie vote. This election was tabled until the November Regular Board Meeting.

5. Consent Items

- a. September 26, 2017 Regular Board Meeting minutes.
- b. September 2016 Write-Off for uncollected accounts.

Mr. Burns made a motion to approve the September 26, 2017 Regular Board Meeting minutes and the September 2016 Write-Off for uncollected accounts. The motion was seconded by Mr. Brewer. A Roll Call Vote was taken.

Aye votes - 8

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

- Several Hochatown construction projects are in the final stages of completion.
- Lee Pole Inspection finished their inspection quota of 6000 poles for 2016 with roughly 600 poles deemed bad.
- Jake Johnson has implemented a tagged identification process for underground cable in the Hochatown area. This process will be easier to locate cabin outages.

- There have been some tampering issues.
- Working with Tyson Foods and Smith Stone on an expansion project.
- ODOT has approved the new feeder from the Hochatown sub to cross Hwy 259.
- Currently 2 crews are working buckets in the antlers area and will be moving toward Raymond Gary Lake.
- In the Hochatown area construction contractors have completed Lost Creek West development and currently working the Lost Creek underground project. A new construction contractor has begun work on Pine Hill Northwest project.

B. Right of Way and Service Quality

- The bottoms near Eagleton has dried up enough so that the NRS Right of Way contract crews can work around the Mt. River sub area.
- Asplundh should have the Sawyer sub area completed by the end of December.
- In-house Right-of-Way crews have completed spraying about 500 miles of the CEC service area.
- Developments in Hochatown are being inspected for reimbursements according to CEC policy. Mr. Duncan expressed these refunds need to be taken into the 2018 budget consideration.
- Diamond T Trailer relocated facilities and increased service capacity.
- Jay Hodge Dodge 3-phase project has been completed.

C. Safety and Technical Operations

- No lost time accidents have occurred for 223 days. Mr. Duncan commended our crews for their safety record considering the number of outages due to storms that have occurred and hours worked.

D. Customer Service and Billing

- Small Claims Action for Pushmataha County resulted in total judgments of \$6,824.65.
- Clayton kiosk is up and running. Members have been notified through Facebook posts, the newsletter, and bill messages. Members in the Clayton area will also receive a mailing from US Payments advising them of the kiosk.
- The Smithville kiosk is still in progress.

E. Member Services

- Member Services is attending Community Lunches at Senior Citizens Center in our service area.
- Working on 2018 Large Power contracts.
- 2018 Member Appreciation Day has been scheduled.

Wednesday, April 11 – Antlers

Thursday, April 12, Hugo

Friday, April 13, Idabel

Upon completion of Department Reports action was taken on the 2018 Annual Meeting location and date.

Mr. Woolsey made a motion to hold the 2018 Annual Meeting September 22, 2018 at the Larry Brinkley Event Center located at the McCurtain County Fairgrounds in Idabel. The motion was seconded by Mr. Autry and affirmatively voted upon by all. The Motion carried.

7. Financial Report

Form 7, WFE Power Bill

Tiffany Hempsted gave the September 2017 Form 7 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.

- The monthly revenue from electric sales was down for August 2017.
- WFE September power cost was; 1,998,471, Average cost per kWh. 0.0525,
- Number of meters; 2017 - 18,880,
2016 - 18,583.
- Cash Management
 - Beginning Balance Cash and Short-Term Investment \$1,723,049
 - Ending Balance Cash and Short-Term Investment \$768,963
 - Increase/Decrease (\$954,086)
- Summary of Loan Obligations
 - YTD Ending Balance: CFC - \$21,858,448, CoBank/Other - \$30,846,025

A brief question and answer period ensued after the Financial Report.

The increase in Line Loss was mentioned. Mr. Duncan advised this was possibly due to Right of Way issues.

Mr. Duncan also informed the board that Choctaw Electric has not had to draw down funds. We are managing with finances at hand.

Review of Check Register

The check register was reviewed.

2018 Budget Review

Mrs. Hempsted reviewed the 2018 CEC Budget which is in progress. Completed sections of the budget include:

- Revenue and Power Cost
- Employee Expenses

The remaining sections to be completed are:

- Transportation, Equipment & Stores
- Capital Plant Expenditures
- Operating Expenses

Mrs. Hempsted has discovered accounting errors in historical years. She is consulting with auditors and receiving recommendations as to correcting the processes going forward.

The completed 2018 Budget will be presented at the November 28, 2017 Board Meeting.

8. Attorney's Report

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

9. CEO's Report

Board Meeting Updates:

- Call To Order issues have been resolved.
- Notifications in the newsletter and bill inserts are being sent to members advising the need of a physical address for each meter.

- Internal and external Delegation of Authority process is being adopted.

