

**CHOCTAW ELECTRIC COOPERATIVE**  
**Regular Meeting of the Board of Trustees**  
**Held in the Board Room of CEC in Hugo Oklahoma**  
**July 31, 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 June 26, 2018 Board Minutes b. Authorization to Write off Uncollected Accounts for June 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. Equity & Ratio Update c. Form 7 d. WFEC Power Bill e. Review of Check Register	<i>Tiffany Hempsted</i>	<i>For Review</i>
7.	Quality Management Report a. Credit Card Statement	<i>Kooney Duncan</i>	
8.	CEC Policy Review	<i>Kooney Duncan</i>	
9.	Attorney's Report	<i>Frank Wolf</i>	
10.	CEO Report a. Purple Wave Update b. Workers' Comp. Report	<i>Kooney Duncan</i>	
11.	Executive Session Legal Matters, Contracts		
12.	Action Items a. Proposed Bylaw Amendments		
13.	WFEC Report	<i>George Burns</i>	
14.	New Business		
15.	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 Trustees of Choctaw Electric Cooperative (CEC) was held in the Board Room of the Cooperative in Hugo, Oklahoma on July 31, 2018

**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  
Norman Ranger, District F  
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, J. Frank Wolf, III 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**

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

**3. Introduction of Guests**

Mr. Franks welcomed CEC members Debbie Cody, Judy Bell and Perry Thompson, Jr.

**4. Consent Items**

**A. Approval of June 2018 Regular Board Meeting Minutes.**

Mr. Burns made a motion to approve the June 26, 2018 Regular Board Meeting minutes. The motion was seconded by Mr. Ranger. The motion was affirmatively voted upon by all. The Motion carried.

**B. Authorization to Write-Off uncollected accounts for June 2017.**

Mr. Woolsey made a motion to approve the Write-Off of Uncollected Accounts for June 2017. The motion was seconded by Mr. Brewer. 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**

- Broken Bow Dam Spillway Project is progressing
- Camp Ranch Road 3-phase is progressing.
- West side crews completed 29 construction projects
- East side crews completed 26 construction projects
- East and west service crews worked 485 cases.
- A total of 51 jobs were staked and 49 jobs released for construction

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

- Right-of-Way at the Valliant Sub Feeder 2 is nearing completion.
- Spraying is taking place in the Redland and Felker communities.
- Contract crews continue working on Rattan Sub Feeder on Ethel Road North.
- Contract crews will begin cutting in the Haworth area.

Right-of-Way cut in 2017 was approximately 500 vehicle miles. Projected Right-of-Way cut in 2018, is 700 vehicle miles.

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

- No lost time accidents for 496 days
- Testing and repairing closers
- Installed a new repeater on Carter Mountain radio tower.
- Rebuilt the management tool on the metering system.

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

- Worked 1257 service orders.
- A combined total of 4,453 office transactions taken for 3 offices.
- Continue to monitor tampering
- The number Kiosk payments in Smithville and Clayton is improving

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

- Involved in several school and community projects
- Planning for fair booths at the County Fairs
- Energy audits are ongoing.

Following the department reports Mr. Ranger gave a summary of the CoBank Meeting that he, Mr. Burns and Mr. Franks attended.

### **6. Financial Report**

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

Tiffany Hempsted gave the June 2018 Financial Presentation.

- The Form 7
  - YTD Revenue \$22,647,094
  - Patronage Capital and Operating Margins thru June \$1,467,210
  - YTD Operating Margins \$1,467,210
  - Revenue from Electric Sales for June \$3,992,611
  - Total active services 19,058
- WFEC Cost of Power
  - June kWh Purchased 45,013,132
  - June Power Cost \$2,468,136
  - June Average Cost per kWh \$0.0548
- CEC Equity and the 2017 KRTA report was discussed.

At the end of the Finance Report, Mr. Duncan reviewed the WFEC Power Bill.

## **7. Quality Management Report**

### **A. CEC Credit Card accounts**

Mr. Duncan gave the process and procedures for the credit card accounts.

## **8. CEC Policy Review**

Mr. Duncan and Jen Parker, CEC HR and Benefits Specialist reviewed policy revisions. Board action on policy will take place at the August meeting.

## **9. Attorney's Report**

Mr. Wolf advised the Board he had nothing to discuss.

