

On January 23, 2015 at 9:05 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Trent called the meeting to order pursuant to the Waiver of Notice signed by the Directors present. William T. Rice was absent. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Dupuy gave the invocation.						
APPROVAL OF MINUTES	Motion was made by Director Martin, seconded by Director Bentley and unanimously agreed to approve the minutes from the December Board Meeting for informational purposes only.						
MANAGER OF TECHNICAL SERVICES	Brian Poling, Manger of Technical Services reported on the following:						
NETWORK UPGRADES	The networking upgrade is about completed. Eleven of the thirteen switches are installed and programmed and all the computers/servers/printers have been reprogrammed in preparation of the new telephone system.						
UNIFIED TECHNOLOGIES	<p>Three bids on the new telephone system were received. Windstream, Cisco, and Unified Technologies submitted bids.</p> <p>A 5 year analysis was run and the bid was awarded to Unified Technologies. Several co-ops and EKPC have switched to Shoretel. They fit our work environment better than other brands and they are compatible with MilSoft.</p> <p>Unified Technologies has been working with us for a couple of weeks configuring data. Windsteam and Milsoft conference calls have been held for interface questions with plans to have equipment onsite in a couple of weeks.</p> <p>The new IP based system requires new wiring anywhere there isn't a network connection.</p> <p>Unified Technologies will do a complete installation of their system and run it in parallel with our existing system to ensure everything is working properly before we make the final change-over. All employees will be trained on the new system.</p>						
MANAGER OF FINANCE & ACCOUNTING REPORT	Bradley Cherry, Purchasing / Accounting, presented the Financial and Statistical Report for November 2014. He reported on the following:						
FINANCIAL & STATISTICAL REPORT FOR NOVEMBER	Kilowatt hour sales for the month of November (11/21-12/20) were 6.61% under budget. Purchases for the time period of 11/1-11/30 were 5.95% over budget. Line loss for the last twelve months was 6.01%. Year to date margins were (\$5,136) compared to the projected budgeted amount of \$1,125,643.						
FORM 7	<p>November 2014 For 7 showed:</p> <table><tr><td>Electric Revenue LESS Purchased Power</td><td>\$422,618 less</td></tr><tr><td>Operations Expense</td><td>\$ 34,661 less</td></tr><tr><td>Maintenance Expense</td><td>\$ 80,541 more</td></tr></table> <p>(due to Airport Road and Pactolus, but still under budget)</p>	Electric Revenue LESS Purchased Power	\$422,618 less	Operations Expense	\$ 34,661 less	Maintenance Expense	\$ 80,541 more
Electric Revenue LESS Purchased Power	\$422,618 less						
Operations Expense	\$ 34,661 less						
Maintenance Expense	\$ 80,541 more						

CABLE ATTACHMENTS Approximately 3,000 cable attachments belonging to Mt. Rural Telephone have been removed, so we will lose a little revenue from those. They are just about done with their project.

EAST KENTUCKY POWER President Fraley reported that East Kentucky Power's margins are higher than predicted. The re-opening of Dale is for PJM, not for native load. Legal Counsel Scott commented they cannot sell us the power produced by Dale. The contract with PJM supersedes that. EKP produces cheaper than other providers for PJM.

ETS TARIFF The PSC ruled that modification to ETS Tariffs be made for 4 consumers. We must notify them of the change and then certify the notification to the Commission. President Fraley sent letters to Gary Atkins garage; Frank Morgan quilting shop; John Dean storage; and Johnny Ray Holbrook. They will still receive their forty (40%) discount.

APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR NOVEMBER 2014 Motion was made by Director Whitt, seconded by Director Dupuy and unanimously agreed to approve the Financial and Statistical report for November 2014 as presented for informational purposes only.

MANAGER OF MARKETING AND MEMBER SERVICES Kim Bush, Manager of Marketing and Member Services, gave her report:

LIHEAP /WINTER HARDSHIP LIHEAP – From November 1 to December 31 we have received approximately \$95,000 from Northeast (Carter, Lawrence, Elliott and Greenup Counties); Gateway – \$10,000; and Licking Valley approximately \$2,500. They still have money in this crisis phase. They are paying very well on pre-pay and if they are within 10 days of running out they will pay \$200.

Winter hardship reconnects were down to 17. They can get a 30 day extension thru LIHEAP.

Prepay accounts have an average balance of \$52 credit, and daily average usage of 56 kWh. \$65,000 was paid over the last 30 days. Debt management totaled 40 accounts.

AIRPORT ROAD SUBSTATION METER REAING The meter reading on the Airport Road Substation was finished yesterday. President Fraley stated all consumers with satellites, birdhouses, antennas, etc. are receiving a door hanger with a message about their particular violation. Meters in side and safety violations will receive a letter from her. The guidelines for a meter pole are 25' in the ground, 5' in concrete, weatherhead within 18" of the top of the pole. They cannot put anything on that pole.

Elliott County boy's basketball won the Touchstone Energy Classic.

BANK PAYMENTS President Fraley said that the last payment date at local banks would be March 16. We have been analyzing this situation since July and we have several very good alternative options for payments. Our main concern is the confidentiality of account information. An occasional late payment has caused a member to be disconnected. In addition, we make trips to the bank to pick up the payments cards

BANK PAYMENTS
(CONTINUED)

President Fraley reported that in 2011 we received \$22,000 in e-checks and credit cards. In 2011 we took \$28,000 in e-checks and now it has increased to \$747,000. In July 2014 the following banks collected:

Peoples Security	\$ 14,000
Citizens Bank	\$ 9,700
KY Bank Sandy Hook	\$ 105,000
1 st National Bank	\$ 42,000
City National Bank	\$ 4,300
Pinnacle Bank – Lewis County	\$ 66,000
Commercial Bank	\$ 12,000
Lockbox on post out front	\$ 45,000
Mail and Cash Register	\$1,370,623

This month we have an article in our magazine and we are giving \$5 gift cards for members who sign up for automatic draft. We will have hand-outs at the banks listing the alternatives. We are also using direct mailings.

OPERATIONS REPORT

Kyle Clevenger, Manager of Operations gave the Operations Report. He reported on the following:

EMPLOYEE/LOST TIME
ACCIDENT

There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during December 2014:

December 01—Andrea McCleese, Technical Services Supervisor, turned the meeting over to Ann Altieri with Aflac Insurance. Ann went over changes in policies and talked individually with employees following the meeting.

December 08—Brian Poling, Mgr. of Technical Services, topic was Winter Slip and Fall Safety tips, and general Fall Prevention. The annual United Way breakfast meeting was held, as was the monthly safety give-a-way. Carol Fraley reminded everyone to be careful.

December 16—Priscilla Sparks, Executive Assistant, meeting was KAEC's monthly meeting. David White, KAEC Safety, showed the video "Storm Soldiers" and did a crew visit/ride along with Mark Hutchinson. Kippy reminded everyone to change out their gloves. Kyle told everyone to be careful.

December 22—Sherry Buckler, General Accounting Supervisor, was in charge of the meeting. Andrea read a piece written by Gary Coleman, Emergency Action Plans for Remote Locations. Mike followed with a discussion session.

December 29—Kim Bush, Mgr. of Marketing & Member Services, read pages 95-100 from the safety Manual, 407- Use and Care of Rubber Gloves.

CONSTRUCTION

Construction built ninety-one (91) new work orders for the month of December and worked eight (8) hour of overtime.

OVERTIME HOURS

The Maintenance Department worked fifty (50) hours of overtime during the month of December.

DELINQUENT NOTICES The Maintenance & Construction Departments collected on thirty-six (36) delinquent accounts and disconnected twenty (20) accounts in January.

CONTRACT CREWS There is one (1) Pike crew working in the following areas:

 Tony Seagraves – Airport Road to Corey Ridge, Carter County and New Construction

RIGHT-OF-WAY CREWS We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew’s trimmed 941 trees, cut 1,635 trees, cut 36,305 feet of brush/line and sprayed 63 spans of line. The crews are working in the following areas:

 2 cutting crews in Carter, Lewis and Greenup Counties
 2 cutting crews in Elliott and Lawrence Counties
 1 bucket truck crew in Lawrence and Elliott Counties
 1 bucket truck crew in Carter County
 1 tractor crew in Carter County
 1 bucket crew in Lewis and Greenup Counties
 1 spray crew in Carter County
 1 circuit crew in Carter County

 1 Smith Tree Service, circuit crew in Carter County and are now are Frazier in Greenup County

ENGINEERING REPORT The Engineering Department released one hundred eighteen (118) prints consisting of 5,635 feet of primary line and 2,455 feet of service wire. They currently have three (3) new services to be staked, three (3) to be drawn and twelve (12) miscellaneous jobs to be staked or drawn.

STARK AND MALONETON JOBS We have two large construction jobs to start:
Maloneton below Schultz on the sawmill job and subdivision area.
Once the Grahn - Dudley job is finished, Pike will be moving to Stark.