Current Activities

- Mr. Duncan attended the OAEC Board Meeting and the WFEC Committee Meeting. At the OAEC meeting managers were given an update on the International Project in Guatemala. Darrin Frazier, CEC Construction Foreman was involved in the project. Mr. Frazier will be speaking to the Board about his experiences later.

At the WFEC Committee Meeting an update was given by the Oklahoma Corporation Commissions Public Utility Division. The commission would like to visit electric coops in Oklahoma and introduce themselves to board members. A date will be scheduled for their visit.

- WFEC Residential Demand Workshop. This was a beneficial and informative workshop.
- Year to Date Estate Capital Credits is \$307,811 and Unclaimed capital credits is \$111,907.93.

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 10:45 am Mr. Burns made a motion to enter executive session.

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

Mr. Duncan, Mr. Wolf, Mrs. Hempsted and Mrs. Boling was asked to remain during Executive Session.

At 11:55 am, Mr. Ranger made a motion to exit executive session.

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

The meeting was reconvened in regular session.

11. Action Items

a. Health Insurance Policy.

Mr. Burns made a motion to modify the existing health insurance policy made in May 2017 by Mr. Nichols by removing supplemental insurance available to retired employees and spouses, effective at the next open enrollment in October 2017 to

be effective January 1, 2018.

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

Mr. Brewer made a motion to modify the existing health insurance plan to discontinue coverage options available to all dependents once the retired employee reaches Medicare eligibility effective January 1, 2018.

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

b. Health Insurance Renewal

Mr. Autry made a motion to renew the health care plan with Kempton and to modify the Standard Healthcare Plan by increasing the deductible, establish a High Deductible Healthcare Plan, and establish a Health Savings Account for employees who choose to participate in the High Deductible Healthcare Plan.

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

c. RS Plan – New Employees

Mr. Burns made a motion to establish a new Retirement and Security and 401k Plan for employees hired on or after January 1, 2018 and amend the current plan to exclude employees hired on or after January 1, 2018 and to authorize and direct Kooney Duncan, CEO to execute all necessary documents and to take all further actions necessary to carry out the amendment of the current plan and adoption of the new plan(s).

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

d. Salary and Wages

Mr. Ranger made a motion to increase the total 2017 annual base salary for non-union employees and non-CEO by 3.5% effective January 1, 2018.

The motion was seconded by Mr. Woolsey and affirmatively voted upon by all. The Motion carried.

e. CFC Line of Credit – As Offered

Mr. Woolsey made a motion to split the guaranteed line of credit into two separate \$5,000,000 lines. The motion was seconded by Mr. Silk and affirmatively voted upon by all. The Motion carried.

f. Broken Bow Lake Easement

Mr. Autry made a motion to renew the Broken Bow Lake Easement with the Corp of Engineers. The motion was seconded by Mr. Brewer and affirmatively voted upon by all. The Motion carried.

12. OAEC Report

Mr. Silk gave a brief report. He informed the board Broadband for rural areas in the state is being emphasized. Other topics discussed was promoting electrification, protecting rural development projects, rate class and policies.

13. WFEC Report

Mr. Burns gave his report. Natural gas combustion turbines are being looked at for future generation. He advised the board of the new Moore office project. He will have complete information next month to give to the board.

14. New Business

- a. Mrs. Hempsted informed the board that she will have a draft of the Form 990 next month. The draft has been completed, however Mrs. Hempsted wants to review it before presenting to the board. The final copy will be filed prior to the next board meeting.
- b. Mr. Ranger requested to attend training in Nashville during the first week of December. He needs 3 classes to achieve Director Gold. Mr. Ranger indicated he will be in Nashville on a business trip for Kiamichi Technology Center and the training dates will coincide with this trip. Since he will be traveling on business there would be no transportation charges.

A consensus was taken by the board: Yes – 7 No – 1

Mr. Burns made a motion to approve Mr. Ranger attending the class in Nashville to attain Director Gold. The motion was seconded by Mr. Nichols.

Roll call vote was taken;

Aye votes - 7 Nay - 1. The motion carried.

15. Adjourn


At 1:47 pm, Mr. Nichols made a motion to adjourn. The motion was seconded by Mr. Burns and affirmatively voted upon by all. The motion carried.

Board Expenses Reported October 1, 2017 to October 31, 2017


Mike Brewer	\$550.00
George Burns	\$128.40
Joe Silk	\$1,059.23
Norman Ranger	\$607.78
Bill Woolsey	\$582.10
Becky Franks	\$00
Ken Autry	\$1,190.62
Stacy Nichols	\$652.72
Brent Franks	\$882.10



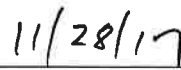
President



Date



Secretary/Treasurer



Date