

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

May 20, 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 remotely via GoToMeeting conference call on Wednesday, May 20, 2020 due to the COVID-19 pandemic, declared a national emergency by President Trump on March 13, 2020. The meeting convened at 8:30 a.m.

Present at the regular meeting remotely via GoToMeeting conference call were: Board President Martie Floyd, Vice President Alfred Alexander, Secretary-Treasurer John Jury, Assistant Secretary-Treasurer Mike Brewer and Trustees James Bell, Charles Milburn, Fred Claassen and Jeff Moyer. Trustee Melvin Winger was absent and excused. Also present at the Board meeting remotely via GoToMeeting conference call 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 remotely via GoToMeeting conference call was Pioneer Electric’s Larissa Hoopingarner, Legal Executive Assistant; Mark Shogren, Manager of Material, Purchasing & Warehouse; Mike Haney, Manager of Engineering & Operations; Sherry Easton, Manager of Accounting; Chris Wagner, Plant Accountant; Danny Law, Manager of Safety and Compliance and Southern Pioneer Electric Company’s (“Southern Pioneer”) Brian Beecher, Manager of Engineering and Operations; and Clint Meier, Manager of Engineering and Operations. In attendance at the Cooperative’s headquarters via GoToMeeting

conference call was Pioneer Electric's Michelle Brungardt, Executive Assistant. Board President Martie Floyd called the meeting to order.

INVOCATION

The meeting opened with a prayer.

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 April 22, 2020 Regular Board Meeting Minutes**
- 2. Approval of April 22, 2020 Executive Meeting Minutes**
- 3. Approval of New & Reactivated Memberships**
- 4. Approval of Deactivated Memberships**
- 5. Approval of Estate Retirement Applications**
- 6. Approval of April 2020 General Fund Checks & Transactions**
- 7. Approval of April Board Expense Reports**
- 8. Approval of CEO Expense Report**

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

AUDIT REPORT VIA CONFERENCE CALL WITH BKD AT 9:00 AM

James Gripka, CPA with BKD, LLP, remotely presented to the Board via GoToMeetings conference call, Pioneer Electric's consolidated financial audit report for the year ending December 31, 2019. The auditor advised that their review revealed that Pioneer Electric was in compliance with all financial covenants and Generally Accepted Accounting Principles (GAAP), maintains very good internal controls and reviews, has protected liquid assets very well, and that there were no material adjustments required as a result of the audit. The auditors were complimentary of Pioneer Electric's Accounting staff. After review and discussion, a motion was made and seconded to accept the Audit Report as presented by BKD. Motion Carried.

KEC BOARD OF TRUSTEES MEETING UPDATE

Trustee Mike Brewer reported that Ark Valley Electric Cooperative provided written notification electing to formally withdraw its membership with the KEC. Trustee James Bell reported that the new CEO, Lee Taffanelli, was introduced and spoke to the Board.

SUNFLOWER UPDATE

CEO Stephen Epperson updated the Board on Sunflower Electric Power Corporation ("Sunflower") activities for the month of May. In addition to the regularly scheduled monthly board meeting, Sunflower held its annual and organizational meetings. All of the meetings were held remote due to COVID-19. Lee Taffanelli, the new CEO of KEC, was introduced and welcomed.

CEO Epperson reported that as part of the Sunflower reorganization meeting, the same Board officers and corporate officers were re-elected or re-appointed.

Sunflower is continuing to undertake several activities to respond to and mitigate impacts as a result of the COVID-19 pandemic, including, but not limited to, monitoring load impacts,

implementing additional sanitization and hygiene measures and requirements, receipt of funds from the SBA's PPP, and developing a four-phased COVID-19 Return-to-Work Plan. It was noted that Member sales are down 6% from budget this month, primarily a result of COVID-19 impacts. Pioneer and Southern Pioneer loads are specifically down 3% on a combined basis. Staff presented a new approach in their Project Cost Accounting presentation applicable to all capital projects as a result of large growth in Notice to Construct Projects and Generation Interconnection Agreements and they are continuing to work at SPP to change various cost allocation methodologies. The Sunflower Board discussed the possibility of moving the date of the Sunflower Board meeting from the third Friday of each month to a different weekday during the month in order to alleviate late travel on Fridays that may interfere when Members often have community and family events occurring. Further discussion is needed and the topic will be revisited at a future meeting.

