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

October 31, 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 Thursday, October 31, 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, Assistant Secretary-Treasurer John Jury, and Trustees James Bell, Mike Brewer, Fred Claassen, Charles Milburn and Jeff Moyer. Trustee Melvin Winger was absent and excused. Also present at the Board meeting were Chief Executive Officer ("CEO") Stephen J. Epperson; 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. Randall D. Magnison, Executive Vice President-Assistant CEO, was absent and excused. Also in attendance for the full meeting was Pioneer Electric's Larissa Hoopingarner, Accounting Clerk; Mark Shogren, Manager of Material, Purchasing & Warehouse and Mike Haney, Manager of Engineering & Operations. Those in attendance for a portion of the meeting were Chris Wagner, Plant Accountant and Melissa Morales, Manager of Human Resources. 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 September 18, 2019 Regular Board Meeting Minutes**
2. **Approval of September 18, 2019 Executive Session Meeting Minutes**
3. **Approval of October 9, 2019 Executive Meeting Minutes**
4. **Approval of New & Reactivated Memberships**
5. **Approval of Deactivated Memberships**
6. **Approval of Estate Retirement Applications**
7. **Approval of September 2019 General Fund Checks & Transactions**
8. **Approval of Board Expense Reports**
9. **Approval of CEO Expense Report**

It was noted that the October 9, 2019 Executive Meeting Minutes were not available and would be added to the Consent Agenda for the November 20, 2019 Board Meeting. There also were no Estate Retirements due to General Retirements.

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

NRECA REGION 7 MEETING UPDATE

The attendees for the 2019 NRECA Region 7 Meeting held in Spokane, WA were Trustees James Bell and Michael Brewer; CEO Stephen Epperson, Assistant CEO Randall Magnison and Executive VP-General Counsel Lindsay Campbell. Trustee James Bell reported that he attended a director training class on CEO compensation which was very informative, and also attended a breakout session with Touchstone Energy. Everyone agreed it was an overall good meeting with relevant information and interesting speakers. Trustee Michael Brewer shared what he learned, specifically

regarding how the world and times are changing. He shared that he attended a strategic planning breakout session. He also mentioned what a great job Leslie Kauffman of KEC, Woody Barnes of Wheatland, and Stuart Lowry of Sunflower did as speakers on panels of various topics at the meeting. Executive VP-General Counsel Lindsay Campbell mentioned that many of the topics covered on member engagement are actions or initiatives that we are already practicing.

KEC COMMITTEE & BOARD MEETING UPDATE

CEO Epperson shared that the KEC Board is currently conducting an executive search t for a new CEO to replace Bruce Graham with his impending retirement in May of 2020. A summary of the meeting was provided for all Board Trustees to review on BoardPaq.

1. **KCRE Grow Your Giving**

   Board President Martie Floyd advised that there are currently five cooperatives that have joined the "KCRE Grow Your Giving" campaign. CEO Epperson explained what ACRE/KCRE is to new Board Trustee Jeff Moyer. CEO Epperson also explained the intent of the "Grow Your Giving" campaign and that the campaign money will be divided between all identified legislators. After discussion, Board President Martie Floyd suggested that it be left up to each individual trustee to increase contribution amounts if they so desire.

SUNFLOWER UPDATE

CEO Epperson and VP Bushnell updated the Board on Sunflower Electric Power Corporation ("Sunflower") and Mid-Kansas Electric Company, Inc. ("Mid-Kansas") activities. The update included a report for both September and October meetings which were back-to-back with no Pioneer/Southern Pioneer Electric Company Meetings in between. For the month of September, there was an in-depth overview of transmission services provided to Member systems, the Sunflower key accounts staff provided an overview of the Key Accounts Program, Sunflower's General Counsel reviewed the draft of the Wholesale Power Agreement ("WPA"), and the Sunflower Board approved the new 2020 capacity method rate design and resulting WHM-20 Tariff, which will be effective with

the merger of Sunflower and Mid-Kansas on 01/01/2020. Additionally, the Sunflower Board approved a 30-day extension for the completion of the Johnson Corner Project to April 1,2020. For the month of October, there was a review of the results of the Future Scenario Survey completed by the Sunflower Board, a discussion on continuing to examine future rate designs, continued discussions on the Member 34.5 kV systems, and the newly proposed Sunflower WPA was approved substantially in the form presented. Executive VP-General Counsel Lindsay Campbell presented the Board with the proposed WPA between Sunflower and Pioneer and the Resolution Approving Amended and Restated Wholesale Requirements Agreement and Wholesale Power Contract. After review and discussion, a motion was made and seconded to approve the Resolution Approving Amended and Restated Wholesale Requirements Agreement and Wholesale Power Contract. Motion carried

