

**CHOCTAW ELECTRIC COOPERATIVE**  
**Regular Meeting of the Board of Trustees**  
**Held in the Board Room of CEC in Hugo Oklahoma**  
**February 27, 2018 - 9:00 am**  
**AGENDA**

1.	Meeting Called to Order & Roll Call	<i>Brent Franks</i>	
2.	Invocation & Pledge of Allegiance		
3.	Introduction of Guests	<i>Brent Franks</i>	
4.	Consent Items a. Approval of January 30, 2018 Board Minutes b. Authorization to Write off Uncollected Accounts for January 2017		<i>Action Action</i>
5.	Department Reports a. Service & Construction b. ROW & Service Quality c. Safety & Technical Operations d. Customer Service & Billing e. Member Services	<i>Kooney Duncan</i>	
6.	Financial Reports a. Financial Presentation b. Form 7 c. WFEC Power Bill d. Review of Check Register	<i>Tiffany Hempsted</i>	<i>For Review</i>
7.	Quality Management Report a. Loan Portfolio Review		
8.	Attorney's Report	<i>Frank Wolf</i>	
9.	CEO Report	<i>Kooney Duncan</i>	
10.	Executive Session Contracts, Legal Matters		
11.	Action Items a. Pine Hill North b. 2018 Right of Way Contracts c. Sawyer Feeder 1 and 2 d. Insurance Settlement for Flex Track e. Purchase Replacement Flex Track f. Purple Wave Auction Items g. Schedule Date for Strategic Planning Meeting		
12.	Raymond James Financial Review	<i>Craven Green</i>	
13.	OAEC Report	<i>Joe Silk</i>	
14.	WFEC Report	<i>George Burns</i>	
15.	New Business		
16.	Adjournment		

**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 February 27, 2018

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

The following Trustees were present:

Brent Franks, District G	Stacy Nichols, District C
Joe M. Silk, District B	Bill Woolsey, District D
Mike Brewer, District H	Becky Franks, District E
George Burns, District A	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**

Guests present were Choctaw Electric members;

Debbie Cody	Billie Felker
Scott Redlin	Misti Lytle

**4. Consent Items**

- a. Approval of January 30, 2018 Regular Board Meeting minutes.
- b. Authorization to Write-Off uncollected accounts for January 2017.

Mr. Autry made a motion to approve the January 30, 2018 Regular Board Meeting minutes. The motion was seconded by Mr. Brewer.

The motion was affirmatively voted upon by all. The Motion carried.  
Authorization to Write-Off the uncollected accounts will be discussed under New Business

## **5. Department Reports**

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

### **A. Service and Construction**

- Construction crews worked several outages due to storms.
- Service crews worked a total of 424 cases.
- Two crews were sent to Southeastern Electric Coop to help with mutual aid storm damage.
- The Engineering department is continuing work on a Disaster Recovery Plan that meets FEMA guidelines.
- Continuing work on an aerial cable system to span across Mt. Fork River at Broken Bow Dam.
- Completed the RK Hall/Smith Stone Quarry line extension.
- Working on the Idabel Choctaw Nation Wellness Center expansion.

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

- Right of Way projects will be discussed under Action items.

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

- Choctaw Electric Cooperative has had no lost time accidents in 343 days.
- DOT physicals took place.
- Working on some TWACS system issues.

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

- Ten accounts were filed in McCurtain County for Small Claims Action. CEC received a total of \$4,047.59 in judgments. Next month, year to date Small Claims totals will be available.
- There were 1507 48-hour cut-Off Notices/Courtesy Calls for billing cycles 1 – 4.

- Incoming calls taken for the month was 4,759, an average of 216 daily.

There was discussion concerning the procedure for disconnects and pay arrangements.

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

- Continuing to distribute account number and location information for individual cabins in Hochatown. This process will help implement faster response time during an outage.
- The Blink Report is continuing.
- There were 55 high usage phone calls received and 18 energy audits.
- Using the Consumption Report, the MRPR Department contacted 30 members concerning non-billed high usage.