## **10. CEO Report**

### **Current Activities**

- Workers Compensation Report was given.
- Purple Wave Auction Update: The GMC Chipper did not sell at auction. Repairs will be made to the truck and used as a back-up.
- WFEC has called 3 Peak Days, July 19, 20<sup>th</sup> and 21<sup>st</sup>. These days could possibly be used for our wholesale billing determinates for 2019.
- Reviewing 2018 year to date kWh and kW. This allows us to forecast the impact our 2018 usage will have on our 2019 wholesale cost of power.
- Staff working on the Annual Meeting Election Packet documents.
- Staff is working on a plan to review outages and offer feedback for better response time.
- New Bill design has been well received
- General Capital Credit Retirement will begin in August for the years 1988-Co-op and 1993-WFEC.
- All Estate Capital Credits have been paid to date.

## **11. Executive Session**

President Brent Franks announced the board would convene in Executive Session to discuss legal matters, contracts and By-laws.

At 11:30 am, Mr. Ranger made a motion to enter executive session. The motion was seconded by Mr. Woolsey. The motion carried.

At 1:06 pm, Mr. Burns made a motion to exit executive session. The motion was seconded by Mr. Ranger. The motion carried.

The meeting was reconvened in regular session.

## **12. Action Items**

### **a. Proposed Bylaw Amendments**

1. **Article I: Membership - Section 1.06 Purchase of Electric Power and Energy.** The Attorney's opinion views these additions to subsection (c) IV and V to be illegal and discriminatory.
  - (a) In an effort to promote renewable energy, the Cooperative shall, at minimum,
    - i. Credit the Member for any/all excess kilowatt hours at the retail rate.
    - ii. Allow any/all excess kilowatt hours to be credited to the next billing period for 12 months.
    - iii. Allow the Member to designate the starting month of the 12-month billing period

#### **Section 1.06 (c) iv. and v. Language Added.**

**iv. Allow the Member to apply any/all excess kilowatt hours credit to any meter associated with that Member.**

**v. Never impose additional tariffs, surcharges, rates or fees to a Member in relation to that Member having distributed generation.**

The Board takes the position of disapproval for this bylaw.

Mr. Woolsey made a motion on the boards position to disapprove this bylaw amendment per the attorney's opinion being illegal and discriminatory and it will not be submitted for a majority vote of the members as it is written. The motion was seconded by Mr. Burns. The motion was affirmatively voted upon by all. The motion carried.

### **2. Article I: Membership – Section 1.06 Purchase of Electric Power and Energy**

(a) Each Member shall, as soon as electric energy service shall be available, purchase from the Cooperative all electric energy used on the premises specified in the Application for Service and Membership, except in such cases as a Member may have interconnected his/her own generation resource with the Cooperative, and shall pay therefore at rates which shall be fixed by the Board. Each Member shall pay all amounts owed to the Cooperative as and when the same shall become due and payable.

(b) The Cooperative shall use its best efforts to furnish its members with adequate and dependable electric service, although it cannot, and therefore does not, guarantee a continuous and uninterrupted supply of electricity.

~~(c) In an effort to promote renewable energy, the Cooperative shall, at minimum,~~

- ~~i. credit the Member for any/all excess kilowatt hours at the retail rate~~
- ~~ii. Allow any/all excess kilowatt hours to be credited to the next billing period for 12 months.~~
- ~~iii. Allow the Member to designate the starting month of the 12-month billing period.~~

- (c). **Recognizing the increase in and presence of renewable energy resources, the Cooperative's Board of Trustees, acknowledging its fiduciary responsibilities to all members of the Cooperative, will develop rates, service rules and regulations, and policies which treat each case on an individual and non-discriminatory basis, balancing the interests of individual members who want to install renewable energy facilities with the overall financial good of the entire membership.**

The Board takes the position of approval for this bylaw.

Mr. Burns made a motion on the boards position to approve this bylaw and submit for a majority vote of the members. The motion was seconded by Mr. Brewer. The motion was affirmatively voted upon by all. The motion carried.

### **3. Article III: Meeting of Members – Section 3.03 Notice of Member Meetings**

Written or printed notice of the place, day and hour of the meeting and, in the case of a special meeting or of an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes of the meeting shall be delivered to each member not less than ten (10) days nor more than twenty-five (25) days prior to the date of the meeting, by any reasonable means, by the Secretary **of the Board.**

The Board takes the position of approval for this bylaw.

