



Board of Trustees Roles & Responsibilities

In this Document:

- Trustee Requirements —
- Trustee Compensation —
- IRS Form 990 Explanation —

Who are the Board of Trustees?

Oklahoma Electric Cooperative is governed by a member-elected board of trustees. These trustees meet regularly to approve actions, set policies and procedures, delegate authority, set guidelines for the co-op's management and to direct the members' voice in the cooperative's operations.

OEC's board is comprised of nine trustees, each a co-op member from a different part of the co-op's service area, divided into nine districts. Trustees serve three-year terms on the board. Interested candidates must file for consideration within the allotted time frame (filing dates are published in the June edition of the Co-op News member magazine). Once filed, candidates must meet the below requirements, attend their district meeting (held annually in July), and be elected by a quorum of their district peers. The minimum quorum requirement allowed by state law is the registered attendance of 5 percent of the membership of that district. In the event that a quorum is not reached at the district meeting, the decision, per OEC By-Laws (Article IV, Section 4.05), reverts back to the sitting Board of Trustee members to appoint the representative for the district at their next board meeting.

This meeting is typically the regularly scheduled July board meeting (usually scheduled on the fourth Tuesday in July).

What does it take to be an OEC Trustee?

OEC trustees have many responsibilities and commitments, the most important being trustworthy fiduciary stewards of fellow member-owners' dollars in ensuring the cooperative's rates, multi-million dollar budgets (over \$120 million in 2015), employees and the overall direction of the cooperative.

Trustees recognize that the primary objective of OEC is to provide the safe delivery of highly reliable, reasonably priced electric power to its members. Trustees are also expected to conduct themselves in a manner that exemplifies honesty and integrity in their role as trustee of Oklahoma Electric Cooperative.

Time Commitment

The board of trustees is quite active, and each member is expected to actively participate in the governance of the business and affairs of the cooperative. This equates to between eight and 20 hours per week.

Board Meetings and Other OEC Business Meetings

The first and foremost commitment of a trustee is to attend and participate in the official monthly board meeting, typically held on the fourth Tuesday of the month at 9 a.m. at the OEC headquarters. In addition to the time required to physically attend the board meeting — typically about five hours — the trustee can expect to spend 2-4 hours reviewing the information (agendas, minutes, financials, monthly reports, etc.) prior to attending the meeting.

In addition to monthly board meetings, each trustee is expected to attend other cooperative business meetings throughout the year. These include budget meetings, policy review, strategic planning sessions, communication informational meetings and periodic special study sessions of important and timely topics. Together these meetings total about 20 separate meeting days per year — all requiring similar, and often more, time and preparation requirements as a regular board meeting.

Associated Entity and Related Business Entity Meetings

Like most electric cooperatives, OEC has ownership interests in many associated entities in the form of cooperative membership and wholly-owned subsidiaries. These organizations have meetings throughout the year that require some trustees (sometimes all trustees) to attend and represent OEC. Examples of these organizations are:

- **Oklahoma Association of Electric Cooperatives (OAEC)** – This statewide association provides services that are more economical or practical to perform collectively than individually. This includes safety training and accreditation, legislative communications, workers compensation self-insurance plan, statewide communications, etc.
- **Western Farmers Electric Cooperative** – OEC's generation and transmission (G&T) provider contracted to provide 100 percent of the generation and transmission needs of OEC's current and future members.
- **OEC Fiber** – OEC's wholly-owned subsidiary that provides telecommunication services to OEC's members and service territory.

Annual and District Meetings

All trustees are expected to attend the OEC Annual Meeting each year, usually held in Norman on a Friday evening in August. They are also suggested to attend between one and three of the yearly District Meetings, held in the evenings in July (locations vary each year throughout the OEC service territory).

Education and Training

Most trustees do not walk in the door with the expertise needed to responsibly represent the member-owners of OEC. Therefore, the trustees are expected to become educated on the business of running an electric cooperative through training classes and by attending industry meetings and conferences, all provided by OEC. A trustee can expect to spend approximately 10-14 days a year traveling (both in Oklahoma and out-of-state) to attend these classes, meetings and conferences.

To that end, each trustee is encouraged to become certified under the Board Management Program of the National Rural Electric Cooperative Association (NRECA). To achieve this certification, trustees are encouraged to obtain the Credentialed Cooperative Director Certificate within their first three (3) year term on the board and the Board Leadership Certificate in an additional three (3) years. Completing these credentials expresses to members the dedication their trustees have to serving them to the best of their abilities.

Along with the formal training, conferences and meetings, trustees are also expected to keep up-to-date by periodically reading/reviewing industry related material.

Responsive to the Members

The final expectation of a trustee is to be a source of information and cooperative access to the member-owners. Constituents often ask trustees questions or request assistance regarding electric rates, outages, the electric industry, community involvement, fuel mix and renewables, energy efficiency and economic development programs with which the co-op is involved. The trustee is expected to be knowledgeable and helpful to resolve any interaction the member has with OEC.

