PIONEER ELECTRIC COOPERATIVE, INC.
MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES

March 27, 2019

CALL TO ORDER

The regular meeting of the Pioneer Electric Cooperative, Inc. ("Pioneer Electric" or "Cooperative"), Board of Trustees ("Board" or "Trustees") was held on Wednesday, March 27, 2019 at the Cooperative's headquarters in Ulysses, Kansas. The meeting convened at 8:30 a.m.

Present at the regular meeting were: Board President Martie Floyd, Board Vice President Alfred Alexander, Secretary-Treasurer Perry Rubart, Assistant Secretary-Treasurer John Jury, and Trustees James Bell, Mike Brewer, Fred Claassen, Charles Milburn, and Melvin Winger. Also present at the Board meeting were Chief Executive Officer ("CEO") Stephen J. Epperson; Randall D. Magnison, Executive Vice President-Assistant CEO; Lindsay A. Campbell, Executive Vice President-General Counsel; Chantry C. Scott, CFO-Vice President of Finance and Accounting; George Bushnell, Vice President of Engineering and Operations; Anita Wendt, Vice President of Energy Services; and Michelle Brungardt, Executive Assistant. Also in attendance at the meeting was Mark Shogren, Pioneer Electric's Manager of Purchasing, Materials & Facilities, and Mike Haney, Pioneer Electric's Manager of Engineering & Operations. Board President Martie Floyd called the meeting to order.

INVOCATION & PLEDGE OF ALLEGIANCE

The meeting opened with an invocation and the Pledge of Allegiance.

CONSENT AGENDA

1. **Approval of February 27, 2019 Board Meeting Minutes**
2. **Approval of New & Reactivated Memberships**
3. **Approval of Deactivated Memberships**
4. **Approval of Estate Retirement Applications**
5. **Approval of February 2019 General Fund Checks & Transactions**

After reviewing and discussing the General Fund Checks, a motion was made and seconded to approve the Consent Agenda. Motion carried.

NRECA ANNUAL MEETING UPDATE

The 2019 NRECA Annual Meeting held in Orlando Florida was attended by CEO Stephen Epperson, Assistant CEO Randall Magnison, Trustees James Bell and Fred Claassen. Also in attendance was Anita Wendt, Vice President of Energy Services, and Rae Gorman, Manager of Energy Services. The attendees provided a brief summary of the meeting, the presenters and spoke about the great content in the General Sessions and various breakout sessions. Overall, everyone agreed that it was a great annual meeting.

UAS (DRONES)

Ryan Wilken, System Administrator/Supervisor and Ross Riley, Operations Supervisor, provided a presentation to the Board regarding have attended a training session on how to safely operate an unmanned aerial system ("UAS") or more commonly known as a Drone and at the conclusion, being certified by the Federal Aviation Administration ("FAA") as general unmanned aircraft pilots. They reported that a total of four Pioneer Electric employees attended the week-long training and all achieved FAA certification. Operations Supervisor Riley went on to report that utilities are using Drones to perform a multitude of various operations-related tasks such as

line inspections, assessing storm damage where roads might be inaccessible, surveying distribution equipment without disturbing landowners, etc. After the presentation and answering questions, a motion was made and seconded to authorize the purchase of two Drones. Motion carried.

KEC COMMITTEE & BOARD MEETING UPDATE

CEO Steve Epperson, Assistant CEO Randy Magnison, Trustees James Bell and Michael Brewer attended the March 6 – 7, 2019 KEC Committee and Board meetings in Salina, Kansas. They reported that the KEC Board welcomed Pioneer Electric's Trustee Michael Brewer, who replaced Trustee Rubart, as the new Delegate to represent Pioneer Electric Cooperative. The attendees went on the report that a substantial amount of time was spent discussing the status of Senate Bill 69 and other various legislative issues.

SUNFLOWER UPDATE

Trustees Rubart and Claassen, CEO Epperson, Assistant CEO Magnison and Executive VP Campbell updated the Board on Sunflower Electric Power Corporation ("Sunflower") and Mid-Kansas Electric Company, Inc. ("Mid-Kansas") activities. CEO Epperson advised that the monthly meeting was held at Sunflower's Holcomb Station. He went on to report that the parties had reached a unanimous settlement in the Sunflower/Mid-Kansas Merger Docket and the 4-day Evidentiary Hearing will be converted to a 1-day Settlement Hearing to be held on March 20th. The Order approving the merger is expected on or before May 30th.

