

**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 30, 2019.

**1. Call to Order and Roll Call**

The following trustees were present:

Brent Franks, District G	George Burns, District A	Perry Thompson, District E
Joe M. Silk, District B	Stacy Nichols, District C	Debbie Cody, District F
Mike Brewer, District H	Bill Woolsey, District D	Ken Autry, District I

There being a quorum, President Brent Franks presided and called the meeting to order at 9:00 a.m.

Council for the cooperative, J. Frank Wolf, III was present. Choctaw Electric Cooperative staff present: Kooney Duncan, CEO/General Manager, Tiffany Hempsted, CFO, Jennifer Boling, Executive Assistant, Rickey Bowen, Information System Administrator.

**2. Invocation and Pledge of Allegiance**

Mr. Woolsey gave the invocation followed by the Pledge of Allegiance.

**3. Introduction of Guests**

Judy Bell, CEC member was present.

**4. Consent Items**

**A. Approval of June 25, 2019 Regular Board Meeting Minutes.**

**B. Authorization to Write-Off uncollected accounts for June 2018**

Mr. Burns made a motion to approve the June 25, 2019 Regular Board Meeting minutes, and to Write-Off uncollected accounts for June 2018 totaling \$4,743.65. The motion was seconded by Mrs. Cody. The motion was affirmatively voted upon by all. The Motion carried.

**5. Department Reports**

The following department reports were given by the cooperative's CEO and General Manager, Kooney Duncan:

- Crews assigned to pole change out were pulled to repair storm damage to service area.
- Departments are working on an efficiency plan
- Departments are putting together 2020 budget items

- CEC accounting department and NISC are working on the general capital credit retirement for the end of August mail-out.

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

- Preliminary drawings for the road projects south of Idabel and west of Broken Bow given to ODOT for approval.
- Black Sulphur Canyon approved for reimbursement.
- East and west service crews completed 408 cases.
- East construction crew completed 14 jobs, the west construction crew completed 20 jobs.
- Spray crew has completed Mountain River sub and have begun spraying Sawyer sub.
- Since May 13, there have been 40 bad poles changed at Nashoba.
- Hochatown developments under contract are complete.
- In-house construction on small Hochatown development.
- 77 staking appointments system wide.
- 60 jobs staked.
- 49 jobs released.

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

- CEC Right-of-Way crew completing work in the Kiamichi Wilderness. Despite rough terrain, 8 miles has been cleared. The next area for right of way clearing will be the Frogville sub.
- Contract crews completed Westbank sub then moved to Broken Bow sub. Total clearing for June was 23.45 miles.

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

- No safety incidents in June. It's been 140 days since last lost time accident.
- Safety meeting included WFEC switch training, ladder safety, hearing conservation and safety discipline.
- Meter tampering occurrences reviewed.
- AMR maintenance.
- Fleet maintenance; in-house and field service calls and repairs.

#### **D. IT System Report**

- Maintenance and system upgrade complete.
- Working with NISC on Outage Management.
- Creating tracking system for work orders.

#### **E. Customer Service and Billing**

- 3,870 incoming calls, daily average of 194.
- YTD kiosk payments \$107,938.60.
- 893 past due notices mailed.
- 1,257 service orders.

- 740 prepaid accounts.
- 5,052 using Smarthub.
- Total office transactions – 3,490 in June.

#### **F. Member Services**

- Forest Heritage Center LED lighting project.
- VFD Focus Group July 13 was successful.
- Annual meeting planning is underway.
- Energy audits continue.
- Various school and community programs throughout July.

### **6. Financial Report**

Tiffany Hempsted gave the June 2019 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 were reviewed.

- Form 7 Summary June Revenue \$3,719,232
- June Total Cost of Electric Service \$3,711,372
- YTD Revenue \$23,065,128
- YTD Cost of Power \$13,915,116 (amounted corrected as approved August 27, 2019)
- YTD Operating and Maintenance expenses \$2,771,349
- WFEC June Average Cost per kWh \$0.0579
- Total Active Services in June 2019, 18,961
- YTD Equity Ratio 51.2%

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

No report.

### **8. CEO Report**

Mr. Duncan reported on meetings he or others attended throughout the month in addition to updates on various cooperative activities, trainings, contracts, and projects being developed.

- Western Farmers Electric Cooperative has called five (5) peak days so far.
- Cost of Service study is taking place.
- Year to date Estate Capital Credit paid \$119,123.33

### **9. Executive Session**

President Franks announced the board would convene in Executive Session to discuss personnel, legal matters, and contracts.

At 10:17 a.m., Mr. Thompson made a motion to enter executive session. The motion was seconded by Mr. Autry. The motion carried.

At 1:12 p.m., Mr. Nichols made a motion to exit executive session. The motion was seconded by Mr. Thompson. The motion carried.

The meeting reconvened in regular session.

## 10. Action Items

### A. Broadband Feasibility Study

Mr. Duncan stated that CEC members have shown an interest in broadband for this area. Two companies have addressed the board concerning broadband feasibility studies. The study will analyze, evaluate and estimate cost for broadband and whether it is practical to consider.

Mr. Autry made a motion to approve Conexon for the broadband feasibility study. The motion was seconded by Mr. Brewer. There was no discussion. The motion was affirmatively voted upon by all. The motion carried.

