

**CIRCUIT ENGINEERING DISTRICT #7**  
Board of Directors Special Meeting  
MINUTES  
**1779 Marshall Rd.**  
**Clinton, OK 73601**  
**10:00 AM, Tuesday, June 16th, 2020**

The board of directors for the Circuit Engineering District (CED) #7 met at 1779 Marshall Road, Clinton, OK 73601. The meeting was called to order at 10:00 a.m.

Those present were:

**BOARD MEMBERS**

Tim Bingham	Kirk Butler	Bart Gossen
Wade Anders	Joe Don Dickey	Mike Allen
Brian Hay	Johnny Davis	
Steven Fite		

**CED#7: STAFF**

**GUESTS: See last page**

The Circuit Engineering District meeting agenda was posted prior to the meeting at the Custer County Courthouse, CED-7 office, online at the CED’s website and faxed to all (11) District #7 county courthouses, in accordance with Title 25 OS § 311. The following items were presented and approved as written at the CED #7 meeting on Tuesday, June 16th, 2020 by the Board of Directors as follows:

**CALL TO ORDER MADE BY JOE DON DICKEY- CHAIRMAN:**

Joe Don Dickey called the meeting to order at 10:00 AM.

**ROLL CALL** Gary Lewis, Absent; all others present

**DISCUSSION AND POSSIBLE ACTION ON DISSOLVING THE “7Oil Joint Venture” BETWEEN THE 7 OIL COUNTY ENERGY DISTRICT AUTHORITY AND CED7**

At the request of the board CED Attorney Bob Nance gave details on this agenda item. Nance began by explaining the joint venture was not renewed in 2017 as required, yet continued to operating. The Joint Venture has since been renewed but there is a difference of opinion on whether the Authority is legally allowed to operate and produce oil and Nance believes the law supports continuing to operate until it is decided to wind up the operations. After a meeting with DA Marsee, Nance said she was agreeable to go forward this summer with production while waiting for a new AG’s opinion on the legality of the Authority and its ability to produce and sell road emulsion products. One of the options in this situation is to dissolve the joint venture and appoint a liquidator to manage/liquidate the joint venture. The oil plant is a substantial asset and needs to be managed to maintain its value. Liquidating the Joint venture would sever the relationship between CED7 and the Authority and if appointed, a liquidator would have discretion on how to manage or liquidate any assets. Nance also mentioned meeting with DA Thomas. One of the items both DA’s addressed as a best practice would be to hire a co- liquidator to assist and provide checks and balances to the appointed liquidator. Brian Hay made a motion to dissolve the joint venture and Johnny Davis seconded. In the discussion that followed, several board members had questions. Members wondered if dissolution was necessary before appointing a liquidator or if one could be appointed and the joint venture dissolved at another date. Tim Bingham asked if the joint venture was dissolved would there be the funds to operate the plant. He was assured there would be. Mike Allen wondered if dissolving the joint venture could be construed as an admission of guilt by CED7.

Board members agreed that was a valid question, but thought dissolution of the joint venture was the best way to move forward. The motion and second to dissolve the joint venture was reiterated and passed by roll call vote 9-0 (one abstaining) as follows.

Mike Allen – Abstain  
Steven Fite – Aye  
Brian Hay – Aye  
Kirk Butler - Aye

Wade Anders – Aye  
Dillon Berry - Aye  
Joe Don Dickey – Aye

Johnny Davis – Aye  
Tim Bingham – Aye  
Bart Gossen – Aye

**BOARD CONSIDERATION AND POSSIBLE ACTION ON APPOINTING A LIQUIDATOR OR LIQUIDATORS OF THE “7 OIL JOINT VENTURE” BETWEEN THE 7 OIL COUNTY ENERGY DISTRICT AUTHORITY AND CED7 UPON DISSOLUTION OF THE JOINT VENTURE PURSUANT TO PARAGRAPH 11.02 OF THE JOINT VENTURE AGREEMENT**

Wade Anders made the motion to appoint Brian Young as liquidator and to appoint a second liquidator, suggesting Gary Perkins of Circle S Paving for that position. Concern of conflict of interest was expressed since Circle S is doing a job in Kiowa County currently. It was determined that would not be a problem. Young was asked his feelings about a second liquidator and he stated he had approached CED7 attorney Russ Meacham about serving in that position, since his services would probably be needed for the financial piece of the liquidation anyway. Members expressed concern Meacham was not neutral enough to satisfy the intent of having a second liquidator and it was determined if Meacham’s services were needed, it was well within the authority of the liquidator to hire him for advisement at a later date. After reading the agreement between the liquidators and CED7 and County Energy District Authority, there was discussion on whether Young should be primary liquidator and the second person appointed would be secondary to him or equal to him. Dillon Berry expressed his thoughts that it should be an equal split, saying with the current situation, it would be better for the public confidence for the liquidators to be equal. Others, including Tim Bingham, felt an equal split added the potential for deadlock and handcuffed Young to some extent to move forward with what needed to be done. The possibility of having 3 co liquidators was discussed to avoid ties. It was determined that it would be most appropriate to appoint liquidators in two separate motions and Wade Anders amended his motion to appoint Brian Young as co-liquidator and Kirk Butler seconded. Motion passed 10-0 with roll call vote as follows

Mike Allen – Aye  
Steven Fite – Aye  
Brian Hay – Aye  
Kirk Butler - Aye

Wade Anders – Aye  
Dillon Berry - Aye  
Joe Don Dickey – Aye

Johnny Davis – Aye  
Tim Bingham – Aye  
Bart Gossen – Aye

Discussion continued about the second co-liquidator. Anders noted that Gary Perkins had visited with his own attorney to assess any conflict of interest or other potential issues and was comfortable with that is was not a problem. He also mentioned he was willing to do it pro bono. Concern about having two equal partners that might not agree and no way to break a deadlock was again expressed, with several feeling as though that would hinder the process. Some members were not comfortable effectively giving an outside party 50% control of the liquidation process and expressed those reservations. Anders made the motion to appoint Gary Perkins as 2<sup>nd</sup> equal co-liquidator noting he

would be coming by to visit with all involved. Berry seconded. Motion passed 7-3 by roll call vote as follows.

Mike Allen – Aye  
Steven Fite – Aye  
Brian Hay – Aye  
Kirk Butler - No

Wade Anders – Aye  
Dillon Berry - Aye  
Joe Don Dickey – No

Johnny Davis – Aye  
Tim Bingham – No  
Bart Gossen – Aye

Tim Bingham then brought the discussion back to adding a 3<sup>rd</sup> co- liquidator to avoid a deadlock situation. Kirk Butler made a motion to appoint a 3<sup>rd</sup> liquidator and Wade Anders seconded. When asked if there was any further discussion, the focus turned to who that 3<sup>rd</sup> liquidator would be and what their role would be. Russ Meacham’s name was again brought up and some thought the 3<sup>rd</sup> person should be equal to the first two and others thought they should have a lesser role. Dillon Berry again brought up public perception and thought that the 3<sup>rd</sup> person should be unrelated to CED7 in any way and be an equal part of the equation. Kirk Butler pointed out that CED7 has one chance to get this right. Butler then withdrew his motion.

**ADJOURNMENT:**

Motion was made by Tim Bingham and seconded by Steven Fite to adjourn at 11:00 am. The motion carried as follows:

**Aye:** Tim Bingham, Kirk Butler, Bart Gossen, Wade Anders, Joe Don Dickey, Mike Allen, Brian Hay, Dillon Berry, Steven Fite, Johnny Davis **Nay:** None

