

Central Rural Electric Cooperative
Regular Board Summary

The regular meeting of the Central Rural Electric Cooperative Board of Trustees was held August 3, 2017.

FINANCE AND AUDIT COMMITTEE MEETING REVIEW

Bill Davis reviewed the July 19 Finance and Audit Committee meeting.

EXECUTIVE COMMITTEE MEETING REVIEW

Mark Pittman reviewed the July 24 Executive Committee meeting.

CEO SESSION *David Swank*

Miscellaneous

- Rate Implementation and Communication Plan
- New Arkansas Electric Cooperative VP, Jonathon Oliver
- Property developers
- Today's Power
- Oklahoma Corporation Commission meeting
- Secretary Teague meeting and NRC discussion
- Oklahoma University meeting reviewing Placemaking
- Smart Community Source workshops
- Meridian Technology presentation
- UAV Conference presentation and article

KAMO Rate Review

David Swank reviewed his meeting with Chris Cariker of KAMO. The discussion included:

- Innovation Pointe - Interconnection Agreement
- PURPA
- Fiber

Construction Work Plan Environmental Report Approval

David Swank reported that Central has received the RUS Construction Work Plan Environment Report approval and projects can now be scheduled and released for construction.

USDA

David Swank reviewed the recent meeting with USDA, including available grants.

Electric Car Pricing

David Swank presented the value of electric cars to the power industry, specifically Central. Members owning electric cars will provide load building opportunities and impact the electrical system by adding possibly 7-10 kW each. A power wall at Central will provide demonstration possibilities, sales, installation and service opportunities. He recommended incremental installation up to a full capacity Tesla Station if needed. An electric car will provide Central mechanics opportunity to increase their learning by providing training to service electric/autonomous vehicles. The electric car and power wall will allow demand-side management evaluation.

The board approved the purchase of an electric SUV and battery power wall.

Innovation Pointe Update

David Swank updated the board on the Innovation Pointe Campus.

INNOVATION POINTE CAMPUS COVENANTS

Michelle Perzee reported that the Innovation Pointe Campus covenants are still in the review phase.

ACRE MEMBERSHIP RENEWAL

Donna Bowman reported that ACRE is holding a full membership meeting to consider changing the ACRE year from a fiscal year of September – August, to a calendar year of January - December. This will make 2017 a longer than normal year for ACRE membership purposes ultimately, the goal is to simplify ACRE membership by going to a calendar year.

OPERATIONAL EXCELLENCE

Project Management

Michelle Perzee demonstrated the project management tools.

Michelle Perzee reviewed the Fleet Management Plan. She reported the Fleet Management Plan ensures safe operation of equipment, the most appropriate fleet size, provides an operational budget and upholds the Central image.

LEGAL REPORT

Max Myers gave the legal report and presented the annual governance report.

He reviewed the board's responsibilities and fiduciary duties. Max Myers included discussion on subsidiaries, the business judgement rule and corporate duties of loyalty, care and disclosure.

CENTRAL COMMUNITY FOUNDATION BYLAW (NAME UPDATE)

The name of Central Rural Electric Cooperative Foundation was changed recently to Central Community Foundation. The updated bylaws were approved.

SAFETY REPORT

The safety report was acknowledged.

FINANCIAL REPORT

The financial report was acknowledged.

Craig McBrain reviewed the capital credit process with the allocation review set for August 24.

It was approved to purchase a 2017 Ford F-550 with an ETI model ETCMH40IH bucket unit to replace disabled unit 310.

COBANK LINE OF CREDIT

The CoBank line of credit was renewed. Craig McBrain reported that this will be sufficient for the next year as we have not drawn from it during 2017 and it allows for flexibility as future cash needs arise including possible emergency restorations.

COBANK INCUMBENCY CERTIFICATE

It was approved to re-execute the CoBank Incumbency Certificate with Craig McBrain as the VP of Finance.

KAMO REPORT

Raymond Nettles reviewed the KAMO board meeting including:

- Key drivers of KAMO 2018 rate expense
 - Wheeling increases
 - Three percent increase in 2018 expenses and an additional three percent increase in 2018
 - Plant purchases increase operations and maintenance expenses
 - Interest and depreciation expenses increase
 - Operating margin of \$3million
- Reviewed 2017 rates
- 2017 and 2018 rate comparisons with 5.5 increase
- KAMO proposed 2018 rates
 - Increase of 5.5 percent
 - Energy – 35.99 mills
 - Base demand - \$10.95 kW per month
 - Peak demand - \$6.02 kW per month
- Year to date power deliveries
- Bristow 138/69 KFMR #1 fire

UPCOMING MEETINGS AND TRAVEL

Donna Bowman reviewed the upcoming meetings.

Carol Dvorak will be presenting at the Oklahoma Women in Agriculture State Conference.

With no further business to discuss the meeting adjourned at 2:08.

Mark Pittman reconvened the Central Board Meeting at 2:12.

Because the meeting Carol Dvorak will be speaking at is promoting the cooperative, after researching the bylaws and policies, the Finance and Audit Committee recommended Carol Dvorak receive per diem and expenses for speaking at the Oklahoma Women in Agriculture State Conference.