While the role of trustee at OEC may appear to be more responsibility and time consuming than one might expect, it is very typical of a trustee at an electric cooperative. A survey by NRECA found that on a monthly basis, board members typically spend almost five hours at their regular board meeting and 20 hours more at other meetings, activities, training or reviewing the large amount of Information received prior to each regularly scheduled meeting.

Compensation

The board of trustees is quite active, and each member is compensated for his or her active involvement in the oversight of OEC. You can find specific compensation details in the Board of Trustees Compensation document.

What OEC's By-Laws say in reference to the board of trustees

To become and remain a trustee, an individual must meet the following requirements per OEC By-Laws (Article III, Section 3.07 and Article IV, Section 4.02):

1. Be an active member of Oklahoma Electric Cooperative, currently receiving electrical service at their primary residence.
2. Be a bona-fide resident of the district they seek to represent.
3. Not, in any way employed by, or financially interested in, any enterprise competing with OEC, or any business selling electrical energy, natural gas, propane, butane or any other form of commercial energy, or any business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to OEC.
4. Not be an incumbent of, or a candidate for, an elected public office in connection with which a salary or compensation in excess of one hundred dollars (\$100) per year is paid.
5. Not be an employee of OEC.
6. Not be a close relative of an incumbent Trustee or of any employee, of OEC.
7. At the beginning of the term to which they seek election, be at least twenty-one (21) years of age.
8. Not be a convicted felon.

In addition to the requirements of By-Laws Sections 3.07 and 4.02, a candidate is requested, but not required, to do the following:

1. Provide a written resume or bio describing: educational school background; places of employment, with description of duties; areas of experience that could benefit service to the Cooperative; other strengths; and any other relevant personal history.
2. Describe specific (if any) Cooperative services that, at this time, they believe could be improved.
3. Confirm the ability, and willingness, to devote the time and attention recommended to be an effective board trustee for this Cooperative as described by the accompanying "Trustee Role, Responsibilities and Expectations" information.
4. Attend the regularly scheduled June board meeting (usually the fourth Tuesday in June) to review and affirm that the prospective trustee meets the requirements to become a trustee per the By-Laws (listed above), to familiarize and understand the nature and time commitments of being an effective trustee, and to familiarize and understand the role and fiduciary responsibility of a trustee for Oklahoma Electric Cooperative.

Responsibilities Regarding Compensation

OEC trustees have many responsibilities and commitments, the most important being trustworthy fiduciary stewards of fellow member-owners' dollars in ensuring the cooperative's rates, multi-million dollar budgets (over \$120 million in 2015), employees and the overall direction of the cooperative. These time commitments range from monthly board meetings, committee meetings, education and training, member communications and more (for a more detailed explanation of all requirements, visit the Board of Trustees Requirements document).

OEC By-Laws prohibit trustees from receiving a salary for their services. Instead, the By-Laws allow the trustees to be compensated by receiving a fixed sum for each day (Per Diem) spent in the services of business related to OEC or performing an act on behalf of OEC. The Per Diem rate is \$450/day in 2018. Trustees are also eligible to receive the same insurance benefits offered to employees.

To best and transparently communicate these costs, we have provided the below averages of overall board compensation by category and year.

Board Compensation by Category

Meetings	2018	2017	2016
Board Mtgs	12	12	12
OEC Committees	7	12	6
In State Mtgs	10	6	8
Out of State	11	15	10
Total Meetings	40	45	36
Per Diem for Meetings	\$ 18,000	\$ 19,800	\$ 15,804
Insurance Coverage	\$ 17,460	\$ 18,590	\$ 16,459
Average Compensation Per Year	\$ 35,460	\$ 38,390	\$ 32,263

These meetings include: Our monthly board meetings and Annual Meeting, committee meetings for policy, By-Laws review, budget, marketing, strategic planning sessions on governance, fiber, and security topics; In-state meetings and training hosted by Oklahoma Association of Electric Cooperatives, Western Farmers Electric Cooperative and National Rural Electric Cooperative Association; Out-of-state training hosted by CFC, CoBank and National Rural Electric Cooperative Association.