 The road job on ST RT 519 will have 24 poles with 21 on private property, so we may have to pay for 3 poles. President Fraley said the state has to pay for moving poles on private property. Larry Carrington is helping us with the surveying of this. He is working on his third set of prints from the state. The state will be paying for the engineering work.

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS Motion was made by Director Martin, seconded by Director Bentley and unanimously agreed to approve sixty-three (63) new memberships and retirement of ninety-one (91) existing memberships for December 2014.

BAD DEBT WRITE-OFFS Motion was made by Director Dupuy, seconded by Director Whitt and unanimously agreed to charge off \$5,170.37 worth of bad debts and turn them over for collection.

APPROVAL OF CEO’S, DIRECTOR’S & ATTORNEY BUSINESS EXPENSES Motion was made by Director Dupuy, seconded by Director Bentley and unanimously agreed to approve the President’s business expense of \$333.59, Director’s business expenses of \$15,597.89 and Attorney’s business expense of \$2,180.97.

PRESIDENT'S REPORT	President Fraley reported on the following:
INSPECTION CHECK LIST	<p>Mike Martin and Kyle Clevenger met with Legal Counsel Scott in regards to non-outage call issues from members like ½ power, low voltage, blinks and power in only part of the house.</p> <p>A check list has been prepared and will be signed and attached to the service order or written directly on the work order. This required checklist will become part of the Administrative Guidelines. Legal Counsel Scott suggested that a statement be signed by all employees involved in this work.</p>
ELECTRICAL INSPECTIONS	<p>We are having issues with inspectors having different interpretations of state and local laws and ordinances. The state does not recognize a modular home. We were told that it is either a doublewide or a stick built house. The Cabinet said we cannot set a meter on the side of a doublewide home unless the member presents HUD specifications that allow it. All services for doublewides and mobile homes must be on a pole.</p> <p>We are changing our diagrams to only what pertains to GRECC. The diagram will also state that the state does not recognize a modular home. A letter regarding this matter will be mailed to the list of inspectors we have.</p>
MILEAGE RATE	Retroactive January 1, 2015, mileage rate increased from .56 cents per mile to .575 cents per mile, per John Dean's office.
DON COMBS RETIREMENT	Don Combs will be retiring Friday, March 6, 2015. His retirement will be open to the public from 2-4 p.m. with punch and cake served. A Retirement lunch will be held for Cooperative personnel and Don's family at 11:30 a.m.
SAFETY IMPROVEMENT PLAN	<p>President Fraley went over the Safety Improvement Plan which is required by RESAP. The issues to be addressed this year are:</p> <ol style="list-style-type: none">1. Employee involvement and participation2. Expectations and accountability on safety3. Incident investigation
LEGISLATIVE BREAKFAST	The Legislative Breakfast will be held in Frankfort on February 19 th .
AIRPORT ROAD SUB-STATION METER READINGS	We have read 900 plus meters in two days on the Airport Road Substation. Several retirement have been found.
DIRECTORS UPDATE CONFERENCE	The Directors Update Conference will be held in Reno, Nevada. No one will be attending.
SPRING MANAGER MEETING	The Spring Managers Meeting is April 21-22, 2015 in Bowling Green, KY.
GRECC APRIL BOARD MEETING	The GRECC April Board Meeting will be rescheduled from the 24 th to Monday the 27 th .
CFC'S VOTING DELEGATES FOR 2015 ANNUAL MEETING	Director Whitt will serve as the voting delegate to CFC's National Meeting in February and Director Dupuy will serve as the alternate delegate.

ACRE

Grayson RECC received an award for 100% Management in the ACRE program.

LEGAL COUNSEL'S
REPORT

Legal Counsel Scott reported on the following:

He mailed to the Commission a proposal deal with Morgan Stanley on the Amendment 3 matter. The actual rate is less than what it was before, therefore the savings would be greater. He sent a motion to Commission to have that contract treated as confidential until such time as everything is approved.

Mr. Scott mailed a number of collections letters.

He also met with Kim Bush, Kyle Clevenger, Bradley Cherry and Mike Martin on procedures for electrical inspections and a checkout list was to be created from this meeting. When an employee is sent on a non-outage service call like half- power, blinking power, or power in only part of the house or structure, the employee shall use the check list to document action taken and what he observed. The check list shall be attached to or made part of the Service Order.

President Fraley texted him to say that David Crews called and said our 15% was actually 9.8 megawatts based on the last three years, rather than the original 9.3 megawatts. He asked for the specific load to be served whether the substation was 9.8 megawatts or larger and when and what date would we want to start. Mr. Scott advised her at the Board Meeting that it would be fine to answer him that we do not have a specific load, the 9.8 MGW would be spread over current load and that we could be ready to start at any time.

Director Arrington and President Fraley were at the January 6 EKPC Board Meeting and EKP decide to take up a discussion of our proposal on the October Meeting we had with them and formally looked at it. They did not handle the discussion very well and President Fraley took the opportunity to explain the situation from our point of view to the entire Board.

President Fraley and Director Arrington made it clear that we did not think the Board was getting both sides of the story and made it a point to emphasize to the Board that our Members are our main concern and our actions were taken on their behalf.

President Fraley said that a counter proposal was sent to Chairman Trent, from Paul Hawkins, Chairman of the Board for EKC dated January 15, 2015. Our other Directors received their copy on Saturday, January 17, 2015. Legal Counsel explained this proposal violated ethical standards. The letter was signed sincerely Paul Hawkins, but apparently was not prepared by him. Legal Counsel Scott telephoned David Samford to express his displeasure and what he thought was wrong.

Legal Counsel Scott asked for Executive Session. Motion was made to go into Executive Session at 11:10 a.m. The Chairman recessed the Executive Session at 11:52 a.m.

Chairman Trent recessed the meeting for lunch at 11:55 a.m.

Chairman Trent called the Meeting to order following lunch at 12:39 p.m.

KAEC DIRECTOR'S
REPORT

Director reported he attended the KAEC Board Meeting this month.

Three new board members were seated as director representatives from their respective cooperatives. They are:

- a. Rebecca Goad, Warren RECC
- b. Ronnie Smith, Farmers RECC
- c. Troy English, West Kentucky RECC.

Jennifer Smart of Stoll, Keenon and Ogden, spoke to the board about the current situation between the Department of Revenue and Warren RECC regarding sales tax on software purchases. The Department of Revenue first ruled that the software was not taxable, and then reversed its ruling to state that it is taxable because it is not "customized" software. Ms. Smart outlined steps to be taken to argue the matter, and appeal the decision.

Nominating Committee Chairman, Greg Grissom, requested that individuals interested in running for the board of NRECA notify him of their interest, and include a resume of their qualifications. The candidates will be considered and the election will be held during the July board meeting.

Greg Grissom reported on a meeting of the KAEC Board Nominating Committee held earlier that morning wherein the committee reviewed needed assignments to KAEC Board Committee.

The February Board Meeting will be held at the Holiday Inn Capital Plaza (Caucus Room) in Frankfort on the 19th at 10:15 a.m. Prior to the Board Meeting KAEC will host a breakfast from 7:30 a.m. to 9:30 a.m. at the Capitol Annex cafeteria for our legislators.

EKPC DIRECTOR'S REPORT

Director Arrington said his report had been covered in Executive Session.

THANK YOU NOTES

GRECC received thank you notes from Girl Scout Troop 7409, Rowan County Christmas, Grahn School Community Center, Elliott County Christian Community Center, Lewis County Educational Foundation, Shop with a Cop and Paul Embs.

DONATIONS

President Fraley presented to the Board for their consideration the following donation requests:

Blaine Elementary School -8 th grade field trip –Smokey Mts., TN	\$250
Paramount Arts Center – ad	\$80
Sarah's Place Women's Resource Center, Securing the Future	\$100

Motion was made by Director Dupuy, seconded by Director Whitt and unanimously agreed to approve the donations as presented.

MEETING ATTENDANCE

Kyle Clevenger and Jamey Withrow will be attending a Superintendent & Foreman Conference in Bowling Green January 28-30th.

Kyle Clevenger and Mike Martin will be attending a Storm Coordination Workshop February 6th.

Directors Trent, Whitt, Bentley, and Dupuy will be attending the NRECA Annual Meeting in Orlando, FL from February 22-25, 2015.

NO CONFLICT OF
INTEREST STATEMENT

The No Conflict of Interest Statement will be handed out to each Director at the February 2014 Board Meeting.

BOARD MEETING DATE	The next board meeting will be held on Friday, February 27, 2015.
ADDITIONAL BUSINESS	President Fraley's appraisal is due. Evaluations and her year-end report and goals will be mailed to Directors this month and should be returned to Jeff Scott before the February Board Meeting.
ADJOURN	Chairman Trent adjourned the meeting at 12:53 p.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

Minutes of the Executive Session of the January 23, 2015 GRECC Board Meeting

On January 23, 2015 Grayson Rural Electric Cooperative Corporation held an executive session during its regular board meeting.