### **6. Financial Report**

#### **Form 7, WFECE Power Bill**

Tiffany Hempsted gave the January 2018 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 \$4,426,945
- Cost of Power \$2,666,206
- Operations and Maintenance \$538,271
- Administration and General Expense \$203,197
- Interest on LTD \$191,979
- Patronage Capital and Operating Margins \$303,718
- Residential, Industrial and Seasonal sales are up
- Our customer base increased by 210 members.
- Revenue from electric sales \$4,564,263
- Total number of meters 18,950
- YTD Equity Ratio 47.5%
- 12-Month Average Rolling YTD Line Loss 6.82%

Mr. Franks inquired if there were any questions before proceeding to the Quality Management Report. As there were no questions Mr. Duncan and Mrs. Hempsted proceeded with the Loan

Portfolio Review.

## **7. Quality Management Report**

### **a. Loan Portfolio Review**

Mr. Duncan and Mrs. Hempsted presented a summary on long-term and short-term debt. In 2014 the total CEC debt was \$70,513,839.05. In 2017 the total debt has been reduced by \$17,632,582.11 or 25%.

Mr. Duncan described how monies have been used for projects to increase reliability to our members. He described how we are not only paying down debt, CEC is working and growing.

- Hochatown substation upgrade
- In-house Right-of-Way spray crew and equipment
- Paying Estate and Unclaimed capital credits
- Over \$2 million in projects and improvements in 2017.
- At End-of-Year 2012, the total number of full-time employees was 86. End-of-Year 2017, there were 67 full-time employees.
- Hochatown growth and development.

### **Review of Check Register**

After the Quality Management Report Mr. Burns made a motion to return to Item number 6d. Review of the Check Register. The motion was seconded by Mr. Silk.

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

Mrs. Franks asked for clarification of some items in the check register. Mr. Duncan and Mrs. Hempsted clarified the checks in question.

## **8. Attorney's Report**

Mr. Wolf advised the board he did not have anything to report.

## **9. CEO Report**

### **Current Activities**

- Mr. Duncan attended the OAEC Directors Association Meeting, as did Mr. Silk, Mr. Autry. And Mr. Franks. Cooperative governance was the highlight of the meeting and in what way cooperatives can be proactive.
- Departments are continuing to meet and develop a Disaster Recovery Plan.
- Mr. Duncan advised the Board of the Strategic Plan and Individual Department Work

Plans that is near completion. Special Board Meeting will be scheduled in March with CEC employees finalizing the Strategic Plan. The date for the Special Meeting will be determined under Action Items.

- Bid packets have been sent for replacing 257 poles at Nashoba Feeder 1 and 3.
- CEC staff are continuing to make adjustments to the Work Order Process and documentation.
- The framework for CEC policies has been developed. The first meeting with committee took place in February. Mr. Duncan would like to schedule another meeting with the committee sometime in March.

## **10. Executive Session**

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

At 10:57 am, Mr. Burns made a motion to enter executive session.

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

At 11:22 am, Mr. Burns made a motion to exit executive session.

The motion was seconded by Mrs. Franks. The motion carried.

The meeting was reconvened in regular session.

## **11. Action Items**

### **a. Pine Hill North**

Bid packets for Pine Hill North, a 48-lot development was sent to 5 potential bidders January 31, 2018. The closing date for bids to be received was February 21, 2018. Cost estimate for the total project is \$166,130.88. Construction-in-aid has been paid by the developer. Mr. Duncan recommended the bid be awarded to Imperium Utility Services based upon Work Order estimates and Labor bids submitted by the contractor.

Mr. Ranger made a motion to award Pine Hill North project to Imperium Utility Services based upon Work Order estimates and Labor bid from the contractor.

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

The motion carried.

**b. 2008 Right-of-Way Contracts**

The 2018 Right-Of-Way Clearing is approximately 200 miles located around Rattan Sub Feeder 1 and Darwin Sub Feeder 2. Bid packets were sent to 5 potential bidders January 12, 2018. The closing date for bids to be received was February 9, 2018. Mr. Duncan recommended the bid be awarded to Riggs Tree Service based upon pricing.

Mrs. Franks made a motion to award the 2018 Right-of-Way Clearing project to Riggs Tree Service. The motion was seconded by Mr. Woolsey. The motion was affirmatively voted upon by all.

The motion carried.