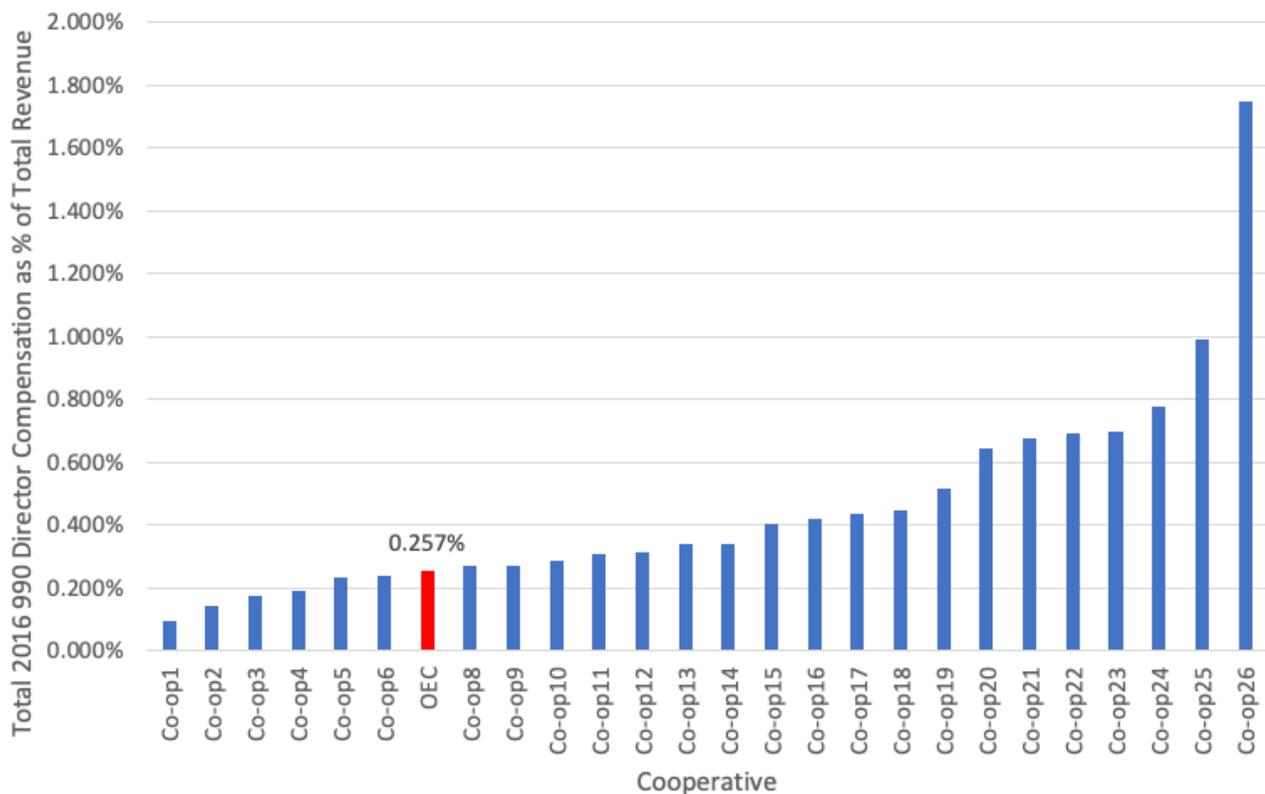
**OKLAHOMA
ELECTRIC
COOPERATIVE**

Board of Trustee Compensation

How does the OEC Board of Trustees compare to other Co-ops in Oklahoma and New Mexico?

While OEC is the largest electric cooperative in the state, our total board compensation (shown in this chart with 2016 IRS Form 990 data — the most recent comparable 990s available) as a percentage of revenue lands us in the bottom third of overall compensation. In other words, the OEC board of trustees works hard to be responsible stewards of our members' money.

**Total 2016 990 Director Compensation as % of Revenue
Oklahoma Cooperatives**



Understanding the IRS Form 990:

Why does OEC file?

As a not-for-profit electric cooperative, OEC files an IRS Form 990 (filed by organizations with annual receipts of more than \$100,000 or total assets more than \$250,000). This is a public document available for public inspection.

Form 990 Details

- Part I, Line 9-10, Revenue: covers core operating expenses (line 9), interest earned (line 10)
- Part I, Line 11, Expenses: Includes the cost of power, depreciation of equipment (poles and wires, etc.); minus employee compensation, benefits, etc.
- Part I, Line 22, Net Assets of Fund Balances: Equity, what our members own of OEC and Western Farmers Electric Cooperative (WFEC), our generation and transmission supplier.
- Part V, Line 11a, Gross income from members or shareholders: Electricity payments from members.
- Part V, Line 11b, Gross income from other sources: Income generated from the sale of non-electricity (i.e. investments, mutual aid, sports tickets, wind works, old poles, auction items, and other revenue referenced above)
- Part VII, Section A (B), Average hours per week: Hours Board of Trustees members commit to OEC business each week, range from 8-17 hours/week
- Part VII, Section A (D), Reportable compensation from the organization: Board compensation includes a small per diem, the value of their insurance benefits, life insurance benefits, gym membership. Board members are taxed on all benefits.
- Part VII, Section A (D), Reportable compensation from the organization: This is a composite field including deferred compensation plus non-taxable employee benefits such as health plan, life insurance, disability and health savings account contributions.
- Part VIII, Line 1, Investment in Association Organization Patronage Capital: OEC's ownership—paid in capital credits—of Western Farmers Electric Cooperative.
- Part VIII, Line 1, Investment in Association Organization Non-Gen Funds: OEC's ownership of CFC, NISC, etc.
- Compensation Information, Part II, Officers, Directors, Trustees...(iii) Other reportable compensation: Comprised of unused vacation days or sick days sold back, taxable fringe benefits (i.e. use of company car), fitness reimbursement.
- Compensation Information, Part II, Officers, Directors, Trustees...(C) Retirement and other deferred compensation: Includes both the change in actuarial value of the pension plan plus the employer 401(k) match. (Note: this is not the change in value of the 401(k) plan).
- Compensation Information, Part II, Officers, Directors, Trustees...(D) Nontaxable benefits: Comprised of health insurance, life insurance, disability insurance, health savings account.