Assistant CEO Magnison reminded the Board that the ACES Member Conference is May 30th and 31st in Indianapolis, Indiana this spring. The registration is free and Sunflower will reimburse travel, hotel and meals for up to two people from each Member-System.

CEO Epperson advised the Board that Sunflower and Mid-Kansas will each make a filing with the Federal Energy Regulatory Commission (FERC) no later than April 1st requesting to merge the Sunflower and Mid-Kansas transmission facilities into a single transmission formula rate.

CEO Epperson went onto report that FERC recently reversed a waiver previously issued to the Southwest Power Pool (SPP) regarding Attachment Z2 Credits under the SPP Open Access Transmission Tariff, and as such, any refund from the reversal is not yet known. He also advised that the FERC blocked Gridliance's purchase of an Oklahoma Electric Coop's transmission assets.

CEO Epperson pointed out that the SPP Integrated Market celebrated its fifth anniversary and that out of all of the regional transmission operators in the U.S., the SPP experienced the lowest spot energy market prices.

At the June Board Meeting, the Mid-Kansas members will continue their discussion regarding the Members' 34.5 kV system.

Last, CEO Epperson advised the Board that to achieve economies of scale, Sunflower Electric is coordinating Crisis Communications Planning and Group Media Training with Braud Communications for its Member Systems and their communications staff.

CHIEF EXECUTIVE OFFICER'S REPORT

1. **Finance & Accounting**

    a. **Financial & Operating/Capital Budget Report**

    Chantry Scott, CFO-Vice President of Finance and Accounting, advised the Board the "Preliminary" February 2019 Financial & Operating Report is posted on

BoardPaq for their review as the final will not be available until such time the auditors have completed their audit fieldwork. CFO Scott, reviewed with the board the year end numbers and advised that they were finishing up reports for the year end. He advised that next month, Accounting would be completing the quarterly reports and the December 31, 2018 year-end, and then the auditors would present the audit report in the month of May.

2. Engineering & Operations

George Bushnell, Vice President-Engineering and Operations, elected to stand on the Engineering and Operations monthly written report as published for review in the February Chief Executive Officer's report posted on BoardPaq.

a. FEMA Update

Mike Haney, Manager of Engineering and Operations, presented the Board with a slide showing that Pioneer has submitted $4.9M in expenses for storm restoration and that $19K of this amount has been determined by FEMA to be ineligible. Staff does not agree with this determination given a majority of the $19K was associated with expense to attend a meeting called by FEMA/KDEM in Wichita, KS. However, Staff has determined that it will likely not appeal this determination. Pioneer has not received payment from FEMA yet and will not until Congress approves it. Once Congress approves, Pioneer should be in receipt of such payment within a month. Haney advised that KDEM indicates that the reconductor PW will be completed within 2 to 3 weeks and will then go on to FEMA for approval. It is possible to see approval of a PW within two months. Manager Haney mentioned

that Staff only expects the PW to approve 172 of the 662 miles submitted for FEMA reimbursement. If that happens, Pioneer will likely appeal the determination.

b. Seaboard Energy Kansas

Mike Haney, Manager of Engineering and Operations, presented information to the Board regarding Seaboard Energy Kansas, LLC (Seaboard Energy) purchasing the former ABBK plant for a renewable diesel plant, including the necessary upgrades to the electric system necessary to serve the new load.

After discussion a motion was made and seconded to authorize Mike Haney, Manager of Engineering and Operations, to offer various transmission upgrade options as presented to the board, to Seaboard Energy. Motion carried.

c. Update on Liberal Facility

Mark Shogren, Manager of Purchasing, Materials & Facilities, updated the Board on the status of remodeling and expanding the Liberal facility. He advised that they have moved into the leased building and are conducting business there. He provided slides of pictures showing the demolition and the dirt work that has been started. The construction is coming along as scheduled.

3. Energy Services

a. Energy Services/ "In the News"

Anita Wendt, Vice President of Energy Services, discussed recent happenings and upcoming events at Pioneer Electric.

4. Regulatory Update

Randall Magnison, Executive Vice President-Assistant CEO advised he would stand on the written Regulatory Report as published on BoardPaq.

Lindsay Campbell, Executive Vice President-General Counsel, advised the board that Southern Pioneer and Mid-Kanas will fil their Initial Brief April 1st in Southern Pioneer and Mid-Kansas's appeal of the Commission Order the KPP TRO docket. Responses by the other parties are to be filed with the Court on May 15th.

Chantry Scott, Vice President of Finance – CFO, shared with the Board that we continue to work with Power System Engineering in developing and reviewing the cost of service study.