EXECUTIVE SESSION

Director Martin made a motion, seconded by Director Whitt, to go into Executive Session at 11:09 a.m. and unanimously agreed upon.

Matters concerning East Kentucky Power Cooperative were thoroughly discussed.

Motion was made by Director Martin, seconded by Director Arrington and unanimously voted to come out of Executive Session at 11:52 a.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On February 12, 2015 at 1:47 p.m. Grayson Rural Electric Cooperative Corporation held a special board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Trent called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; Don Combs, Manager of Finance and Accounting; Bradley Cherry, Purchasing Agent/Accounting; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Rice gave the invocation.
EXECUTIVE SESSION	Director Dupuy made a motion to go into Executive Session, seconded by Director Bentley at 1:49 p.m. Motion carried unanimously.
CONSIDER EKPC COUNTER PROPOSAL	President Fraley said the special board meeting was called to discuss East Kentucky Power's counter proposal on Charleston Bottoms and related issues. Motion was made by Director Whitt, seconded by Director Dupuy and unanimously voted to come out of Executive Session at 4:04 p.m.
ADJOURN	Chairman Trent adjourned the meeting at 4:04 p.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On February 16, 2015 at 9:00 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Trent called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Whitt gave the invocation.
APPROVAL OF MINUTES	Motion was made by Director Martin, seconded by Director Bentley and unanimously agreed to approve the minutes from the January 2015 Board Meeting.
APPROVAL OF MINUTES OF SPECIAL BOARD MEETING	Motion was made by Director Rice, seconded by Director Dupuy and unanimously agreed to approve the minutes from the January 12, 2015 Special Board Meeting.
MANAGER OF FINANCE AND ACCOUNTING REPORT	Don Combs, Manager of Finance and Accounting presented the Financial and Statistical Report for December 2014. Mr. Combs reported on the following:
FINANCIAL & STATISTICAL REPORT FOR DECEMBER	Kilowatt hour sales for the month of December (12/21-1/20) were 1.47% under budget. Purchases for the time period of (12/1-12/31) were 8.57% over budget. Line loss for the last twelve months was -7.31%. Year to date margins were \$1,831,281 compared to the budgeted amount of \$422,076.
FORM 7	Form 7 showed maintenance expenses \$65,950 more for the month due to right-of-way clearing. Margins were less \$255,875 for the month. It has been a typical year for rolling kWh, with a steady decline from January thru December. Gross margins were \$700,000 less than anticipated due to line loss. December 2014 showed customers by rate and class had changed with a loss of 400 residential customers, but an increase of 300 on camps and barns. The other classes remained the same. This is due to reclassifications from the five substations we have read. The average load factor for 2014 was 61%, which means we are paying more for our power under EKPC's rate structure. T.I.E.R (operating) was 1.44 and 1.25 is required to be met. The storms in 2014 were the major reason for a lower T.I.E.R.
EKPC / PJM / PSC	East Kentucky Power Cooperative, PJM and Public Service Commission topics were addressed in great detail by President Fraley, Mr. Combs, Legal Counsel Scott and the Board. President Fraley said Dale Station is up and running. The Wholesale Power Contract says that EKPC is required to provide us with power, and native load must be served first. At what cost, is questionable. The Public Service Commission said PJM's demand did not match up to the Cooperatives' demand. President Fraley understood that everything EKPC produces is sold to PJM and EKPC buys back what they need.

SMART GRID Legal Counsel Scott asked Mr. Combs if he received the email from Isaac Scott in regards to Smart Grid's Joint Utility Implementation of Smart Grids and Smart Metering. The paperwork has to be signed by Counsel and received by PSC this Friday.

COOPERATIVES RETIREES President Fraley reported Wade May is resigning from the EKPC and Big Sandy's Boards due to illness. Kelly Shepherd will replace Mr. May.

Mr. Combs reported the 2014 major projects finished were Three Prong, Middle Fork (Right Fork), and Jordan Fork. The third party projects that paid were Highway 7 for the State Highway and Mountain Rural Telephone.

APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR DECEMBER 2014 Motion was made by Director Dupuy, seconded by Director Rice and unanimously agreed to approve the Financial and Statistical report for December 2014 as presented for informational purposes only.

It was recognized that this is Mr. Combs last Board Meeting and report and the Board thanked him for his service to the Cooperative.

EMPLOYEE CHANGES President Fraley announced the following promotions and changes due to the retirement of Mr. Combs:

Bradley Cherry will move to the Director of Finance, replacing Don Combs. Sherry Buckler will be promoted to Assistant Manager of Finance and Accounting.

Robert Brown will be replacing Bradley Cherry as Purchasing Agent, and will be working with Brian toward the new mapping project.

Caitlin Hutchinson will become Accounting & Financing Division Secretary. She had already taken on other duties and will be reporting to Sherry Buckler. Caitlin will be working on finishing her bachelor's degree.

Kim Bush will be working with Bradley on any Public Service Commission issue dealing with members and rates.

OPERATIONS REPORT Kyle Clevenger, Manager of Operations, gave the Operations Report. He reported on the following:

EMPLOYEE/LOST TIME ACCIDENT There were no lost time accidents to report this month.

SAFETY REPORT The following safety meetings were held during February 2014:

January 5 – Bradley Cherry, Purchasing Agent, showed a video entitled "Storm Soldiers". Carol Fraley, President and C.E.O., reported 2014 had been a good safety year and the goal was to have a safe year in 2015.

January 14 – Kyle Clevenger, Mgr. of Operations, turned the meeting over to David White with KAEC. David reviewed the 2014 KY Safety Survey with Safety Manual References, and tested grounds after the meeting. Carol Fraley awarded certificates to Nancy Madden and Priscilla Sparks for the completion of Safety Coordinators' Workshop. She also went over the Safety Improvement Plan, focusing on Employee Involvement and Participation, Expectations and Accountability for Safety, and Incident Investigation for 2015.

SAFETY REPORT
(CONTINUED)

January 9 – Don Combs, Manager of Finance & Accounting, turned the meeting over to Carol Fraley who talked about electrical inspections, when it needs to be inspected before connecting or re-connecting, the importance of ledger books, substation readings and leaving door hangers when finding minor violations. All other violations may require letters. Meters with zero usage were also discussed.

January 26 – Carol Fraley, President and CEO, talked about fuel charges on electric bills and the Airport Road substation meter readings. A check list was handed out and discussed for non-outage calls. Kyle reminded everyone of wet weather conditions and to watch for slips, trips, and falls.

CONSTRUCTION

Construction built one hundred seventeen (117) new work orders for the month of January and worked zero (0) hours of overtime.

OVERTIME HOURS

The Maintenance Department worked one hundred sixty-six (166) hours of overtime during the month of January 2015.

DELINQUENT NOTICES

The Maintenance & Construction Departments collected on one hundred fifteen (115) delinquent accounts and disconnected thirty-one (31) accounts in February 2015.

CONTRACT CREWS

We have one (1) Pike crew have working in the following areas:

Tony Seagraves – Airport Road to Corey Ridge, Carter County and New Construction

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 870 trees, cut 1,621 trees, and cut 36,175 feet of brush/line. The crews are working in the following areas:

3 cutting crews in Carter, Lewis, and Greenup Counties
2 cutting crews in Elliott and Lawrence Counties
1 bucket truck crew in Lawrence and Elliott Counties
1 bucket truck crew in Carter County
1 tractor crew in Carter County
1 bucket crew in Lewis and Greenup County
1 circuit crew in Carter County

1 Smith Tree Service doing circuit crew work in Carter County - finished and now working in Greenup County.

ENGINEERING REPORT

The Engineering Department released one hundred forty (140) prints consisting of 25,845 feet of primary line and 925 feet of service wire. They currently have two (2) new services to be staked and two (2) to be drawn. They have approximately twenty-one (21) miscellaneous jobs to be staked or drawn.

JUSTIN STANIFORD

President Fraley introduced our newest employee to the Board, Justin Staniford. He is 26 years old and he and his wife Lisa have two children, Jensen and Jemma Kate.

The [REDACTED] in Lawrence County was disconnected due to having two residences on one meter, after repeatedly being warned that

██████████
(CONTINUED)

this was a violation of the Cooperative's bylaws and the National Electric Code. He now owes approximately \$3,000 for electricity used and for deposits and he wants back on. President Fraley talked to the health department and he doesn't have a sewer permit.

Based on Board Policy 509, Safety Incentive, President Fraley, Kyle Clevenger and Don Combs recommended we give the employees each \$50 due to the savings of \$11,000 for workers comp coverage for the coming year.

Motion was made by Director Martin, seconded by Director Rice and unanimously agreed to approve to pay the Workers Comp incentive of fifty dollar each employees.

President Fraley reminded the Board that according to Board Policy 509, we give each employee one day's pay for a no-lost time accident year. That will be done this month.

