

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

January 22, 2020

**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, January 22, 2020 at the Cooperative’s headquarters in Ulysses, Kansas. The meeting convened at 8:38 a.m.

Present at the regular meeting were: Board President Martie Floyd, Assistant Secretary-Treasurer Mike Brewer and Trustees James Bell, Fred Claassen, Charles Milburn, and Jeff Moyer. Trustee Melvin Winger was in partial attendance. Vice President Alfred Alexander and Secretary-Treasurer John Jury, were absent and excused. 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. Also in attendance for the full meeting was Pioneer Electric’s Michelle Brungardt, Executive Assistant; Larissa Hoopingarner, Legal Executive Assistant; and Mike Haney, 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.

## **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 December 18, 2019 Regular Board Meeting Minutes**
- 2. Approval of December 18, 2019 Executive Session Meeting Minutes**
- 3. Approval of New & Reactivated Memberships**
- 4. Approval of Deactivated Memberships**
- 5. Approval of Estate Retirement Applications**
- 6. Approval of December 2019 General Fund Checks & Transactions**
- 7. Approval of December Board Expense Reports**
- 8. Approval of CEO Expense Report**

It was noted that for the month ending December 31, 2019, there were no Estate Retirements for Board review and approval. After reviewing and discussing the expense reports and General Fund Checks, a motion was made and seconded to approve the Consent Agenda.

Motion carried.

## **KEC COMMITTEE & BOARD MEETING UPDATE**

Trustee James Bell reported that the KEC Board named Lee Tapanelli as its new CEO, effective on or about May 1, 2020, as Bruce Graham, KEC's current CEO, is preparing for retirement.

## **SUNFLOWER UPDATE**

CEO Stephen Epperson updated the Board on Sunflower Electric Power Corporation (“Sunflower”) activities for the month of January. The merger between Sunflower and Mid-Kansas was successfully implemented on January 1, 2020. Tri-State announced that they will no longer pursue the Holcomb Expansion project and Sunflower publicized that it will allow the Holcomb Expansion Project PSD air permit to expire on March 27, 2020. Rich Macke, Vice President of Economics, Rates and Business Planning Department of Power System Engineering, Inc., reviewed with the Board future rate design options for the Board to consider as part of its next rate design study. Sunflower staff reviewed with the Board (i) the plan to engage ACES Power Marketing to complete an Integrated Resource Plan Study in 2020; (ii) a conceptual parallel generation policy; and (iii) the long range financial plan. . Finally, CEO Epperson reported that Brent Mitchell, Sunflower’s new Board General Counsel, was appointed as the Secretary of the corporation, and that the Southwest Power Pool, Inc. (SPP) has appointed a new CEO, Barbara Sugg.

## **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 preliminary December 2019 Financial and Operating Report numbers. Once the year-end processes are complete and the 2019 year is closed out, Scott advised that the December 2019 reports will be uploaded to BoardPaq.

## **2. 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 January Chief Executive Officer's report posted on BoardPaq.

### **a. FEMA Update**

Mike Haney, Manager of Engineering and Operations, shared with the Board that Pioneer Electric is still waiting on the revised Project Worksheet (PW) to be sent back as KDEM needs to modify and send back through the approval process. Amid attempts to reach out and contact KDEM for specifics, KDEM still has not provided a date certain as to when the modification and ultimate approval from FEMA would be completed so that Pioneer Electric may begin permanent restoration work.

## **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 majority of the written Regulatory Report as published on BoardPaq. Assistant CEO Magnison did provide an update on the current General Rate Case stating that staff is currently responding to discovery in the form of fairly generic data requests and that a statutory requirement regarding re-basing property taxes was brought to staff's attention by KCC staff, resulting in the procedural schedule being set back two weeks. Lindsay Campbell, Executive Vice President-General Counsel, reported and summarized the results

of the Phase I Study required by Senate Bill 69 passed by the legislature last year. Phase II Study results are due in July of this year.

#### **5. 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. Executive VP Campbell did report on a recent meeting with Scout Energy Management.

#### **6. Administration**

Assistant CEO Magnison advised they would stand on the written Administrative Report as published on BoardPaq.