Mr. Autry made a motion on the boards position to approve this bylaw and submit for a majority vote of the members. The motion was seconded by Mr. Nichols. The motion was affirmatively voted upon by all. The motion carried.

### **4. Article IV: Trustees – Section 4.02 (a) Qualifications**

No person shall be eligible to become or remain a trustee of the Cooperative or to hold any other position of trust in the Cooperative who:

- (a) is a close relative of an incumbent trustee or of an employee of the Cooperative or **as is used in these Bylaws, "close relative" means a person who by blood, or in-law, including step and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew, or niece of the principal up to but not including niece-in-law and nephew-in-law. (Currently in Section 4.13 "Close Relative" Defined**

The bylaw amendment was drafted and submitted by Debbie Cody. She requested before the Board, the amendment be withdrawn as per the Attorney's opinion; "close relative" applies to more than qualifications and should remain in the existing bylaw section 4.13.

The Board takes the position to withdraw the bylaw as requested by Debbie Cody.



Mr. Nichols made a motion to withdraw this Bylaw as requested by Mrs. Cody and not submit for a majority vote of the members. The motion was seconded by Mr. Autry. The motion was affirmatively voted upon by all. The motion carried.

**5. Article IV: Trustees – Section 4.02 (b) (c) (d) Qualifications**

No person shall be eligible to become or remain a trustee of the Cooperative or to hold any other position of trust in the Cooperative who:

(b) is not a member of the Cooperative for at least 1 (one) year and receiving service there from at his primary residential abode ~~or~~ **within the district which he or she is to represent;**

~~(c) is not a bona fide resident of the particular district which he is to represent or;~~

~~(d) (c) is not at least twenty-one (21) years of age; does not have at least a high school diploma or GED equivalent for those individuals born in 1950 or thereafter, or is or has been within the past sixty months, in any way employed by or financially interested in the cooperative or in a competing enterprise, or a business selling electric energy or supplies, or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to, among others, the members of the Cooperative, or;~~

**(d) does not have at least a high school diploma or GED equivalent;**

**(e) or is or has been within the past sixty months, in any way employed by or financially interested in the cooperative or in a competing enterprise or;**

The Board takes the position of approval for this bylaw.

Mr. Burns made a motion on the boards position to approve this bylaw and submit for a majority vote of the members. The motion was seconded by Mr. Silk. The motion was affirmatively voted upon by all. The motion carried.

**6. Article IV: Trustees – Section 4.02 (e) and (f) Qualifications**

No person shall be eligible to become or remain a trustee of the Cooperative or to hold any other position of trust in the Cooperative who:

~~e)~~ **e)** is the incumbent or candidate for an elective public office in connection with which a salary or compensation in excess of one hundred dollars per annum is paid or;

~~f)~~ **f)** is a convicted felon or who has pled guilty to a felony or who has pled nolo contendere to a felony charge;

**(f)** is the incumbent or candidate for an elective public office in connection with which a salary or compensation in excess of one hundred dollars per annum is paid or;

**(g)** is a convicted felon or who has pled guilty to a felony or who has pled nolo contendere to a felony charge.

The Board takes the position of approval for this bylaw.

Mr. Autry made a motion on the boards position to approve this bylaw and submit for a majority

vote of the members. The motion was seconded by Mr. Woolsey. The motion was affirmatively voted upon by all. The motion carried.

**7. Article IV: Trustees – Section 4.02 (g) Qualifications**

No person shall be eligible to become or remain a trustee of the Cooperative or to hold any other position of trust in the Cooperative who:

~~g) (h) is not willing to become a certified trustee within the first term of office by participating in **an OAEC or NRECA** a program designed to educate the new board member to the history and business of electric cooperatives. This provision to become effective for Trustees elected in 2003 and thereafter. Upon establishment of the fact that a trustee is holding office in violation of any of the foregoing provisions, it shall immediately become incumbent upon the Board of Trustees to remove such trustee from office.~~