██████████

The business formerly known as Cat Daddy is considered being reopened by ██████████, leasing from ██████████. President Fraley asked ██████████ for a letter of credit and advised him of other charges. She asked him to come in and apply for service as soon as possible. The transformer is 1,500 KVA and will have to be hauled to the site on a trailer. ██████████ must have everything in place before we will install the transformers. ██████████ partner has passed away and we will need a new right of way easement from his heirs and ██████████. ██████████ said that would be done.

██████████

Former Director ██████████ is in Kings Brook.

APPROVAL OF NEW
MEMBERSHIPS &
RETIREMENT OF
EXISTING MEMBERSHIPS

Motion was made by Director Rice, seconded by Director Dupuy and unanimously agreed to approve fifty-seven (57) new memberships and retirement of seventy-four (74) existing memberships for January 2015.

BAD DEBT WRITE-OFFS

Motion was made by Director Martin, seconded by Director Dupuy and unanimously agreed to charge off \$2,115.59 worth of bad debts and turn them over for collection.

APPROVAL OF CEO'S,
DIRECTOR'S & ATTORNEY
BUSINESS EXPENSES

Motion was made by Director Rice, seconded by Director Bentley and unanimously agreed to approve the President's business expense of \$555.81, Director's business expenses of \$21,358.00 and Attorney's business expense of \$2,000.14.

PRESIDENT'S REPORT

President Fraley reported on the following:

ANNUAL MEETING

May 14, 2015, Thursday, has been set for our Annual Meeting.

POST OFFICE

We had a problem with the mailing of our bills. Kim Bush is working with SEDC and Arista to correct this problem.

LARRY HICKS

Larry Hicks, CEO at Salt River will be stepping aside. The Board is searching for a replacement.

CFC Director Whitt will be the official delegate to vote at the CFC 2014 Annual Meeting and Director Dupuy will be the alternate delegate.

LEGAL COUNSEL'S REPORT Legal Counsel Scott reported on the following:

He has prepared a joint utility brief that has to be signed.
A brief must be filed on the PSC hearing on fly ash.
He will prepare a letter for President Fraley to send to other EKPC Managers regarding our counter proposal.
He has only received 3 evaluations back for President Fraley and reminded other directors to send them in.
He has contacted the judge to set a date for a hearing.
He said that he had been advised that the W A Kendall and [REDACTED] case has been settled.
The [REDACTED] case is still pending.

KAEC DIRECTOR'S REPORT Director Whitt reported that the KAEC meeting would be held next Thursday at Frankfort after the Legislative Breakfast.

EKPC DIRECTOR'S REPORT Director Arrington reported that he and President Fraley had attended the EKPC Board of Directors Meeting and that most items had already been covered during other segments of this meeting.

Their margins are \$8.3 million dollars lower than 2013 margins. The margins include fuel adjustment.

THANK YOU GRECC received thank you notes from Youth Leadership Conference, Sarah's Place and Build a Bed at Morehead State University.

DONATIONS President Fraley presented to the Board for their consideration the following donation requests:

Carter Elementary – host Governor's Cup – donation	\$400
Miss Grayson Pageant – donation	\$50
Sandy Hook Chamber of Commerce- aid to replace county road signs	\$400
Carter County Thunder	(EKPC will Co-sponsor)

Motion was made by Director Martin, seconded by Director Bentley and unanimously agreed to approve the donations as presented.

[REDACTED] We received a check for \$19,000 from [REDACTED]

MEETING ATTENDANCE The following upcoming meetings were presented:

MicroSoft Excel –Priscilla Sparks, Robert Brown and Caitlin Hutchinson
Basic Skills Workshop – Tony Brewer and Justin Staniford
NRECA Legal Seminar 55 – Asheville, NC – Legal Counsel Scott

DIRECTORS CONFLICT OF INTEREST DISCLOSURES Conflict of Interest Disclosures were handed out and signed by all Directors.

BOARD MEETING DATE	The next board meeting will be held on Friday, March 27, 2015 at 9:00 a.m.
ADDITIONAL BUSINESS	There was no additional business brought before the board.
ADJOURN	Chairman Trent adjourned the meeting at 11:43 a.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On March 27, 2015 at 9:00 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Trent called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: W. Jeffrey Scott, Legal Counsel; Carol Hall Fraley, President and CEO; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Rice gave the invocation.
APPROVAL OF MINUTES	Motion was made by Director Rice, seconded by Director Bentley and unanimously agreed to approve the minutes from the February 2015 Board Meeting.
MANAGER OF TECHNICAL SERVICES	<p>Brian Poling reported on the following:</p> <p>I T has completed network changes. Equipment has been divided for more security. Hardware has been changed on the servers and desktops adding more storage.</p> <p>They have upgraded 17 desktops software/firmware only. Two servers were converted that control who can connect to our network. New storage was added for the new SEDC database upgrade. Disaster recovery server software for desktops & servers has been upgraded. A new phone system has been installed, giving us and the consumer more options. Calls for cutoff's or planned outages can be utilized on 20 lines out instead of 4. We can make web and conference calls. This will greatly shorten the notification time.</p> <p>Kentucky contracted Black & Veatch to build fiber optic backbone that will connect all schools in areas short on bandwidth options. Completion of fiber installation will be in 18 months with Kentucky attaching to approximately 1,000 poles. The planned location is along US 60, across an upper portion of Greenup County, with a branch into Elliott County coming from Morehead along Route 32. This will be a good economic boost for the state, attracting more business to Kentucky. Legal Counsel Scott is looking over the attachment contract with Carol Ann and Brian.</p> <p>Director Dupuy asked about our Work Plan mapping project. It is scheduled for the last two years of our CWP. We are currently doing as much preparatory work on a day to day basis as we can, such as fuses, etc. The PSC seems to think all Coops already have this. We expect to be finished with mapping sometime in 2017-2018.</p>
OFFICE FINANCIAL REPORT	Bradley Cherry, Manager of Finance and Accounting presented the Financial & Statistical Report for January 2015 by teleconference. Mr. Cherry reported on the following:
FINANCIAL & STATISTICAL REPORT FOR JANUARY	Kilowatt hour sales for the month of January (01/21-02/20) were 2.44% over budget. Purchases for the month of January (1/1-1/31) were 3.263% under budget. Line loss for the last twelve months was 4.62%. Year to date margins were \$681,642 compared to the budgeted amount of \$381,444.
T.I.E.R.	January's operating T.I.E.R. for the month was 9.74 due to higher margins than anticipated. The average rolling twelve month T.I.E.R. was 1.71.

ICE STORM (PRELIMINARY)
MARCH 5, 2015

The ice storm of March 5, 2015 cost to date is:

GRECC Labor	\$ 63,287
Contractor Labor (Pike and r/w):	\$ 86,899
Meals:	\$ 1,970
Work Orders:	<u>\$ 10,608</u>
Total:	\$162,764

There are remaining invoices for meals, work orders, Licking Valley RECC and Big Sandy RECC.

HEALTH INSURANCE
HANDOUT

Bradley told the Board the health insurance handout did not apply to Kentucky, but was required to be handed out.

WORKERS COMPENSATION

The premium for 2014 is \$54,812 compared to \$66,704; an 18% decrease. We have about the lowest worker's compensation premium in the state.

BUSINESS INSURANCE

Federated Insurance premiums were discussed in great detail. Mr. Cherry stated the proposed premium for 2015 is \$99,071, compared to the 2014 rate of \$99,134. This covers property damage, general liability, directors insurance and earthquakes. We received a capital credit check from Federated in the amount \$6,317.

Umbrella coverage is \$5 million, Directors coverage is \$7 million; and General Liability is \$2 million. The blanket deductible is \$1,000 and no deductible on property damage.

Director Martin suggested getting a quote on Umbrella coverage in the amount of \$10 million, General Liability at \$2-\$5 million and Directors at \$7 million and deductible. President Fraley and Bradley will check on this and call all directors. A voice vote at the April Board Meeting can be made retroactive April 1, 2015.

APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR JANUARY 2015

Motion was made by Director Dupuy, seconded by Director Rice and unanimously agreed to approve the Financial and Statistical Report for January 2015, as presented, for informational purposes only.

MANAGER OF MARKETING
AND MEMBER SERVICES

Kim Bush, Manager of Marketing and Member Services, reported:

LIHEAP – finishes next week and a final update will be given at the April Board Meeting.

DEPOSITS RECALCULATED

During the month of April, deposits will be recalculated for those members with bad credit and insufficient deposits. Members can make payment arrangements to pay their new required deposits.

PRE-PAY ACCOUNTS

We have 285 Active Pre-pay accounts and 4 inactive. The average balance is \$49.03 credit. In the last 30 days, we have received \$52,671.72 from a total of 1,142 payments.

Only about 30% of the 285 Pre-Pay customers have debt management accounts. Director Arrington asked about a food bank (non-profit) that wanted debt management. If the non-profit was put in an individual name it would be okay. Director Dupuy stated you may not want to get into debt management with larger powers.

