

Central Rural Electric Cooperative
Board Meeting Summary
May 5, 2016

The Regular Meeting of the CREC Board of Trustees was held May 5, 2016.

CEO SESSION *David Swank*

Miscellaneous Update

David Swank reported the estimated damage of the recent storm related outages is \$100,000 and are not considered a FEMA event.

David Swank reported on recent oil and gas activities and reviewed the contracting process and obligations created by the contracts. David Swank noted the increased value of the plant associated with the construction-in-aid and related cost of service calculations. The plant increase is not a book item and does not reflect on the cooperative's value, but it requires maintenance.

He reviewed the financial initiatives as stated in the strategic plan:

- Financial Intelligence
- Strategic Rate Design
- Enterprise Risk Management
- Business Performance Management

David Swank reminded the board that Central has the lowest residential rates in Oklahoma.

David Swank reviewed the ATV/UAV project noting Hunter Robinson's participation at Senator Inhofe's request, at the recent NRECA Legislative Conference. He noted that our ATV/UAV technology was featured on Channel 9 News with a well presented story line.

David Swank reviewed the OSURF Energy Park.

MySource and Power Support Board Meeting

Recent MySource and Power Support meeting notes were reviewed.

CFC Officer's Compliance

David Swank reported he had completed the annual CFC Officers Compliance review.

Smart Urban Development Research Concept

David Swank reviewed the key considerations of smart communities.

David Swank noted that SES's ultimate goal is competitive differentiation that drives sustainable economic development or revitalization by creating jobs and attracting investment. He reported that mature Smart Cities will attract business investments, visitors, tourists, and citizens because they provide high-quality citizen services, are easy to do business with, and offer a higher quality of life.

SES Franchise Products and Services

David Swank reviewed some of the technology backing our products and services and allowed the board to examine a set of Epson Augmented Reality Glasses and a set of Gear Virtual Reality Glasses. These two items show great promise in training and the safety of our linemen.

LINK Meeting, May 12

David Swank reviewed the upcoming LINK meeting.

STRATEGIC BUSINESS UNITS POLICY *Stephanie Rossander*

Stephanie Rossander reviewed content that will be used to develop a Strategic Business Units policy which will be presented to the board in June.

FOUNDATION REVIEW *Leon Caldwell*

David Swank shared Central Rural Electric Foundation's history.

Leon Caldwell introduced the foundation board members in attendance, he updated the board on the CREC Foundation's previous year thanking Raymond Nettles for allowing him to participate as a director.

The CREC Foundation board stayed through lunch.

SMART COMMUNITY FOUNDATION NAMED FUNDS *David Swank*

The Smart Community Named Fund's purpose is to support a smart community forum in six of Centrals communities, educating them in the value of smart urban development and to develop community leaders.

FOUNDATION BYLAWS *Max Myers*

Len Tontz moved, Stu Preston seconded, discussion was held and it was approved to change the name of the foundation to Central Community Foundation.

ANNUAL MEETING REVIEW *David Swank*

May 19 annual meeting was reviewed.

LEGAL REPORT *Max Myers*

Max Myers presented the legal report.

POLICY APPROVAL *David Swank*

Amendments to Policy 111 Capital Credits and Policy 114 Equity Management were approved and new Policy 115 Cash and Investment Management and Policy 116 Debt Portfolio Management were approved.

SAFETY REPORT *Michelle Perzee/Jeff Denton*

Michelle Perzee introduced Jeff Denton as the new safety director.

MONTHLY FINANCE REPORT *Stephanie Rossander*

Stephanie Rossander presented the April dashboard and a variance report.

990 REVIEW *David Swank*

David Swank presented the board with the 2015 IRS Form 990 for review and signature.

PERFORMANCE MANAGEMENT / OPERATIONAL EXCELLENCE *Michelle Perzee*

Michelle Perzee presented the performance dashboards.

NRECA LEGISLATIVE CONFERENCE REVIEW *Pittman, Preston and McCune*

Mark Pittman, Stu Preston and Gary McCune reviewed the NRECA Legislative Conference they recently attended.

Stu Preston shared a draft of the NRECA resolution he composed and reported on the resolution process, including the June 3 deadline for resolutions.

OAEC REPORT *Gary McCune*

Gary McCune presented the OAEC report including the following:

- Touchstone presentation
- New officers begin duties at the next meeting
- OAEC awards have been revised for clarity of qualifications
- Adjoining property purchase

KAMO REPORT *Raymond Nettles*

Raymond Nettles presented the KAMO report including the following:

- Sales
- Power delivery
- Generation
- Wind production tax credit phase out
- Gas fleet highlights
- Compliance

UPCOMING MEETINGS *Donna Bowman*

Donna Bowman presented the upcoming meetings.