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

April 24, 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, April 24, 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. Sherry Easton, Manager of Accounting and Sheila Mason, Project Assistant, were present in the morning for a short portion of the meeting. Board President Martie Floyd called the meeting to order.

INVOCATION & PLEDGE OF ALLEGIANCE

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

APPROVAL OF MEETING AGENDA AS PUBLISHED OR AMENDED

A motion was made and seconded to approve the meeting agenda as published or amended. Motion carried.

PUBLIC – INTRODUCTION OF GUESTS

None present.

CONSENT AGENDA

1. **Approval of March 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 March 2019 General Fund Checks & Transactions**
6. **Approval of Board Expense Reports**
7. **Approval of CEO Expense Report**

Sherry Easton, Manager of Accounting, introduced Sheila Mason to explain to the Board the newly revised format of the monthly Board expense reports that are available for their review. Ms. Mason, explained that the newer format makes the expense reports easier to input into the accounts payable system and easier to read.

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

SUNFLOWER UPDATE

Trustees Rubart and Claassen, CEO Epperson, Assistant CEO Magnison Executive VP Campbell and VP Scott updated the Board on Sunflower Electric Power Corporation ("Sunflower") and Mid-Kansas Electric Company, Inc. ("Mid-Kansas") activities. The update

included the presentation and approval of the Sunflower and Mid-Kanas audit; Stuart Lowry's annual performance evaluation; continued discussion regarding rate design and cost of service study; transmission related activities; the Member's 34.5 kV system; and an update on the Johnson Corner Solar project. CEO Epperson reminded the Board that Sunflower's and Mid-Kansas' 2019 Annual Meetings this year is May 17th and will be hosted at Pioneer's office.

CHIEF EXECUTIVE OFFICER'S REPORT

1. **Finance & Accounting**

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

   Chantry Scott, CFO-Vice President of Finance and Accounting, reviewed with the Board the 2018 4th Quarter and March 2019 Financial & Operating Reports. After review and discussion, a motion was made and seconded to approve the 2018 4th Quarter Financial & Operating Report and the March 2019 Financial Report. Motion carried.

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 April's Chief Executive Officer's report posted on BoardPaq.

   a. **FEMA Update**

   Mike Haney, Manager of Engineering and Operations, advised the Board that they had nothing new to report other than they were still waiting for the check from FEMA for the initial storm restoration work. Manager Haney also advised

that KDEM is still working on the PW (Project Worksheet) and that our team has submitted additional costs to KDEM/FEMA.

b. Update on Liberal Facility

Mark Shogren, Manager of Purchasing, Materials & Facilities, made a presentation to the Board on the status of remodeling and expanding of the Liberal facility.

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.

Assistant CEO Magnison, updated the Board that Southern Pioneer Electric Company continues its discussions regarding the class of cost of service study and continuation of the formula based rate plan and that a meeting is scheduled with the KCC staff and CURB on May 2, 2019. Assistant CEO Magnison, also advised that their target filing date is sometime in June 2019.

5. Corporate Services

Lindsay Campbell, Executive Vice President-General Counsel advised she would stand on the written Corporate Services Report as published on BoardPaq.

Ms. Campbell did discuss with the Board that during the month May, there will be planned outages for the Jayhawk Plant and National Helium Plant. During this time, the Praxair load will be reduced. Ms. Campbell also discussed with the Board the additional load that National Helium will bring to the plant starting this July. She shared that the Birla Carbon plant has committed to a scrubber project that will increase their load and she passed on positive remarks from them as to the service that Pioneer Electric has provided to them. Ms. Campbell also shared with the Board that Sunflower and Pioneer/Southern Pioneer are putting together some options to various municipalities to provide wholesale service.

6. **Administration**

Randy Magnison, Assistant CEO, advised he would stand on the written Administrative Report as published on BoardPaq.

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. **Grant County Community Foundation Donation**

After discussion, a motion was made and seconded to donate $3,000 to the Grant County Community Foundation. Motion carried.

2. **New Policy 55 – Unmanned Aerial Systems**

Assistant CEO Magnison reviewed with the Board the proposed new policy that was created to address the use of Drones. After review and discussion, a

motion was made and seconded to approve the New Policy 55 – Unmanned Aerial Systems. Motion carried.

3. **National Rural Utilities Cooperative Finance Corporation – Cooperative System Integrity Fund**

After discussion, a motion was made and seconded to donate 5% of Pioneer Electric's CFC patronage capital refund, but not to exceed $1,000.00. 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**
9. **KEC Summer Meeting – Overland Park, KS – August 3-5, 2019**

EXECUTIVE SESSION

A motion was made and seconded at 12:45 p.m. to go into Executive Session to discuss Board Matters. Motion carried.

A motion was made to exit Executive Session at 12:50 p.m. to vote for a Sunflower Director and Alternate. Motion carried.

After discussion, a motion was made and seconded to elect Martie Floyd as Pioneer Electric's Director for the Sunflower Electric Board and Michael Brewer as Pioneer Electric's Alternate Director for the Sunflower Electric Board.

A motion was made and seconded at 12:56 to go into Executive Session to discuss Board Governance Matters. Motion carried.

A motion was made to exit Executive Session at 1:59 p.m. Motion carried.

After discussion, a motion was made and second to distribute at the May Board meeting the approved Board Assessment evaluation and provide each Board member with a self-addressed, postage paid return envelope in which to return their completed Board Assessment.

ADJOURNMENT

A motion was made and seconded to adjourn the meeting at 2:00 PM.

Perry Rubart, Secretary-Treasurer

APPROVED:

Martie Floyd, President