ENERGY AUDITS

Energy Efficiency – Tina Preece did audits on: How\$mart KY Audit – 1; Energy Audits – 6; Heat Pump Audits – 1; Button Up Audits – 2. President Fraley announced a new program where discarded appliances can be picked up and members are paid \$50. The recycling center is located in Louisville. WSAZ interviewed Tina Preece for SimpleSaver, paid by EKPC. Frankfort Youth Tour was Thursday, April 26th.

GRECC ANNUAL MEETING

The GRECC Annual Meeting is Thursday, May 14, 2015 at the GRECC Headquarters for the 4th year with business meeting starting at 6:00 p.m.

There will be no director elections. We do have to pay an annual \$900 permit and accounting fees at the post office annually to keep our postal permits.

The Annual Meeting Budget is the same as 2014 except money budgeted on the election will be used for ordering more buckets. A few buckets will have a certificate for an additional door prize. Members can contact us if they find a winning certificate.

Buckets will have to be purchased this year. We plan to give away \$9 smoke detectors in the bucket this year.

Director Dupuy mentioned the flat light bulb he saw at the NRECA Annual Meeting. Kim said members can go on line to the GRECC website and complete an energy audit online to receive one.

The 2015 scholarship winners and their parents have been invited to have lunch with the Board today.

Motion was made to accept the 2015 Annual Meeting Budget as presented by Director Rice, seconded by Director Dupuy and unanimously agreed upon.

DEPOSITS

Six substations have been read and accounts reclassified. President Fraley passed out a handout with proposed security deposit changes:

WITH GOOD CREDIT HISTORY & WITHOUT DEPOSIT HISTORY	
ALL ELECTRIC MOBILE HOMES	\$330
NON ELECTRIC HOMES	\$260
NON ELECTRIC MOBILE HOMES	\$260
200 AMP ALL ELECTRIC HOMES	\$360
400 AMP ALL ELECTRIC HOMES	\$720
GENERAL SERVICES	\$100
BARNs, WATER PUMPS	\$100
CAMPS	\$130
SMALL COMMERCIAL	\$370
CHURCHES	\$280

IF WE HAVE ONE YEAR'S DEPOSIT HISTORY, WE WILL USE IT.

If members have good credit, they do not pay a deposit. If they do not, they may utilize the Pre Pay program instead of paying a big deposit. Additional deposit may be based on current usage.

On the Airport Road Substation 859 meters were read, 88 service orders were created, 64 retirements found and 24 reclassifications.

We read 5,192 meters in the five substations, opened 497 service orders, retired 209 and reclassified 181 accounts. Reading these substations has resulted in an increase in revenue, a decrease in property tax and liability and better system reliability.

OPERATIONS REPORT	Kyle Clevenger, Manager of Operations gave the Operations Report with Mike Martin, Assistant Manager of Operations. Mr. Clevenger reported on the following:
EMPLOYEE/LOST TIME ACCIDENT	There were no lost time accidents to report this month.
SAFETY REPORT	<p>The following safety meetings were held during February 2014:</p> <p>February 05—Mike Martin, Asst. Manager of Operations, turned the meeting over to Kyle Clevenger. Safety investigation on Mike Reynolds was read and reminded everyone to watch for slips, trips, and falls. He also talked about the 2 year line inspection. Don Combs had “The Final” 401K sales pitch. Carol Fraley announced job changes due to Don retiring.</p> <p>February 11—Andrea McCleese, Technical Services Supervisor, turned the meeting over to David White for KAEC’s monthly safety meeting. He reviewed the Federated Strategy Lab and an incident involving a fatality in Lawrence County. An Arkansas Statewide DVD, “Empowering Guatemala”, was watched. David did a crew visit/ride-along with Herbie Steagall. Carol Fraley reminded everyone to stay diligent about safety.</p> <p>February 23—Priscilla Sparks, Executive Assistant, turned the meeting over to Carol Fraley, President and CEO, who talked about our safety incentive program. Safety incentive checks were given to employees for working a year with no lost time accidents. Kyle reminded everyone to train new employees to be safe also.</p>
CONSTRUCTION	The Construction Department built one hundred twenty (120) new work orders for the month of February and worked zero (0) hours of overtime.
OVERTIME HOURS	The Maintenance Department worked fifty-five (55) hours of overtime during the month of February 2015.
DELINQUENT NOTICES	The Maintenance and Construction Departments collected on seventy-nine (79) delinquent accounts and disconnected forty-one (41) accounts in March.
CONTRACT CREWS	<p>Two Pike Electric crews have been working in the following areas:</p> <p>Tony Seagraves – Airport Road to Corey Ridge, Carter County and New Construction Doug Rogers – Route 7 Greenup County, Unit Job</p>
RIGHT-OF-WAY CREWS	<p>We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew’s trimmed 558 trees, cut 1,173 trees, and cut 21,880 feet of brush/line. The crews are working in the following areas:</p> <ul style="list-style-type: none">3 cutting crews in Carter, Lewis and Greenup Counties2 cutting crews in Elliott and Lawrence Counties1 bucket truck crew in Lawrence and Elliott Counties1 bucket truck crew in Carter County1 tractor crew in Carter County1 bucket crew in Lewis and Greenup Counties1 circuit crew in Carter County

RIGHT-OF-WAY CREWS
(CONTINUED)

1 Smith Tree Service – circuit crew in Greenup County

ENGINEERING REPORT

The Engineering Department released one hundred eleven (111) prints consisting of 2,235 feet of primary line and 1,305 feet of service wire. They currently have two (2) new services to be staked and two (2) to be drawn. They have approximately twelve (12) miscellaneous jobs to be staked or drawn.

WORKORDER INSPECTIONS

President Fraley reported that in 2014, we built 896 work orders and inspected 10%. Mike Norman, RUS Field Representative, said that this was more than we were required to do, according to RUS. There is no certain number, only a good representation of the system. We are not required to inspect any retirements.

After examination of the past three years, we have determined that 5% of the day to day work orders to be built would be a fair representation. We plan to include all work orders in Rowan, Lewis and Lawrence Counties, because we often do not have one each month.

This will save us a significant amount of money. In 2012 we spent \$9,200; in 2013 we spent \$10,440.77 and \$10,611.23 in 2014. We expect to see a significant drop in our costs for 2015.

President Fraley thanked Scott Speaks for following through on this project and coordinating with her, Jim Bridges, P.E., and Mike Norman.

SECURITY DEPOSIT

We recommend that the \$95 new work order fee (deposit) be eliminated. There is \$143,000 on our books for members with good credit history and who are entitled to deposit refund. All other surrounding Cooperatives have rolled the Work Order Fee into their security deposits. She would like to take those \$95 work order fee/deposits and either return them to members who qualify in a scheduled manner, or transfer them to members who needs an additional security deposit. She proposed to pay \$25,000 per year over five years commencing in June 2015. \$10,000 would be refunded, in addition to any member requests. In December, we would refund the balance of \$25,000. This will not affect our T.I.E.R. The refunds will commence with the oldest accounts first. This should take us from 1985 through 1991. We have \$18,000 in accounts with bad credit that will not be refunded.

Director Martin made a motion to accept President Fraley's request to refund Work Order Fees/Deposits on accounts with good credit and transfer deposits to accounts requiring additional deposits, seconded by Director Rice and unanimously agreed upon.



President Fraley reported to the Board that [REDACTED] has two buildings that require a size 75 transformer. Dan Playforth from EKPC has worked with them and recommended programmable thermostats. We offered to buy the thermostats if the Church would put them in. They have refused. The tariffs state that if a consumer requires a size 75 transformer, they may be billed under a commercial rate. We will buy the thermostats and give them to the Church to install. If they do not, we will be forced to change their rate.

LINEMAN APPRECIATION
DAY


April 13, 2015 has been designated the first National Lineman's Appreciation Day. She presented to the Board a Resolution in honor of the day for them to sign and a copy will be presented to each lineman on April 13, 2015. We will have a breakfast in honor of the Linemen and the Board is invited to attend.

GO TO NEXT PAGE

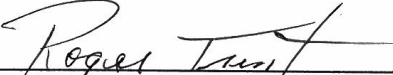
LINEMAN APPRECIATION DAY
(CONTINUED)

1st National Lineman Appreciation Day

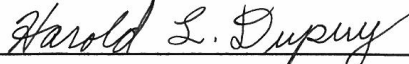
- “Whereas linemen leave their families and put their lives on the line every day to keep the power on;
- “Whereas linemen work 365 days a year under dangerous conditions to build, maintain and repair the electric infrastructure;
- “Whereas linemen are the first responders of the electric cooperative family, getting power back on and making things safe for all after storms and accidents; and
- “Whereas there would be no electric cooperatives without the brave men and women who comprise our corps of linemen;
- “Therefore be it resolved that NRECA and Grayson Rural Electric Cooperative Corporation recognize the Second Monday of April of each year as National Lineman Appreciation Day. We support and recognize the contributions of these valuable men to our members, our community and our Country.