**c. Sawyer Feeder 1 and 2**

Mr. Duncan requested authorization to seek a contract release from the current Right-of-Way contractor clearing Sawyer Sub. Feeders 3 and 4 are complete. It has been about a month and a half since any Right-of-Way work has taken place by the contractor. The reason being a shortage of workers. The contractor indicated work will resume no later than March 31, 2018 on Feeders 1 and 2. The cost for the reaming project is \$185,900.

Mr. Brewer made a motion to authorize Mr. Duncan to move forward with another qualified Right-of-Way contractor upon contract release form the current contractor and complete the remaining work on Sawyer Sub Feeder 1 and 2 for the contract not to exceed the amount of \$185,900.

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

The motion carried.

**d. Insurance Settlement for Flex Track**

In July 2017 the Choctaw Electric Flex Track Digger and trailer slid in the ditch caused by the asphalt caving in due to the recent floods. Insurance settlement was negotiated with Zurich.

Mr. Duncan recommended accepting the Insurance Settlement Proposal from Zurich for \$201,000 minus \$1,000 deductible.

Mr. Nichols made a motion to accept the Insurance Settlement from Zurich for \$201,000 minus \$1,000 deductible.

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

The motion carried.

**e. Purchase Replacement Flex Track**

Choctaw Electric leased a 2016 Flex Track Digger August 2017 with an option to purchase at an estimated cost of \$269,000. In the last few weeks there have been some electrical issues with the Flex Track Digger. Mr. Duncan recommend two options for replacement of the Flex Track Digger.

Option 1 – Purchase the current Flex Track Digger if electrical issues can be resolved.

Option 2 – If electrical issues cannot be resolved, purchase a new unit with purchase prices being brought to Board for approval.

Mr. Ranger made a motion to research and test the Track Diggers electrical issues for on-going and problematic repairs and have purchase prices for a new replacement unit available at the next board meeting.

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

The motion carried.

**f. Purple Wave Auction Items**

Mr. Duncan recommended auctioning surplus vehicles and several pieces of equipment using Purple Wave online auction.

Mr. Autry made a motion to use Purple Wave online auction to sell the equipment.

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

The motion carried.

**g. Schedule Date for Strategic Planning Meeting**

Several dates were discussed to schedule the 2018 Strategic Planning Meeting with the Board and CEC Department Supervisors.

Mr. Autry made a motion the 2018 Strategic Planning Meeting take place Tuesday, March 6, 2018 at 12:00 p.m. in the Board Room at the Hugo office.

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



The motion carried.

**12. Raymond James Financial Review**

Craven Green, Investment Executive, and his associate, George Wolf, gave the board a review of investment performance with Raymond James Financial Services.

**13. OAEC Report**

Mr. Silk gave a report on the OAEC Directors Meeting held in Oklahoma City in February. Mr. Duncan, Mr. Franks and Mr. Autry also attended the meeting.

The Fund Raiser banquet for the Oklahoma Energy Trails Project raised \$36,000. This OAEC International project is a model for the nation and OAEC will be partnering with a Colorado electric cooperative for the next mission to Guatemala.

Out of the Gate Legislative Event and other workshops were excellent and very informative.

**14. WFEC Report**

Mr. Burns gave a report on the R-16 tariff.

**15. New Business**

- a. A motion was made by Mr. Silk to rescind the approval of the December 2016 Uncollectable Write-Off Accounts that was made at the January 30, 2018 board meeting.

The motion was seconded by Mr. Nichols.

The motion was affirmatively voted upon by all.

The motion carried.

- b. Mr. Burns requested a Timeline of Corrections since the new board has been seated. A committee was appointed:

George Burns	Mike Brewer	Bill Woolsey
Becky Franks	Joe Silk	

The committee will research the corrections and have a report at the March board meeting.

**Adjourn**

At 2:15 pm, Mr. Ranger made a motion to adjourn. Mrs. Franks seconded the motion. The motion was affirmatively voted upon by all. The motion carried.

Board Expenses Reported February 1, 2018 to February 28, 2018

Mike Brewer	\$600.00
George Burns	\$65.40
Joe Silk	\$984.63
Norman Ranger	\$608.86
Bill Woolsey	\$582.70
Becky Franks	\$577.25
Ken Autry	\$705.74
Brent Franks	\$732.70
Stacy Nichols	\$635.02

  
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President

3-27-18  
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Date

  
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Secretary/Treasurer

3/27/18  
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Date