

Central Rural Electric Cooperative

Regular Board Meeting Summary

The regular meeting of the Central Rural Electric Cooperative board of trustees was held October 2, 2018.

CENTRAL AMBASSADORS *Bill Davis*

New Ambassadors were approved. The Ambassadors will receive an invitation to the upcoming Ambassador meeting.

CEO REPORT *David Swank*

David Swank thoroughly reviewed the gap analysis, study of Central assets including, human resources, technology, facility and equipment and intellectual property.

David Swank reviewed the core investments to maintain the overall function of strategy. He reviewed options for consideration should the board choose to remain a traditional electric cooperative, the modified strategies for an advanced utility and the requirements for digital transformation.

David Swank reported that he feels confident digital transformation is in the best interest of Central members, employees, and Central assets.

Miscellaneous

David Swank reviewed the following:

- Michael Musil will return this week from Guatemala
- Upcoming KAMO managers meeting
- Upcoming OAEC managers meeting

October 26 Special Board Meeting

David Swank presented the agendas for the upcoming October 26 special board meeting and ambassador meeting.

Load Forecast Resolution –Mississippi Lime Cost of Service

David Swank reviewed the AECI load forecast and the difference losing the production associated Mississippi Lime oil and gas play and the impact on Central's margins.

Mark Pittman moved, Len Tontz seconded, discussion was held and the following resolution was approved:

On this day, October 2, 2018, at the Central Rural Electric Cooperative Board of Trustees meeting, the Board hereby adopts the 2018 Electric Load Forecast Study and the forecasts contained therein by resolution.

Wage and Salary Update

David Swank reported that the wage and salary update will be an agenda item at the upcoming strategic planning session.

Organizational Structure

David Swank reviewed the recommended organizational structure.

NRC Produced Water *David Grantham, National Research Consortium (NRC)*

David Grantham, Director of NRC, reported the following to the Central board of trustees:

- Clean Energy Week
- White Star willing to move forward in current produced water project
- Results of current produced water project
- Possible investors
- The value of the data structure

Innovation Pointe *Russ Grinwis, HWH; Doug Sinclair, AECOM and Jacqueline Gillooly, Pitney Bowes*

Russ Grinwis spoke to HWH's excitement of the Innovation Pointe project and desire to move the platform forward. He appreciates Central and David Swank's vision and work done by Central toward this project.

Doug Sinclair reported that AECOM is the largest architect engineering construction company in the world. He shared his construction and utility back ground and the belief that the Innovation Pointe strategies are one of the most innovation strategies today. He noted Innovation Pointe is a unique opportunity and reviewed the challenges in the urban areas that the rural areas can more easily overcome.

Jacqueline Gillooly reported to the Central board that Pitney Bowes is the one of the largest data and software owners in world and lead in understanding the digital transformation. They provide software to manage assets and are prepared to invest in the National Innovation Pointe Cooperative (NIPC).

Board Strategic Planning

David Swank reviewed the strategic planning agenda

- Day 1
 - Cost of Service Study Review: Guernsey
 - Cooperative Culture: Consulting Group?
 - Enterprise Risk Management
 - Current Strategy Review
- Day 2
 - Consulting Group (Brian Singletary)
 - Industry Direction
 - Cooperative Threats
 - Current Strategy Evaluation
 - Strategy Considerations
- Day 3:
 - Innovation Pointe, LLC

FINANCIAL REPORT *Craig McBrain*

Craig McBrain reviewed the financials.

PATRONAGE CAPITAL ALLOCATION APPROVAL *Craig McBrain*

The board approved a combined retirement of capital credits totaling \$740,812.82 for 2018 to be applied on a "First In First Out" (FIFO) basis. The board approved to credit patronage capital to active members accounts and mail checks to past members.

2017 990 DRAFT REVIEW *Craig McBrain*

Craig McBrain reviewed the 2017 990 and reported they will be available for the board's completion at next board meeting.

CULTURE TEAM REPORT *Tara Crawford and Baily Lefthand*

The Culture Team is comprised of a member from each department. Tara Crawford and Bailey Lefthand presented the purpose and actions of the newly organized Culture Team. They reported each meeting has had good discussion and feedback with every person contributing to the conversation. The emphasis of the team is to grow Central's culture positively and continuously improve.

Bailey Lefthand shared a quote from the book *Culture Rules*, which each person received a copy of describing the purpose of the team to drive company values and behaviors.

Michele Phelps reported to the value of all of Centrals teams.

LEGAL REPORT *Max Myers*

Max Myers provided the Legal Report.

INNOVATION POINTE BYLAWS *Max Myers*

Max Myers presented proposed changes to the Innovation Pointe Foundation Bylaws. He reported they will be brought back for approval at the next board meeting.

WHISTLEBLOWER POLICY 209 *Max Myers*

Max Myers reported that this policy is being reviewed and will be presented at an upcoming board meeting.

SAFETY REPORT *Jeff Denton*

Jeff Denton reviewed the Safety Report.

David Swank complimented Jeff Denton on his work in safety and reported that he has completed a portion of the safety inspections with OAEC.

KAMO REPORT *Mark Pittman*

Mark Pittman reported the following concerning the recent KAMO Board Meeting:

- Kendal Beck was approved to receive the OAEC Good Neighbor Cooperative Champion Award.
- Chris Cariker, KAMO CEO, informed the board of his retirement effective the first of 2019.
- Generation to serve member load
- Power deliveries
- Managers group meeting

UPCOMING MEETINGS AND TRAVEL *Donna Bowman*

Donna Bowman reviewed upcoming meetings and travel.