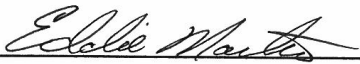
Carol Hall Fraley, President & CEO




Roger Trent, Chairman



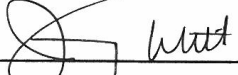
Harold Dupuy, Vice Chairman



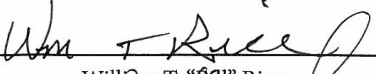
Eddie Martin, Secretary-Treasurer



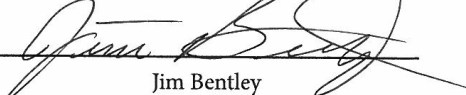
Kenneth Arrington, EKPC Director



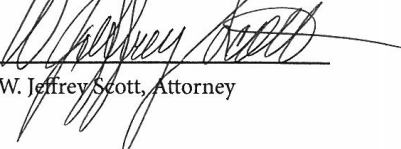
Jimmy Whitt, KAEC Director



William T. "Bill" Rice



Jim Bentley



W. Jeffrey Scott, Attorney

Resolution of Respect Commencing on April 13, 2015

LINEMAN APPRECIATION DAY (CONTINUED) Motion was made by Director Rice, seconded by Director Bentley agreeing to honor our linemen on April 13, 2015 and adopt this resolution. Motion carried unanimously.

SMITHFIELD President Fraley, Brian Poling, Kyle Clevenger, Mike Martin and Bradley Cherry met with Smithfield on Tuesday in regards to primary metering and an unpaid \$7,853.37 invoice. They explained the concept of primary metering and that anything on Smithfield's side of the meter was at their expense. They offered them various programs and reminded them of the work done for them by Tina Preece and other people from EKPC. They were informed that a new contract needed to be negotiated due to new ownership. Transformers required for load will be paid for by Smithfield. The first transformers just for service were provided by Grayson RECC. Kyle made them aware of a fuse holder and switch replacement that needed to be installed. This work will be scheduled and paid for by Smithfield, along with the outstanding invoice.

PSC A letter of notice regarding the recent snow storm was written to the PSC. A letter with the final costs will be mailed as soon as all invoices are received.

SAND GAP CASE President Fraley asked Legal Counsel Scott about the Sand Gap case and he stated that has been submitted to Circuit Judge in Frankfort and a reply has to be done now.

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS Motion was made by Director Martin, seconded by Director Dupuy and unanimously agreed to approve seventy-eight (78) new memberships and retirement of seventy-two (72) existing memberships for February 2014.

BAD DEBT WRITE-OFFS Motion was made by Director Martin, seconded by Director Dupuy and unanimously agreed to charge off \$ 2,621.87 worth of bad debts and turn them over for collection.

APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY BUSINESS EXPENSES Motion was made by Director Whitt, seconded by Director Rice and unanimously agreed to approve the President's business expense of \$8.39, Director's business expenses of \$9,544.29 and Attorney's business expense of \$188.89.

PRESIDENT'S REPORT President Fraley reported on the following:

TELEPHONE CONTRACTS AT&T and Windstream pole attachment contract charges will be based on the CPI (index). We will propose the same charges for the proposed broadband attachments by the state.

EAST KENTUCKY POWER COOPERATIVE President Fraley discussed an EKPC handout regarding Costs to Member System Report from EKPC. EKPC exceeded the budgeted amount every month in 2014. Although other costs are closely monitored, the Cost to Member System Report is disregarded. She also handed out a report detailing EKPC's accomplishments for 2014. Cost to Member Systems was not part of that report.

Legal Counsel Scott read a portion of the Wholesale Power Contract and how it has changed from 1964 to now, questioning how East Kentucky Power can make such changes.

EAST KENTUCKY
POWER COOPERATIVE
(CONTINUED)

Director Arrington announced that East Kentucky Power Cooperative expects to purchase a merchant plan with a 400 megawatt gas peaker, used now by L G & E. East Kentucky Power had already sent out an RFP for 300 MG and said they need additional power for cold weather.

Under our current arrangements, they will sell all power to PJM and then buy back what we need. The EKPC Board will vote in May. The cost is \$142 million. It is located off I-71, between Louisville and Cincinnati.

LEGAL COUNSEL'S REPORT

Legal Counsel Scott reported on the following:

The PSC will issue an order on the Fuel Adjustment Clause. They granted a request for fly ash removal.

Legal Counsel Scott reminded Director Arrington that he only has to be excused from Executive Session for Charleston Bottoms. He has the right to ask about the fly ash matter.

We will pursue our complaint concerning the Valley View Subdivision. Director Martin and Director Dupuy requested Legal Counsel to look at the Wholesale Power Contract last month. They would like to request a judge to make decision on whether the Wholesale Power Contract is valid now or not.

PRESIDENT AND CEO

President Fraley and Executive Assistant, Priscilla Sparks, were asked to leave the board meeting during discussion of President Fraley's annual evaluation.

Motion was made to give President Carol Fraley a \$4,000 raise for 2015, retroactive January 1, 2015 by Director Arrington, seconded by Director Rice and unanimously agreed upon.

KAEC DIRECTOR'S REPORT

Director Whitt reported the following on the KAEC Board Meeting this month:

Strategic Planning – Chris Perry did the meeting. He is going to committee type meetings.

Tim Hargrove thinks there is nothing wrong except projections.

UUS is reducing the amount of transformers manufactured.

An Executive Committee was established. They are: Chris Perry, Tommy Hill, Bill Prather, Ted Hampton, Carol Wright, and Debbie Martin

EKPC DIRECTOR'S REPORT

Director Arrington said that most of his report had been covered under related Board issues.

Big Sandy RECC sent Kelly Shepherd to replace Wade May on EKPC Board. The EKPC Vice Chairman will not be replaced before the Annual Meeting in June. Mr. Campbell will represent EKPC at the KAEC meetings.

Mr. Arrington said David Estep, Big Sandy CEO, had asked for a meeting after the last EKPC Board meeting. He wanted to know what our bottom line was in settling our law suit. Mr. Estep stated Wade May was EKPC's key man who set the agenda. Mr. Estep told Mr. Arrington that Ms. Fraley was unable to do her job and that she had a lot of baggage with family issues. He also called her incompetent. Mr. Estep said their Legal Counsel doesn't come in to their meeting unless asked or to make a report.

EKPC DIRECTOR'S REPORT
(CONTINUED)

A motion was made to seat Director Arrington on the East Kentucky Power Cooperative's Board by Director Martin, seconded by Director Rice and unanimously agreed upon.

President Fraley said she would check and see when Mr. Arrington's credentials need to be presented to EKPC.

THANK YOU'S

We received thank you notes from the following Elliott County Chamber of Commerce for road signs and Isonville 5th and 6th Graders – science project.

DONATIONS

President Fraley presented to the Board for their consideration the following donation requests:

WCHS Baseball Boosters – sign sponsorship	\$100
Project Merry Christmas of Carter County	\$100
Greenup County Firefighters – fire school	\$100
Elliott Co. 4-H Camping Program – registration & transportation fees	\$190
Olive Hill Little League – sign renewal	\$150
Grayson Meals on Wheels – 2015 donation	\$100
Greenup County Genealogical & Historical Society	\$50
Elliott County Little League –sign for fence – sponsorship	\$175
Elliott County High School – state tournament sponsor	\$500
Rudy Fest – sponsorship	\$250
Build-a-Bed – sponsorship	\$150

Motion was made by Director Rice, seconded by Director Martin and unanimously agreed to approve the donations as presented.

Director Dupuy asked if we are getting revenue from the explosive plant in the Vanceburg Territory and President Fraley said we are.

MEETING ATTENDANCE

Upcoming employee meeting attendance requests were for:

SEDC Conference, Amelia Island, FL – few employees
Lineman School – Tony Brewer and Justin Staniford

BOARD MEETING DATE

The following board meeting dates have been assigned:

Monday, April 27, 2015 at 9:00 a.m.
Friday, May 22, 2015 at 9:00 a.m.
Friday, June 26, 2015 at 9:00 a.m.
Friday, July 24, 2015 at 9:00 a.m.
Friday, August 28, 2015 at 9:00 a.m.
Friday, September 25, 2015 at 9:00 a.m.
Friday, October 23, 2015 at 9:00 a.m.
Monday, November 30, 2015 at 9:00 a.m.
Friday, December 18, 2015 at 9:00 a.m.

ADDITIONAL BUSINESS There was no additional business.