~~Upon establishment of the fact that a nominee for trustee lacks eligibility under this Section or as may be provided elsewhere in these Bylaws, it shall be the duty of the chairman presiding at the meeting at which such nominee would otherwise be voted upon to disqualify such nominee. Upon the establishment of the fact that any person being considered for, or already holding, a trusteeship or other position of trust in the Cooperative lacks eligibility under this Section, it shall be the duty of the Board of Trustees to withhold such position from such person, or to cause him to be removed therefrom, as the case may be. Nothing contained in this Section shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Trustees, unless such action is taken with respect to a matter which is affected by the provisions of this Section and in which one or more of the trustees have an interest adverse to that of the Cooperative~~

**(i) The board will declare a vacancy exists if a trustee does not attend 75% of the regularly scheduled monthly meetings in a consecutive 12-month period starting from election date.**

**(j) Upon establishment of the fact that a trustee is holding office in violation of any of the foregoing provisions, it shall immediately become incumbent upon the Board of Trustees to remove such trustee from office. Upon establishment of the fact that a nominee for trustee lacks eligibility under this Section or as may be provided elsewhere in these Bylaws, it shall be the duty of the chairman presiding at the meeting at which such nominee would otherwise be voted upon to disqualify such nominee. Upon the establishment of the fact that any person being considered for, or already holding, a trusteeship or other position of trust in the Cooperative lacks eligibility under this Section, it shall be the duty of the Board of Trustees to withhold such position from such person, or to cause him to be removed therefrom, as the case may be. Nothing contained in this Section shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Trustees, unless such action is taken with respect to a matter which is affected by the provisions of this Section and in which one or more of the trustees have an interest adverse to that of the Cooperative.**

The Board takes the position of being neutral for this bylaw.



Mr. Autry made a motion on the boards position as being neutral and submit the bylaw for a majority vote of the members. The motion was seconded by Mr. Woolsey. The motion was affirmatively voted upon by all. The motion carried.

**8. Article IV: Trustees – Section 4.04 Tenure**

If for any reason an election of trustees shall not be held at an annual meeting of the members duly fixed and called pursuant to these Bylaws, such election may be held at a subsequently held special **meeting** or at the next annual meeting of the members. No member shall serve as a trustee for more than four (4) terms.

The Board takes the position of approval for this bylaw.

Mr. Nichols made a motion on the boards position to approve this bylaw and submit for a majority vote of the members. The motion was seconded by Mr. Burns. The motion was affirmatively voted upon by all. The motion carried.

**9. Article IV: Trustees – Section 4.06 Nominations**

Not less than sixty days (60) before the opening of the annual meeting of the Cooperative each year, all candidates and nominees for nominations to the office of the trustee shall be by a petition signed by twenty-five (25) members of the voting district for which office of the trustee shall expire and said petition shall be filed with the Secretary **of the Board**. All candidates and nominees must file a signed statement of intent with the Secretary **of the Board**. The secretary shall thereupon cause the name of the candidate and his district to be published in the next issue of the Cooperative newsletter or by any other appropriate means which will inform the membership of the name of the candidate and his district.

The Board takes the position of approval for this bylaw.

Mr. Silk made a motion on the boards position to approve this bylaw and submit for a majority vote of the members. The motion was seconded by Mr. Nichols. The motion was affirmatively voted upon by all. The motion carried.

**10. Article IV: Trustees – Section 4.10 Compensation, Expenses, Indemnification**

For their attendance at meetings of the Board of Trustees, trustees, shall, on a per diem basis, receive such fee as is fixed by the members. The per diem basis of payment is calculated at \$550, for the first per diem each month and then \$50 per day thereafter for all meeting attended within the Cooperative's service area. Per diem for meetings attended out of the Cooperative's service area shall be calculated at \$100.00 per day.

Trustees may participate in cooperative health benefits at their own expense. They shall also receive reimbursement for travel and out of pocket expenses incurred as a result of performing necessary duties relative to their positions as trustee. No trustee or relative of a trustee shall receive compensation for serving the cooperative in any other capacity.

**Trustees will get the current IRS rate for food.**

The Board takes the position of being neutral for this bylaw.

Mr. Burns made a motion on the boards position as being neutral and submit the bylaw for a majority vote of the members. The motion was seconded by Mr. Woolsey. The motion was affirmatively voted upon by all. The motion carried.

**11. Article V: Meeting of Trustees – Section 5.01 Member Right of Attendance**

**Section 5.01 Agenda**

**Agenda must be posted within five (5) business days.**

- a. In the event of an emergency, the Board may meet in good faith and must provide notice in as much time as possible to the membership.**

~~Section 5.01~~ **Section 5.02 Member Right of Attendance**

A member has the right to attend every regular, special, or a called meeting of the Board of Trustees or committees except for Executive Sessions as allowed by this bylaw or by federal or state law.