CHIEF EXECUTIVE OFFICER'S REPORT

1. COVID-19 Update

CEO Stephen Epperson reported to the Board that the companies are continuing to practice proactive, previously implemented Key Actions of the Pandemic Plan, to help prevent illness and further spread of COVID-19, while continuing to provide safe and reliable service to members and consumers. Each vice president updated the Board on how employees are continuing to perform essential functions remotely and/or in the office.

a. Proposed Return-to-Office Plan

Randall Magnison, Executive Vice President-Assistant CEO, reviewed with the Board the proposed Reopening Plan to systematically plan the reopening of all

office locations. Specifically, the plan addresses how to safely return employees working remotely to the workplace while providing a stepwise approach to return daily operations to a more familiar mode, much like they were before the pandemic.

2. Finance & Accounting Update

a. Financial & Operating/Capital Budget Report

Chantry Scott, CFO-Vice President of Finance and Accounting, reviewed with the Board the April 2020 Financial and Operating Report numbers. After review and discussion, a motion was made and seconded to approve the April 2020 Financial Report. Motion Carried.

b. May Aged Balance Report

Anita Wendt, Vice President of Energy Services, shared with the Board month-to-date Pioneer Electric and Southern Pioneer May Aged Balance Reports identifying the number of accounts delinquent and total dollar amount of arrearages by revenue class. A comparison from 2019 was also included revealing that the aged balances are fairly comparable to the previous year despite the impact of the COVID-19 Pandemic.

3. 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 May Chief Executive Officer's report posted on BoardPaq.

a. FEMA Update

Mike Haney, Manager of Engineering and Operations, shared with the Board a Winter Storm "Ursa" timeline from April 2017 to current period that included a

summary of major points from the past 3 years. Most recently, the revised 90-91 was executed by Pioneer Electric on April 9, 2020. After consulting with KDEM, FEMA, KEC and FEMA attorneys in Washington DC, it is believed that starting construction without the PW in hand will not add significant risk of defunding. In fact, Manager Haney believes that the risk to current infrastructure and reliability of service posed by further delaying construction is much greater and only increasing as we head into storm season. It was asked of the Board to approve spending and begin construction on the FEMA projects identified in the Project Worksheet. After review and discussion, a motion was made and seconded to allow Pioneer Electric staff to move forward with construction relative to the FEMA project. Motion Carried.

4. Energy Services

a. Energy Services/ “In the News”

Anita Wendt, Vice President of Energy Services, discussed Facebook statistics as there were not any of the normal recent happenings and upcoming events to be discussed due to the COVID-19 Pandemic.

b. Rescheduling Health Fair & Annual Meeting Status

Anita Wendt, Vice President of Energy Services, reported that Pioneer Electric is coordinating with Pioneer Communications in order to re-schedule the Annual Meeting that was postponed due to the COVID-19 pandemic. The companies will not be hosting a health fair due to the pandemic. Optionality and the possibility of a drive-in meeting are continuing to be considered and it has been determined that

there is a necessary two-month lead time in order to facilitate mailings and comply with the various notice requirements.

5. 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 provided an update on the current General Rate Case. A unanimous settlement has been reached, which has been filed with the Commission for approval. The parties are awaiting an Order from the Commission approving the settlement agreement. Executive VP Magnison also provided an update on the Formula Based Rate (FBR) Continuation proceeding where Southern Pioneer is asking the Commission to extend its distribution and 34.5 kV FBR plans. Testimony has been filed by Commission Staff and Intervenor KMEA in the FBR Continuation proceeding. WKIEC, KEPCo and CURB intervened in the docket but did not file testimony, except CURB did file cross-answering testimony. Rebuttal Testimony is set to be filed by Southern Pioneer on June 8th. Finally, Executive VP Magnison provided an update on the Show Cause docket refunds, escrow of unclaimed fees and deposit of unclaimed fees with the State Treasurer.

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.

7. Administration

Assistant CEO Magnison advised that he would stand on the majority of the written Administrative Report as published on BoardPaq.

