

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

July 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, July 22, 2020 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, 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 were Chief Executive Officer (“CEO”) Stephen J. Epperson; Randall D. Magnison, Executive Vice President-Assistant CEO; Lindsay A. Campbell, Executive Vice President-General Counsel; and Anita Wendt, Vice President of Energy Services. In partial attendance at the Board meeting were Chantry C. Scott, CFO-Vice President of Finance and Accounting; George Bushnell, Vice President of Engineering and Operations; Chris Wagner, Manager of Material, Purchasing & Warehouse Trainee; and Melissa Morales, Manager of Human Resources. Also, in attendance for the full meeting was Pioneer Electric’s Michelle Brungardt, Executive Assistant and Larissa Batterton, Legal Executive Assistant. 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 June 24, 2020 Regular Board Meeting Minutes**
- 2. Approval of June 24, 2020 Executive Meeting Minutes**
- 3. Approval of New & Reactivated Memberships**
- 4. Approval of Deactivated Memberships**
- 5. Approval of Estate Retirement Applications**
- 6. Approval of June 2020 General Fund Checks & Transactions**
- 7. Approval of June 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.

SUNFLOWER UPDATE

CEO Stephen Epperson updated the Board on Sunflower Electric Power Corporation (“Sunflower”) activities for the month of July. Sunflower is continuing their ongoing wholesale rate design study and discussed various rate and tariff design options with examples of billing impacts to produce a rate structure that best meets the future needs of the Sunflower membership. Sunflower Board was updated on the continued demarcation initiative project that should be presented to the Board in October and transmission planning and policy issues including a

recommendation approved by SPP's Cost Allocation Working Group for a byway cost allocation review process that is anticipated to be approved by the Regional State Committee (RSC) at the end of July and Z2 tariff changes eliminating the eligibility of Z2 credits for construction of network upgrades effective July 1, 2020 as accepted by FERC. Sunflower Board approved allocating \$5 million from the Payroll Protection Program (PPP) restricted cash to the generation FERC accounts and will seek forgiveness of those funds applied. For the month of June, Sunflower's load was down 4.1%, and YTD load is down 3.64% from budget.

CHIEF EXECUTIVE OFFICER'S REPORT

1. COVID-19 Update

Randall Magnison, Executive Vice President-Assistant CEO, reviewed with the Board an updated COVID-19 summary of statistical data collected from KDHE as of Monday, July 20, 2020. Executive VP Magnison also gave an overview of the COVID-19 related employee quarantines and emergency sick leave hours paid by office location for Pioneer Electric and Southern Pioneer. CEO Stephen Epperson played a video for the Board that he published and sent out to all employees addressing primary objectives and common questions related to the continuously evolving COVID-19 pandemic. The Board complimented staff and management on the effort and practices set forth in an effort to prevent and mitigate illness and further spread of COVID-19, while continuing to provide safe and reliable service to our members and consumers.

2. Finance & Accounting Update

a. Financial & Operating/Capital Budget Report

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

b. Quarterly Report

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

c. Updated Load Data

(Presented and discussed in Quarterly Report.)

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 July Chief Executive Officer's report posted on BoardPaq.

a. FEMA Update

VP of Engineering and Operation George Bushnell, shared with the Board that ongoing FEMA construction is going well and twenty of the approximately two-hundred miles of construction work is complete. Pioneer Electric has still not received the approved Project Worksheet (PW) back from FEMA as it is still in Washington D.C. awaiting congressional approval. However, Pioneer was told that the PW should be approved by the end of the month.

4. Energy Services

a. Update on Aged Balances & Disconnects for Non-Payment

Anita Wendt, Vice President of Energy Services, shared with the Board the month-to-date Pioneer Electric and Southern Pioneer June 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 continuing to maintain comparable to the previous year despite the impact of the COVID-19 pandemic. VP Wendt also reported on the total number of disconnects for non-pay for each of Pioneer Electric and Southern Pioneer's billing cycles. Overall, the disconnect process is continuing to go well for both companies. Energy services is continuing to promote all of the ways to pay online, over the phone and with auto pay.

b. Energy Services/ "In the News"

VP of Energy Services Anita Wendt, discussed recent happenings, Facebook statistics, upcoming events and cancellations at Pioneer Electric.

c. Rescheduling Health Fair & Annual Meeting Status

VP of Energy Services Anita Wendt, shared with the Board that the Pioneer Electric and Pioneer Communications joint annual meeting to be held on Thursday, September 10, 2020 will be held "drive-in" style in the Grant County Civic Center's east parking lot with a shared agenda between both companies and the presentation will be broadcasted over the radio through a FM radio transmitter. Pioneer Electric will be publishing a magazine that will include all the officer and financial reports, recognize scholarship recipients, etc., and it was asked of the Board to share any

suggestions or ideas of additional items to include in the magazine. There will be a meal furnished and facilitated by Pioneer Communications.