Resolution Approving Amended and Restated Wholesale Requirements Agreement and Wholesale Power Contract

WHEREAS, Pioneer Electric Cooperative, Inc. ("Pioneer Electric" or "Cooperative") is a Member-Owner of Sunflower Electric Power Corporation ("Sunflower"); and

WHEREAS, Pioneer Electric and Sunflower are parties to a certain Wholesale Power Contract dated as of May 15, 1968, as amended, supplemented and extended May 30, 2014; and

WHEREAS, Sunflower Electric and Mid-Kansas Electric Company, Inc. ("Mid-Kansas") have sought and received regulatory approval to merge, effective January 1, 2020, with Sunflower being the surviving corporation.

NOW, THEREFORE, IT IS HEREBY RESOLVED, the Pioneer Electric Board of Trustees ("Board" or "Trustees") hereby approves the Amended and Restated Wholesale Requirements Agreement and Wholesale Power Contract substantially in the form as presented to the Board, to be effective upon the merger of Sunflower Electric Power Corporation and Mid-Kansas Electric Company, Inc. as stated in the Amended and Restated Wholesale Requirements Agreement and Wholesale Power Contract; and;

BE IT FURTHER RESOLVED, the Pioneer Electric Board hereby authorizes and empowers the Chief Executive Officer of the Cooperative, Stephen J. Epperson, to execute, deliver, and do or cause to be done all such acts and things as may be determined to be necessary or appropriate by the Chief Executive Officer to carry out and comply with the purposes and intent of the foregoing resolution.

CHIEF EXECUTIVE OFFICER'S REPORT

1. **Finance & Accounting**

   a. **Form 990 Review**

   CFO-VP of Finance and Accounting Chantry Scott reviewed with the Board the Form 990, compiled and completed by Moss Adams, LLP, that must be filed every year by tax-exempt cooperatives. He advised that it will be filed in November and will subsequently be made available on the website for members to review if they wish.

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

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

      i. **3rd Quarter 2019 Financials**

      CFO & VP of Finance and Accounting Chantry Scott advised that the Quarterly information was posted in BoardPaq for the Board to review.

   c. **Irrigator Incentive Rates**

   CFO & VP of Finance and Accounting Chantry Scott reviewed with the Board data on current irrigation load and a refresh of the analysis discussed with the Board last year regarding the possibility of an incentive rate for new irrigation wells for the purpose of incentivizing wells to switch from natural gas to electric, thus helping rates for the entire rate class. However, it was decided that given the continued low market price of natural gas, Pioneer would not be able to offer a rate that would incentivize new load to switch from natural gas to electric while also making economic sense for Pioneer Electric.

   d. **Review 2020 Capital and Construction Budget**

2. Chris Wagner, Plant Accountant, covered the line items of the proposed 2020 Capital and Construction budget. He was able to explain and answer any questions that the Directors had.

Engineering & Operations

George Bushnell, Vice President-Engineering and Operations, elected to stand on a majority of the Engineering and Operations monthly written report as published for review in the September's Chief Executive Officer's report posted on BoardPaq. He did make a presentation to the Board updating them on various projects, pole testing and the status of the Southern Pioneer four-year Construction Work Plan.

a. **FEMA Update**

Mike Haney, Manager of Engineering and Operations, shared with the Board that there is not any change with FEMA and we continue to wait for the approved Project Worksheet ("PW") from FEMA.

3. **Options for Strategic Planning in 2020**

CEO Epperson advised the Board that CoBank offers strategic planning and asked everyone to look at their calendars to see what time of year works best to schedule a strategic planning session. He recommended that it be scheduled after Pioneer's annual meeting in the event there are new Trustees elected out of the annual meeting. After discussion, it was agreed that April 2nd and 3rd of 2020 would work and the meeting would be held in Garden City, KS.

4. **Energy Services**

a. **Energy Services/ "In the News"**

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

5. **Regulatory Update**

Chantry Scott, CFO-VP of Finance and Accounting, advised that Staff continues work on the general rate case and filing to renew the DSC and 34.5 kV

formula based rate plans (FBR Plans). The general rate case was filed with the Commission on October 10, 2019, and the filing to renew the FBR Plans is anticipated to occur the latter part of November. He mentioned that the full update is located in the October CEO Report.