### **GENERAL COUNSEL'S REPORT**

Lindsay Campbell, Executive Vice President-General Counsel, provided an update in executive session on the Chapter 11 bankruptcy of a member.

### **MATTERS REQUIRING BOARD ACTION**

#### **1. Appointment of Nominating Committee**

Anita Wendt, Vice President Member Services, reviewed with the Board the names of nine members that were submitted by those Trustees whose districts are not up for election at this year's annual membership meeting, to be considered by the Board for appointment to the Nominating Committee. Pursuant to the Cooperative Bylaws, the Board is responsible for appointing at least seven (7) members, with at least two members from each district from which a trustee is to be elected, to serve on the Nominating Committee. The Nominating Committee is responsible for selecting candidates to be placed on the ballot for election to the Board of Trustees at the annual membership meeting held every year. This year's Board of Trustee elections will be for Districts 1, 2 and 7. It

was commented by VP Wendt that in an attempt to involve and identify members to participate on the Nominating Committee, Pioneer Electric solicited invitations on the Cooperative's website and in the Kansas Country Living, however, no members expressed an interest. After review and discussion, a motion was made and seconded to approve the appointment of the proposed slate of nine members to serve on the Nominating Committee. Motion carried.

## **2. Approval of Riviera Capital Credits Agreement**

Lindsay Campbell, Executive Vice-President and General Counsel, reviewed with the Board the conceptual agreement with Riviera Operating, LLC (f/k/a LINN Operating, LLC) regarding its capital credits. After review and discussion, a motion was made and seconded to approve the proposed agreement with Riviera and grant CEO Epperson the authority to execute the agreement. Motion carried. Trustee Moyer abstained from voting.

## **3. Property Tax Surcharge Rider**

Chantry Scott, CFO-Vice President of Finance and Accounting, reviewed with the Board the property taxes that were paid by Pioneer Electric on a county-by-county basis from 2018-2019, the amount of property taxes currently embedded in base rates, and the difference between what was paid and what is embedded in base rates, which difference will need to be collected in the form of the property tax surcharge. VP Scott provided and reviewed with the Board the proposed Property Tax Surcharge Rider tariff sheet. d. After review and discussion, a motion was made and seconded to approve the Property Tax Surcharge Rider with an effective date of February 1, 2020. Motion carried.

**4. Appoint 2020 CFC Voting Delegate and Alternate Delegate**

CEO Epperson advised the Board that it needs to appoint voting delegates for the CFC Annual Meeting held in conjunction with the NRECA Annual Meeting in New Orleans, Louisiana. After review and discussion, a motion was made and seconded to appoint Trustee James Bell as the Delegate and Trustee Fred Claassen as the Alternate Delegate. Motion carried.

**OTHER BUSINESS**


- 1. KEC Annual Meeting – January 25-28, 2020 at Capitol Plaza Inn, Topeka, KS**
- 2. Nominating Committee Meeting – January 29, 2020 from 9:00 a.m. to Noon**
- 3. University on Wheels – February 3-5, 2020**
- 4. PECI/SPECo Board Meeting – February 26, 2020 at Southern Pioneer Electric's Liberal Office**
- 5. NRECA 2020 Annual Meeting – February 27 – March 4, 2020**
- 6. CoBank Western Plains Meeting – March 12-13, 2020**
- 7. PECI Annual Meeting and Health Fair - Afternoon Meeting – March 14, 2020**
- 8. NRECA New Director Orientation – March 17-19, 2020**
- 9. Strategic Planning – April 2-3, 2020**

A motion was made and seconded to go into Executive Session at 1:06 p.m. Motion carried.

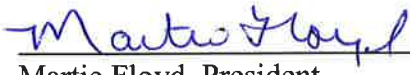
A motion was made and seconded to come out of Executive Session at 1:45 p.m. Motion carried.

**ADJOURNMENT**

A motion was made and seconded to adjourn the meeting at 1:59 p.m. Motion carried.

  
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Mike Brewer, Assistant Secretary-Treasurer

APPROVED:

  
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Martie Floyd, President