ADJOURN Chairman Trent adjourned the meeting at 12:38 p.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott

On April 27, 2015 at 9:06 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Trent called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Dupuy gave the invocation.												
EXECUTIVE SESSION	Director Dupuy called for Executive Session, seconded by Director Martin at 9:06 a.m., excusing Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant, from the board meeting. The Board adjourned from Executive Session at 9:27 a.m.												
APPROVAL OF MINUTES	Motion was made by Director Rice, seconded by Director Dupuy and unanimously agreed to approve the minutes from the March 2015 Board Meeting.												
MANAGER OF TECHINCAL SERVICES	<p>Brian Poling, Manger of Technical Services reported on the following:</p> <p>The Outage Management System has been upgraded and moved to the new server. The newest software for our outage maps automatically updates the maps each time a work order is entered, instead of having to manually update the maps every month or two. The staking software will be moved soon.</p> <p>The new outbound campaign for disconnects last month showed we made 1,300 calls in 55 minutes, compared to the old system – a day to a day and a half. The system was utilized several times this month for planned outages. Director Arrington suggested adding all Directors to the call list for their area. Mr. Poling said he was working on that.</p>												
OFFICE & MEMBER SERVICES REPORT	Bradley Cherry, Manager of Finance and Accounting gave the Financial & Statistical Report for February 2015. The following was reported:												
FINANCIAL & STATISTICAL REPORT FOR FEBRUARY 2015	Kilowatt hour sales for the month of February (02/21-03/20) were 3.48% over budget. Purchases for the time period of (2/1-28) were 17.18% over budget. Line loss for the last twelve months was 5.90%. Year to date margins were \$506,275 compared to budgeted \$375,123. The highest demand we have ever had was set in February at 85,194 kW's.												
MARCH 2015 ICE STORM	The ice storm of March 2015 cost was \$200,984. President Fraley has submitted the final report to the Public Service Commission. We have not had a declaration from FEMA yet.												
TARIFFS	We filed Schedules 3 and 13B and C Tariffs with the Public Service Commission and they have been approved.												
RUS WORK ORDERS	<p>RUS work orders for the months of October, November and December 2014 were presented to the board of directors for approval:</p> <table border="0" style="margin-left: 40px;"> <tr> <td style="padding-right: 20px;">October 2014</td> <td style="padding-right: 20px;">Work Order No. 1206</td> <td style="text-align: right;">\$201,702.42</td> </tr> <tr> <td></td> <td>Work Order No. 1207</td> <td style="text-align: right;">\$9,045.25</td> </tr> <tr> <td style="padding-top: 20px;">November 2014</td> <td style="padding-top: 20px;">Work Order No. 1208</td> <td style="text-align: right; padding-top: 20px;">\$167,364.18</td> </tr> <tr> <td></td> <td>Work Order No. 1209</td> <td style="text-align: right;">\$10,475.05</td> </tr> </table>	October 2014	Work Order No. 1206	\$201,702.42		Work Order No. 1207	\$9,045.25	November 2014	Work Order No. 1208	\$167,364.18		Work Order No. 1209	\$10,475.05
October 2014	Work Order No. 1206	\$201,702.42											
	Work Order No. 1207	\$9,045.25											
November 2014	Work Order No. 1208	\$167,364.18											
	Work Order No. 1209	\$10,475.05											

RUS WORK ORDERS (CONTINUED)	December 2014 Work Order No. 1210	\$152,823.69
	Work Order No. 1211	\$10,193.98
	Total	\$ 551,604.56

Motion was made by Director Rice seconded by Director Martin and unanimously agreed to approve said work orders as presented and submit them to RUS.

APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR FEBRUARY 2015
Motion was made by Director Martin, seconded by Director Dupuy and unanimously agreed to approve the Financial and Statistical report for February 2015 as presented for informational purposes only.

MANAGER OF MARKETING AND MEMBER SERVICES
Kim Bush, Manager of Marketing and Member Services, reported on the following:

LIHEAP
We received \$226,622.99 from LIHEAP. This amount was lower than last year.

WINTERSHIP HARDSHIP
There were 25 winter hardship reconnects and 28 thirty day extensions.

PREPAY ACCOUNTS
We have 306 active Pre-Pay accounts with an average balance of \$48.44. Average daily useage for these accounts is 28 kWh; 957 payments were received in 30 days totaling \$36,204.58. Director Dupuy said it would be interesting to see a regular bill in a given month, before and after Pre Pay usage. Debt Management is a significant part of Pre Pay and we can put up to \$500 on contract. We have 38 Pre-Pay accounts that utilize Debt Management. Total amount in Debt Management is \$10,815.72 with 3 under \$100; 11 \$100-\$199 range; 9 \$200-\$299 range; 5 \$300-\$399 range; 8 \$400-\$499 range; and 2 over \$500 (exceptions).

ENERGY AUDITS
Tina Preece completed the following audits: 8 Energy audits; 1 Button-Up; 1 Commercial audit; 1 How\$mart Audit; and 1 ETS service call.

SCHOOL PROGRAMS
Career Day was held at Elliott County High School with Robert Brown discussing Operation Preparation.

FRANKFORT YOUTH TOUR
Five high school juniors attended the Frankfort Youth Tour on March 26th, with Tina Preece and Julie Lewis. Collin Howell and Shelby Adkins from Elliott County will attend the Washington Youth Tour in June.

SIMPLE\$AVERS
Next week Kim Bush will be interview by WSAZ, prior to our annual meeting.

ANNUAL MEETING
Mrs. Bush reported the following plans for the Annual Meeting on May 14th:

Registration begins at 7:30 a.m. and concludes at 6:00 p.m.
Business Meeting commences at 6:00 p.m.
The same format as the last three years will be used.
Drive thru registration is a big hit and the consumers love it.

Several nice door prizes will be given away after the buiness meeting. Two of them are a small refrigerator and a high efficiency clothes washer. Members do not have to be present to win the door prizes.

ENERGY EFFICIENCY FLYERS	Flyers promoting high energy efficiency appliances and rebates have been left at Lowe's in Ashland and Morehead, and Dyer's in Grayson to give to our consumers.
OPERATIONS REPORT	Kyle Clevenger, Manager of Operations, gave the Operations Report. He reported on the following:
EMPLOYEE/LOST TIME ACCIDENT	There were no lost time accidents to report this month.
SAFETY REPORT	The following safety meetings were held during March 2015:
SAFETY MEETING	<p>March 03—Robert Brown, Director of Purchasing and Stores, turned the meeting over to Clarence Greene for the KAEC monthly safety meeting. His topic was 3-phase banking and trouble shooting.</p> <p>March 12—Sherry Buckler, Manager of Accounting & Human Resources, read from the Safety Manual, Work Zone Safety, Section 505.1 – 505.3. We had the monthly safety give-a-way.</p> <p>March 16—Kim Bush, Manager of Marketing & Member Services, read from the safety manual, Tools and Equipment, Section 506.1 – 506.2. Carol Fraley presented certificates to Kyle Clevenger and Jamey Withrow for the completion of the Superintendent & Foremen's Conference.</p> <p>March 23—Bradley Cherry, Manager of Finance & Accounting discussed benefits, insurance, retirement security plans and showed how to look at this information on Cooperative.Com. Kyle Clevenger read safety investigations on accidents involving Shane McDavid and Mark Hutchinson and reminded everyone to work safe. Carol Fraley, President and CEO, asked everyone to watch for swimming pools being installed under power lines.</p> <p>Kyle continues to mention the necessity and importance of hard hats, rubber gloves and the importance of using ground chains. A line is not dead until it is grounded.</p>
CONSTRUCTION	The Construction Department built one hundred eighteen (118) work orders. Eight (8) services were added and seventy (70) services retired, for the month of March. Most of these retirements were a result of our meter reading programs and were not active accounts. Construction did not work any overtime this month.
OVERTIME HOURS	The Maintenance Department worked one thousand two hundred eighty-two (1,282) hours of overtime and the Engineering Department worked twelve (12) hour overtime during the month of March 2015.
DELINQUENT NOTICES	The Maintenance & Construction Departments collected on one hundred eighty-three (183) delinquent accounts and disconnected fifty-four (54) accounts in April.
ENGINEERING REPORT	The Engineering Department released sixty-five (65) prints consisting of 3,635 feet primary line, 1,815 feet of service wire and 0 feet of underground service. They currently have two (2) new services to be staked and two (2) to be drawn. They have approximately twelve (12) miscellaneous jobs to be staked or drawn.

CONTRACT CREWS

We have two (2) Pike crews working:

Tony Seagraves – Airport Road to Corey Ridge in Carter County and New Construction. He is now on Stark Ridge.

Doug Rogers – State Route 7, Greenup County, Schultz to Allen Chapel Church; to be completed in two weeks and then this crew will move to Montgomery.

Another Pike crew will be added this week working on poles washed out and start on RT 51 for the State Highway following those work orders.

Poles in Elliott County along new State Route 7 have started to slip where they were set. The State Highway will have to pay for the cost of relocating the poles and related expenses.

RIGHT-OF-WAY CREWS

We have nine (9) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 592 trees, cut 957 trees, cut 17,495 feet of brush/line and sprayed 18 spans of line. The crews are working in the following areas:

- 1 cutting crew in Carter, Lewis and Greenup Counties
- 1 cutting crew in Elliott and Lawrence Counties
- 2 cutting crews in Rowan County
- 1 bucket truck crew in Carter, Lewis and Greenup Counties
- 1 bucket truck crew in Elliott and Lawrence Counties
- 1 bucket truck crew in Rowan County
- 1 tractor crew in Carter County
- 1 dormant spray crew in Carter County

Smith Tree Service has finished a circuit in Greenup County and now working at Carter City.