Lindsay Campbell, Executive VP-General Counsel, mentioned to the Board that Terri Pemberton with Cafer Pemberton LLC is no longer with the firm as she has accepted the position of chief litigation counsel at the KCC, effective October 21, 2019.

6. Corporate Services

Lindsay Campbell, Executive Vice President-General Counsel advised she would stand on a majority of the written Corporate Services Report as published on BoardPaq. Ms. Campbell did advise the Board that a written Consent to Assignment of the Jayhawk Retail Electric Service Agreement from Riviera Resources (Riviera) to Scout Energy Management (Scout) has been agreed upon by Riviera, Scout, Pioneer Electric and Sunflower, effective as of the anticipated November 1, 2019 closing date of the sale of all of Riviera's assets in the Hugoton Basin to Scout. A motion was made and seconded to approve the execution and delivery of the Consent to Assignment in substantially the form presented. Motion carried.

Executive VP Campbell also reported that Staff continues to follow up with the City of Hugoton regarding the rate proposals to renew the wholesale power supply contract that will be up in 2021. **Administration**

Lindsay Campbell, Executive VP-General Counsel in the absence of Randy Magnison, Assistant CEO, advised they would stand on the written Administrative Report as published on BoardPaq.

Lindsay Campbell, Executive VP-General Counsel was happy to announce to the Board that they have hired Larissa Hoopingarner for the new position of Legal Executive

Assistant, effective November 1, 2019. Ms. Hoopingarner was present at the meeting to meet the Board.

GENERAL COUNSEL'S REPORT

Executive VP-General Counsel Lindsay Campbell reported to the Board the status of the Shopko bankruptcy. A motion was made and seconded to give Staff the authority to negotiate a confidential settlement with Shopko. Motion carried.

MATTERS REQUIRING BOARD ACTION

1. **Approval of the 2020 calendar**

   After review and discussion, a motion was made and seconded to approve the 2020 calendar as presented. Motion carried.

2. **Employee Christmas Gift**

   After review and discussion, a motion was made and seconded to approve the employee Christmas gift as presented. Motion carried.

3. **Policy 56 – Board Qualifications and Responsibilities**

   Lindsay Campbell, Executive VP-General Counsel, reviewed Policy 56 with the Board and the updated changes. After review and discussion, a motion was made and seconded to approve Policy 56 in substantially the form presented. Motion carried.

4. **Purchase of Real Estate at Rolla Substation**

   After review and discussion, a motion was made and seconded to give Staff the authority to execute and deliver all agreements and documentation necessary to effectuate the purchase of two acres of real estate in Morton County for a total of $3,000. Motion carried.

5. **Appoint Voting Delegates for Sunflower Special Meeting of the Members**

After review and discussion, a motion was made and seconded to appoint Martie Floyd as the Delegate and Mike Brewer as the Alternate for the Sunflower Electric Special Meeting of the Members. Motion carried.

6. **Appoint Alternate Director for Sunflower Board**

After review and discussion, a motion was made and seconded to appoint Executive VP Campbell to replace Executive VP Magnison, who will be retiring from Pioneer Electric effective the beginning of 2021, as an alternate director on the Sunflower Board of Directors.

7. **Signature Cards at Various Banks**

CFO & VP of Finance and Accounting Chantry Scott reviewed with the Board the need to have the signature cards changed at the banks to remove former Trustee Perry Rubart and add Jeff Moyer. After review and discussion, a motion was made and seconded to approve the Corporation changes to Authorize Officers to Signature Cards at various banks. Motion carried.

OTHER BUSINESS

1. **KEC District 4 Meeting – Dodge City, KS – November 5, 2019**
2. **KEC Safety Award Lunch/Presentation – November 6, 2019 at 11:00 a.m. in the Pioneer Room**
3. **Irrigator & Board Budget Meeting – December 3, 2019 at 10:00 a.m.**
4. **Member Appreciation – December 5, 2019**
5. **PECI Christmas Party – December 6, 2019 at 6:00 p.m. in the Commercial Building at the Grant County Civic Center**
6. **Employee Chili Feed – December 31, 2019 at 11:30 a.m. at Pioneer Electric**

The Pioneer Electric Board meeting recessed at 2:46 p.m. to conduct Southern Pioneer's October Board Meeting.

The Pioneer Electric Board meeting reconvened its regular monthly Board Meeting at 2:51 pm.

A motion was made and seconded to go into Executive Session at 2:51 p.m.

A motion was made and seconded to adjourn the meeting at 4:51 p.m.

John Jury, Secretary-Treasurer

APPROVED:

Martie Floyd, President