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 reported that Southern Pioneer is in the process of filing compliance tariffs although rate adjustments will not go into effect until late summer of 2021 to coincide with the Formula Based Rate (FBR) Continuation proceeding. Southern Pioneer is still awaiting the order from the Commission approving the FBR unanimous settlement agreement that was reached, but anticipate the order soon. Pioneer and Southern Pioneer intervened jointly by filing an Entry of Appearance in the Westar distributed generation docket and are working on filing comments to limit the application of the Supreme Court ruling which found Westar's DG rate to be illegal under Kansas law, as well as provide comments on alternative rate designs that would apply to all residential customers. Initial comments are due by August 14, 2020 with reply comments due by September 10, 2020. Finally, Southern Pioneer is continuing to work on an updated 34.5 kV line loss factor for the Southern Pioneer wholesale local access delivery service customers, to be filed jointly with Sunflower within the next couple of weeks.

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. Assistant CEO Magnison reported that the Kansas Electric Cooperative Health Insurance Trust (KECHIT) Trust is reviewing the insurance that is currently provided to employees, retirees and Trustees. Magnison reported that at the August Board meeting, actuarial projected cost data for retiree coverage looking on a going forward basis will be shared with the Board and in September, the KECHIT Trust will decide what insurance options will be offered in 2021 for retirees and how costs will be managed.

DISCUSS RESCHEDULING BOARD STRATEGIC PLANNING

CEO Epperson opened discussion regarding Board strategic planning and asked the Board for input on continuing with the plan to utilize CoBank to facilitate in light of scheduling issues due to COVID-19. After discussion, it was agreed that the Board would like to meet twice, but would like to split up the sessions in order to coordinate a facilitator for only one of the sessions. The Board would like to meet on Thursday, October 29, 2020 with a facilitator and then meet exclusively on Thursday, November 12, 2020.

GENERAL COUNSEL'S REPORT

Lindsay Campbell, Executive Vice President-General Counsel, had nothing to report under the General Counsel's Report.

MATTERS REQUIRING BOARD ACTION

1. Re-Appointment of Committee on Nominations

Anita Wendt, Vice President of Energy Services, discussed with the Board that the notice and nomination process for the Annual Meeting has started over due to rescheduling of the Annual Meeting from last March to September because of the COVID-19 pandemic. Therefore, the Nominating Committee must be re-appointed. VP Went reviewed with the Board the names of the nine members that were previously 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. After review and discussion, a motion was made and seconded to re-appoint the appointment of the proposed nine members to serve on the Nominating Committee. Motion carried.

2. Approval of Proposed Bylaw Changes

Lindsay Campbell, Executive Vice President-General Counsel reviewed the previously board-approved Bylaw Amendments that were to be voted on by the Membership during the March Annual Meeting that was rescheduled due to the COVID-19 pandemic. Additionally, Randall Magnison, Executive Vice President-Assistant CEO and Exec VP-General Counsel Campbell, reviewed additional proposed Bylaw changes with the Board. These proposed additional bylaw changes include moving from only in-person voting at the Annual Meeting

to a hybrid approach, allowing for both in-person voting and mail-in voting for those members who are not present at the Annual Meeting. Additionally, it is proposed that in those years where an annual meeting becomes impossible or impracticable due to circumstances outside of the cooperative's control (such as the COVID-19 pandemic), then the annual meeting may be canceled by the Board and trustee elections and other items to come before the membership will be conducted solely by mail-in ballot. Finally, the additional amendments include elimination of voting proxies and nominations from the floor. After review and discussion, a motion was made and seconded to approve the proposed additional Bylaw Amendments in the form submitted to and reviewed with the Board for the Membership to vote on during the rescheduled Annual Meeting on September 10, 2020. Motion carried.

3. Appoint 2020 NCSC Annual Meeting Voting Delegate

After discussion, a motion was made and seconded to elect CEO Stephen Epperson as Voting Delegate. Motion carried.

4. Appoint/Ratify CFC Special Membership Meeting Voting Delegate

After discussion, a motion was made and seconded to elect Jim Bell as Voting Delegate and ratify his mail-in voting ballot. Motion Carried.

OTHER BUSINESS

1. NRECA Summer School – July 24-29, 2020 – Cancelled
2. KEC Online Directors Courses
 - CCD Course 2630.1 Strategic Planning; Friday, July 24 from 3 to 6 p.m., and Saturday, July 24 from 9 a.m. to noon.
 - New! BLC Course 953.1 Improving Board Decision-Making Quality; Tuesday, July 28 from 1 to 4 p.m., and Wednesday, July 29 from 1 to 4 p.m.
3. CoBank Energy & Water Executive Forum – August 4-6, 2020 – Cancelled
4. Pioneer Electric Annual Meeting – September 10, 2020 (times to be announced at a later date)
5. NRECA Region 7 & 9 Meeting – October 12-16, 2020 – To Be Held Via Virtual Meeting

Pioneer Electric recessed its Board meeting at 1:25 p.m. in order to conduct the Southern Pioneer Electric Company Board meeting and then reconvened at 1:31 p.m.

EXECUTIVE SESSION

A motion was made to go into Executive Session at 1:31 p.m. Motion carried.

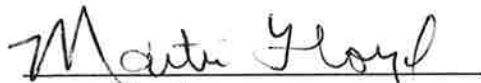
A motion was made and seconded to come out of Executive Session at 1:50 p.m. Motion carried.

ADJOURNMENT

A motion was made and seconded to adjourn the meeting at 1:51 p.m. Motion carried.

John R. Jury, Secretary-Treasurer

APPROVED:


Martie Floyd, President