The Board takes the position of approval for this bylaw.

Mr. Autry made a motion on the boards position to approve this bylaw and submit for a majority vote of the members. The motion was seconded by Mr. Burns. The motion was affirmatively voted upon by all. The motion carried.

**12. Article VI: Officers, Miscellaneous – Section 6:10 CEO/General Manager**

The Board of Trustees may appoint a Chief Executive Officer/General Manager, who may be, but who shall not be required to be, a member of the Cooperative, **who must reside in one of the counties that the Cooperative serves.** Such officer shall perform such duties as the Board of Trustees may from time to time require and shall have such authority as the Board of Trustees may from time to time vest in him.

- (a) The Choctaw Electric Board of Trustees may give the Chief Executive Officer/General Manager no greater than 5% increase in salary or a \$10,000 bonus annually. The Board of Trustees is at their discretion to give either the salary raise, the bonus or nothing.**

The Board takes the position of disapproval for this bylaw.

Mr. Brewer made a motion on the boards position of disapproval of the bylaw and submit it for a majority vote of the members. The motion was seconded by Mr. Burns. The motion was affirmatively voted upon by all. The motion carried.

**13. Article XV: Amendments – Section 15.01 General Provisions**

Each proposed amendment must be examined by an attorney selected by the coop to determine if it violates any state or federal laws. If it violates law it will be returned to the member who proposed it within thirty (30) days for suggested revision to allow conformance to state and federal law. The revised amendment should be returned to the Co-op headquarters no less than forty-five (45) days prior to the election. ~~The revised amendment will be submitted for a majority vote of the members at the election; PROVIDED FURTHER, The Board of Trustees shall not cause any proposed By-Law change to be noticed or acted upon, or permit any amendment to a proposed~~

~~By-Law change to be acted upon, if it determines that such, if adopted, would be illegal or a legal nullity.~~

The Board takes the position of disapproval for this bylaw.

Mr. Nichols made a motion on the boards position of disapproval of the bylaw and submit it for a majority vote of the members. The motion was seconded by Mr. Silk. The motion was affirmatively voted upon by all. The motion carried.

#### **14. Article XV: Amendments – Section 15.01 General Provisions**

Each proposed amendment must be examined by an attorney selected by the coop to determine if it violates any state or federal laws; **and if any proposed amendments will have an adverse financial impact on the Cooperative, the amendment must be approved by a majority of the Cooperative's Board of Trustees.** If it violates law it will be returned to the member who proposed it within thirty (30) days for suggested revision to allow conformance to state and federal law. The revised amendment should be returned to the Co-op headquarters no less than forty-five (45) days prior to the election. The revised amendment will be submitted for a majority vote of the members at the election; PROVIDED FURTHER, The Board of Trustees shall not cause any proposed By-Law change to be noticed or acted upon, or permit any amendment to a proposed By-Law change to be acted upon, if it determines that such, if adopted, would be illegal or a legal nullity

The Board takes the position of approval for this bylaw.

Mr. Silk made a motion on the boards position to approve this bylaw and submit for a majority vote of the members. The motion was seconded by Mr. Woolsey. The motion was affirmatively voted upon by all. The motion carried.

#### **14. WFEC Report**

Mr. Burns gave a brief report.

#### **15. New Business**

Mr. Franks discussed a request for installation of a sound system and football field lights for an area high school outside of CEC service. There was substantial discussion, recommendations and questions. There was no action taken.

#### **15. Adjourn**

At 2:35 pm Mr. Brewer made a motion to adjourn. Mr. Woolsey seconded the motion. The motion was affirmatively voted upon by all. The motion carried.

Board Expenses Reported July 1, 2018 to July 31, 2018

Mike Brewer	\$550.00
George Burns	\$65.40
Joe Silk	\$615.40
Norman Ranger	\$608.86
Bill Woolsey	\$582.70
Ken Autry	\$602.32
Stacy Nichols	\$635.02
Brent Franks	\$1,278.56



\_\_\_\_\_  
President



\_\_\_\_\_  
Date



\_\_\_\_\_  
Secretary/Treasurer



\_\_\_\_\_  
Date