### B. Bylaw Amendment

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 \$550.00, for the first per diem each month and then \$50.00 per day thereafter for all ~~meetings 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.~~ other meetings attended. No trustee shall receive compensation for any other business associated with the cooperative. This includes, but not limited to: Western Farmers Electric Cooperative  
~~Trustees may take part in cooperative health benefits at their own expense.~~ Trustees shall not be entitled to any additional benefits greater than any member of the cooperative receives. This includes, but not limited to: cooperative health insurance and purchasing goods from the cooperative at cost. 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. If a trustee is accompanied by another person(s), that person(s) is responsible for his/her travel and out of pocket expenses. No trustee or relative of a trustee shall receive compensation for serving the cooperative in any other capacity. Trustees will ~~get~~ receive the current IRS rate for food.

Mr. Duncan informed the board the proposed bylaw amendment had been presented to the attorney for review. The attorney indicated the bylaw is not illegal and does not violate state or federal laws, however, he determined the bylaw amendment would have a negative impact on the cooperative and recommended the cooperative board of trustees oppose the bylaw.

Mr. Woolsey made a motion to oppose the proposed bylaw amendment because this could adversely affect representation on the Western Farmers Electric Cooperative (WFEC) board as they are our power provider. The motion was seconded by Mr. Autry.

Principle concerns about the proposed amendment were discussed.

Mr. Franks began with the issues concerning the proposed per diem amendment. He expressed his concern about working board members taking time off from work to attend meetings and representing the coop. The reduction in per diem will cost board members out of pocket money. Mr. Franks expressed his belief that CEC members will not want to serve on the board of trustees without reasonable compensation. His concern is about CEC representation. Mr. Franks continued his argument concerning WFEC compensation. WFEC compensates cooperative representatives to sit on their board at no cost to the cooperative. There would be implications without CEC representation on the WFEC board. It could directly affect cost of power, severability and would put Choctaw Electric in a poor position to bargain.

The next section Mr. Franks discussed was the health benefits. Trustees presently have the cooperative health coverage option by paying the full premium each month. Mr. Franks wants members to know this coverage is not free, it is expensive. He is the only board member who has cooperative health coverage. The cooperative health benefit is a good incentive that would attract excellent board members.

The final sections of the proposed amendment argued concerned the purchasing of goods from the cooperative at cost and accompanied travel. Mr. Franks suggested there appeared to be some misconception by our members concerning this amendment. A long-standing policy has allowed CEC members to buy goods, wire, and poles, from the cooperative. As to the accompanied travel, this is also a policy that has been in place for quite a while. Anyone traveling with a board member handles their own travel expenses. The cooperative does not pay for them.

In conclusion Mr. Franks voiced his concern, the consequences of the proposed bylaw amendment could be detrimental to Choctaw Electric Cooperative.

Mr. Autry continued the discussion affirming the proposed amendment would be detrimental to the coop. The fact that Mr. Burns presently serves on the WFEC board at no cost to CEC, the proposed bylaw amendment would not cover his compensation and time spent serving on the Western's board.

Mr. Silk ended the discussion by encouraging CEC members to read the proposed bylaw

amendment, get the facts, and encouraged members to make sure they know what they are voting for.

As there was no more discussion concerning the proposed bylaw amendment the motion was affirmatively voted upon by all. The motion carried.

### **C. Integrity Fund**

Mrs. Hempsted explained the Integrity Fund is administered by CFC. It is based upon voluntary contributions by electric cooperatives. The Integrity Fund helps with legal battles against electric cooperatives; expenses, territorial boundaries, and adverse actions against electric cooperatives. Mrs. Hempsted along with Mr. Duncan recommended \$1,000 contribution to the Integrity Fund.

Mr. Autry made a motion to approve the \$1,000 contribution to the Integrity Fund. The motion was seconded by Mrs. Cody.

Mr. Silk recommended the board review the fund each year. In addition, Mr. Autry pointed out the contribution is CEC's fair share to the fund.

The motion was affirmatively voted on by all. The motion carried.

### **D. Broken Bow PWA Engagement Letter**

Mr. Duncan requested approval from the board to enter into an agreement with the recommended firm, Pain, Garland and Hobbs, LLP for contractual matters with Broken Bow PWA.

Mr. Burns made a motion to approve the Broken Bow PWA Attorney Engagement Letter. The motion was seconded by Mr. Silk. The motion was affirmatively voted upon by all. The motion carried.

### **E. Land Purchase from WFEC**

Mr. Duncan requested authority for CEC to engage with WFEC on the purchase of 60 acres. The cooperative has already purchased 420 acres of the total 480 acres. The land could be used to promote potential economic development. Details of the land purchase will be brought back to the board for final approval.

Mr. Brewer made a motion to approve the engagement with WFEC for the purchase of 60 acres. The motion was seconded by Mr. Woolsey. The motion was affirmatively voted upon by all. The motion carried.

**11. OAEC Report – 2019 Oklahoma Legislative Update**

Mr. Silk provided material with information concerning corporation commission and legislation that will affect electric utilities.

**12. WFEC Report**

Mr. Burns provided the WFEC report along with information on current projects.

**13. Other Business**

No other business to discuss.

**14. Adjourn**

Mr. Brewer made a motion to adjourn. Mr. Burns seconded the motion. The motion was affirmatively voted upon by all. The motion carried.

The meeting was adjourned at 1:37 p.m.

Board Expenses Reported July 1, 2019 to July 30, 2019

Mike Brewer	\$550.00
George Burns	\$139.20
Joe Silk	\$1,006.12
Bill Woolsey	\$584.80
Ken Autry	\$606.26
Stacy Nichols	\$640.48
Brent Franks	\$1,991.18
Deborah Cody	\$568.56
Perry Thompson, Jr.	\$558.70



\_\_\_\_\_  
President

8-27-19

Date



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

9-24-19

Date