DISCUSS RESCHEDULING BOARD STRATEGIC PLANNING

It was agreed that a date and time to re-schedule the Board Strategic Planning will be re-assessed in the future as impacts from COVID-19 are ever-changing at this time.

GENERAL COUNSEL'S REPORT

A motion was made and seconded to go into executive session at 10:00 a.m. to discuss a water rights issue with Executive Vice President – General Counsel, Lindsay Campbell and retained outside legal counsel from Foulston Siefkin. Motion carried.

A motion was made and seconded to come out of Executive Session at 10:52 a.m.

MATTERS REQUIRING BOARD ACTION

1. Resolution Authorizing Allocation of Operating Margins, Other Capital Credits and Patronage Dividends, Generation and Transmission Capital Credits and Transfer of Non-Operating Margins to Permanent Equity

CFO Scott reviewed with the Board, the Resolution Authorizing Allocation of Operating Margins, Other Capital Credits and Patronage Dividends, Generation and Transmission Capital Credits and Transfer of Non-Operating Margins to Permanent Equity. After review and discussion, a motion was made and seconded to approve the Resolution Authorizing Allocation of Operating Margins, Other Capital Credits and Patronage Dividends, Generation and Transmission Capital Credits and Transfer of Non-Operating Margins to Permanent Equity. Motion carried.

Resolution Authorizing Allocation of Operating Margins, Other Capital Credits and Patronage Dividends, and Generation and Transmission Capital Credits and Transfer of Non-Operating Margins to Permanent Equity

WHEREAS, pursuant to Pioneer Electric Cooperative, Inc.'s, ("Pioneer Electric" or "Cooperative") approved Bylaws (Article VII, Section 2, Pages 13 – 15) and Board adopted Policy No. 43, the Board

of Trustees is therein solely empowered to allocate operating margins, other capital credits and patronage dividends and Generation and Transmission Capital Credits; and

WHEREAS, pursuant to the Pioneer Electric's, approved Bylaws (Article VII, Section 2, Pages 13 – 15) and Board adopted Policy No. 43, the Board of Trustees is therein solely empowered to transfer and retain non-operating margins as permanent equity; and

WHEREAS, the Board of Trustees of Pioneer Electric has reviewed its Statement of Operations as of December 31, 2018 and \$2,154,922.71 has been credited to Operating Margins, \$728,443.85 has been credited to Other Capital Credits and Patronage Dividends, \$2,478,052.41 has been credited to Generation and Transmission Capital Credits and \$6,309,061.73 has been credited to Non-Operating Margins; and

NOW, THEREFORE, BE IT RESOLVED, the Board of Trustees in accordance with Pioneer Electric's Bylaws and Policy hereby authorizes the allocation of Operating Margins, Other Capital Credits and Patronage Dividends, and Generation and Transmission Capital Credits to the patrons; and

BE IT FURTHER RESOLVED, the Board of Trustees in accordance with Pioneer Electric's Bylaws and Policy hereby authorizes the transfer of Non-Operating Margins to permanent equity of the Cooperative; and

OTHER BUSINESS

1. **KEC Spring Managers Meeting – May 27-29, 2020 – Cancelled due to COVID-19**
2. **ACES Member Conference – May 28-29, 2020 – Cancelled due to COVID-19**
 - a. **CoBank Energy Directors Conference – July 13-15, 2020 – Cancelled due to COVID-19**
3. **NRECA Summer School – July 24-29, 2020 – Cancelled due to COVID-19**
4. **KEC Summer Meeting – August 1-3, 2020**
5. **CoBank Energy & Water Executive Forum – August 4-6, 2020 – Cancelled due to COVID-19**
6. **NRECA Region 7 & 9 Meeting – September 30-October 1, 2020**

EXECUTIVE SESSION

An executive session was held earlier in the meeting.

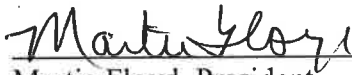
ADJOURNMENT

A motion was made and seconded to adjourn the meeting at 12:19 p.m. Motion carried.



John Jury, Secretary-Treasurer

APPROVED:



Martie Floyd, President