5. Corporate Services

Lindsay Campbell, Executive Vice President-General Counsel, discussed with the board the municipal contract with the City of Hugoton.

6. Administration

Randy Magnison, Assistant CEO, advised he would stand on the majority of the written Administrative Report as published on BoardPaq. Assistant CEO Magnison presented slides outlining the position for an Information Technology ("IT") person to fill a vacancy when an existing IT person retires in the next several months. He shared that Human Resources has graded this position and has established a salary range and that they will be ready to seek applicants to fill this position in the near future.

After discussion, a motion was made and seconded to accept the grade and salary range for the IT rehire position. Motion carried.

GENERAL COUNSEL'S REPORT

Executive VP-General Counsel Lindsay Shepard had nothing to report under the General Counsel's report.

MATTERS REQUIRING BOARD ACTION

1. **Quarterly Write-Offs of Uncollectable Accounts**

   Assistant CEO Magnison discussed with the Board, the quarterly write-off of uncollectable accounts and miscellaneous receivables for the second quarter. After discussion, a motion was made and seconded to write-off 11 uncollectable electric accounts in the amount of $1,460.63 and three miscellaneous receivable accounts in the amount of $5,138.88, and refer all to Brooks and Olson for collection. Motion carried.

2. **Resolution Authorizing Special Capital Credit Retirement & Applying Against Uncollectible Accounts**

   After review and discussion, a motion was made and seconded to approve the "Resolution Authorizing Special Capital Credit Retirement & Applying Against Uncollectible Accounts. Motion carried.

Resolution Authorizing Special Capital Credit Retirement to Apply Against Remaining Balances of Uncollectible Accounts Approved for Write Off as of March 27, 2019

WHEREAS, Pioneer Electric Cooperative, Inc., ("Pioneer Electric") has sold electricity to consumers on credit; and

WHEREAS, at its March 27, 2019 meeting, the Pioneer Electric Board of Trustees (the "Board" or "Trustees") approved the write off of certain accounts deemed uncollectible that had been incurred on or before March 27, 2019.

NOW, THEREFORE, BE IT RESOLVED, the Board, in accordance with Pioneer Electric Bylaws and Policy No. 43, Capital Credits, hereby authorizes a Special Capital Credit Retirement to apply the net present value of any unretired capital credits of a consumer with an uncollectible written-off account against

the remaining balance of the uncollectible account approved for write off on or before the March 27, 2019 Board meeting; and

BE IT FURTHER RESOLVED, that the unpaid discounted amount relevant to this special retirement will be retained as permanent equity of Pioneer Electric; and

BE IT FURTHER RESOLVED, the Board authorizes that the Special Capital Credit Retirement use the appropriate discount rate according to Board-approved Policy No. 43, Capital Credits.

3. **NRECA International Foundation Donation**

   After discussion, a motion was made and seconded to donate $3,000 to the NRECA International Foundation Donation. Motion carried.

4. **Sunflower Electric Annual Meeting & Sunflower Electric Holdings Annual Meeting Delegates**

   After discussion, a motion was made and seconded to appoint Trustee Rubart as the Delegate and Trustee Claassen as the Alternate. Motion carried.

OTHER BUSINESS

1. **2019 NRECA Legislative Conference – Washington, D.C. – April 28-30, 2019**
2. **KEC Board of Trustees Meeting – Wichita, KS – May 8-9, 2019**
3. **Sunflower Electric/Mid-Kansas Annual Meetings – Pioneer, Ulysses, KS – May 17, 2019**
4. **ACES Member Conference – Indianapolis, IN – May 30-31, 2019**
5. **Summer School for Directors (East) – Williamsburg, VA – June 7-12, 2019**
6. **CoBank Directors Conference – Omni Grove Park Inn, Asheville, NC – July 16-18, 2019**
7. **Legal Seminar – Charleston, SC – July 15-17, 2019**
8. **CoBank Energy & Water Exec Forum – Charleston Place Hotel, Charleston, SC – July 31-August 2, 2019**

EXECUTIVE SESSION

A motion was made and seconded at 1:40 to go into Executive Session to discuss Board Governance. Motion carried.

A motion was made to exit Executive Session at 3:00 PM. Motion carried.

ADJOURNMENT

A motion was made and seconded to adjourn the meeting at 3:00 PM.

Perry E. Rubart

Perry Rubart, Secretary-Treasurer

APPROVED:

Martie Floyd

Martie Floyd, President