UNIT COST AND COST PLUS

President Fraley reminded the Board that Work Plan projects are billed on Cost Plus or Units. The Operations Manager and Assistant Operations Manager look at every job with the contractor to determine how each individual job in the work plan should be billed. For example, Stark is eight miles long and over 50% of the poles will need to be changed out, so it will be billed as a unit job. Montgomery is a shorter job consisting mostly of wire changes and will be billed as cost plus. When Contractors bid the Work Plan, the individual jobs are unseen. It is reasonable and customary in order to be fair to the contractor and keep our costs down, to evaluate each job and determine how it will be billed before work commences.

When contractors bid our work plan, the rates they have bid are applied to three work plan jobs, chosen by the Cooperative. Each contractor's rates are applied to the same three jobs. One job will be a small work plan project; one will be a large work plan project and one will be something from day to day work like a pole change out, worked hot. Not every job we do is done the same way and costs are not the only criteria. We also evaluate safety, availability of equipment and manpower, and overtime rates among other things. The cost of the four year work plan is \$20,000,000. We look at each job to try to make sure we stay within our projected cost per job.

President Fraley wanted to remind all Directors that this is normal Work Plan procedure and this method is used by all Cooperatives and approved by RUS.

KAEC LINEMAN'S RODEO The 2015 KAEC Lineman's Rodeo will be hosted by Pennyrile Electric and will be held on the Western Kentucky State Fairgrounds on July 30-31 in Hopkinsville, KY.

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS Motion was made by Director Dupuy, seconded by Director Rice and unanimously agreed to approve sixty-eight (68) new memberships and retire ninety-five (95) existing memberships for March 2015.

BAD DEBT WRITE-OFFS Motion was made by Director Rice, seconded by Director Martin and unanimously agreed to charge off \$6,146.68 worth of bad debts and turn them over for collection.

APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY BUSINESS EXPENSES Motion was made by Director Martin, seconded by Director Dupuy and unanimously agreed to approve the President's business expense of \$186.83, Director's business expenses of \$8,497.08 and Attorney's business expense of \$182.17.

PRESIDENT'S REPORT President Fraley reported on the following:

CAPITAL CREDITS Capital credits belonging to deceased estates are paid current. President Fraley reminded the Board that Capital Credits for members who pass away in 2015 cannot be paid until March of 2016, at which time we will know the margins, if any, for 2015.

Director Arrington asked if we could pay 2015 Capital Credits as they are properly presented. President Fraley said that method would have to be researched and would possibly require a Bylaws change. President Fraley said that she, Bradley and Legal Counsel Scott would research this matter and report back to the Board.

Director Whitt made a motion to do so, and the motion was seconded by Director Martin. The vote was unanimous.

KY BROADBAND CONTRACT We are working on the wording of the Kentucky Broadband Contract.

KAEC UPDATES Dennis Cannon is the new CEO for Jackson Purchase Energy. Kelly Nuckol's retirement reception is May 7th from 5:00 p.m. – 7:00 p.m. at 229 Madison Street, Paducah KY. There is a conference call this Thursday, April 30, 2015 in regards to sales tax on computer software. Tim Sharp is the new CEO at Salt River. David White, KAEC Safety Program, announced at our safety meeting last week that GRECC received the 2015 No Lost Time Award for 442,132 hours for the years 12/20/2009 through 12/31/2014. GRECC is right below the transmission cooperatives in safety achievement.

VALLEY VIEW A response was received on Valley View and Legal Counsel Scott will discuss that.

CFC FORUM Bradley Cherry will be attending the CFC Forum on June 7-10, 2015 in Chicago, Illinois

INSURANCE Last month the Board requested we research the insurance rates with Federated. The conclusion was there is no reason to change the amount. President Fraley took a voice vote over the phone with the Board of Directors and the decision to keep the levels the same was unanimous.

IRATE CONSUMERS We have been working with [REDACTED]. GRECC has been there several times. He may be contacting some of you directors.

[REDACTED] of Trent Ridge, Morehead, KY, are new to our area and have issues. President Fraley has contacted them with offers of several solutions. They have an electric furnace.

[REDACTED], in Director Arrington's area has issues with a guy wire on his property. We are trying to reach an agreement with him. A certified engineer was sent to take a look at the issue and he said that at least one guy wire from us and one from the telephone company was needed.

MARATHON President Fraley said that we have been approached by Marathon about a Pumping / booster station in Elliott County. This would be a 5 to 7 MW load and would be fed from the Elliottville Substation. Their timetable is within 2 years.

EKPC ANNUAL MEETING VOTING DELEGATES The upcoming EKPC Annual Meeting is scheduled for Tuesday, June 2, 2015 at EKPC Headquarters, in Winchester, Kentucky. Director Dupuy will serve as the Representative and Director Trent will serve as the Alternative Representative for GRECC.

LEGAL COUNSEL REPORT Legal Counsel Scott reported on the following:

Collection letters will go out today.

EKPC CASES UPDATES He has received a response from EKP on Amendment 3. He filed a response to the motion he had filed on a rate case. On April 7, our fuel adjustment clause case was set by Commission. The PSC inquired about certain aspects of the PJM agreement and practices. He received a call from a lady trying to find a judge to listen to the Charleston Bottoms case, and one hasn't been found to his knowledge, at this time. Director Arrington said he was told by someone that a judge had been assigned. Mr. Scott talked to President Fraley after the March 27th Board Meeting and prepared a letter in regards to statements made by David Estepp, Big Sandy RECC CEO, about her to Director Arrington, in the CEO office at Big Sandy. He mailed copies to all Directors, but was told to hold up on mailing.

OFF SITE SPECIAL GRECC BOARD MEETINGS Director Martin stated that on April 14th an off-site special board meeting was held at the Super 8 Motel, Grayson, KY. The Charleston Bottoms lawsuit was discussed. The consensus was that GRECC would not win the case and felt EKPC would negotiate the lawsuit with the Board. President and CEO, Tony Campbell was contacted and a meeting was set up to meet at the MSU ADUC, Morehead KY on April 23, 2015. Those attending the meeting from East Kentucky Power Cooperative were Tony Campbell, Paul Hawkins, Mike Adams, Joe Spalding and Don Mosier. Director Martin asked for \$175,000 cash to walk away. EKPC is not willing to pay cash but did agree to give us \$125,000 of services over the next ten year.

EKPC PROPOSAL TO GRECC Director Martin gave Mr. Scott a Memorandum of Understanding Between East Kentucky Power and Grayson Rural Electric Cooperative Corporation, Inc. for Legal Counsel to read aloud. The Memorandum reads as follows:

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EKPC PROPOSAL TO GRECC
(CONTINUED)

MEMORANDUM OF UNDERSTANDING
BETWEEN
GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION and
EAST KENTUCKY POWER COOPERATIVE INC.

This Memorandum of Understanding serves to document the understanding reached during the meeting between EKPC's Executive Committee Board Members and Grayson Board Members held on the 23rd day of April 2015. The following summarizes the key terms agreed upon between Grayson Rural Electric Cooperative Corporation ("Grayson") and East Kentucky Power Cooperative, Inc. ("EKPC"):

1. Grayson and EKPC will file appropriate motions to dismiss any and all litigation, PSC cases, pending claims and actions against one another within ten days of Grayson's and EKPC's acceptance of this offer, including: the Mason Circuit Court litigation; the Public Service Commission ("PSC") Amendment 3 Investigation; Grayson's Motion to Reopen the last EKPC rate case before the PSC; and EKPC's PSC Fuel Adjustment Clause Case. Both Grayson and EKPC will be responsible for paying its own respective costs, expenses and professional fees.
2. Upon receipt of the last Order dismissing the final pending claim against either party, EKPC will agree to provide up to 100 hours of professional services annually to each of the 16 member systems, for a total of 1,600 hours for a period not to exceed 10 years upon acceptance of this agreement. The types of services to be provided will be at the discretion of the members, provided the services are customary and reasonable. On no less than a semi-annual basis, EKPC will provide a summary of any services provided to the Owner-Member's respective Boards.
3. EKPC will use good faith efforts to re-secure adoption of the Amendment 3 Memorandum of Understanding (MOU) that was previously approved by virtually all of EKPC's Members in 2013. Grayson will approve, adopt and execute the MOU – as written at the time of adoption by other Members, and without further amendment – within thirty days of acceptance of this offer.
4. EKPC will host annual meetings for the Chief Financial Officers of its sixteen Owner-Members so that any Owner-Member might seek additional information or clarification regarding EKPC's long-term financial strategy and plans. In addition, EKPC will follow through on Mr. Anthony Campbell's offer to have annual meetings with the leadership of each Owner-Member of EKPC to discuss the company's plans and to answer any questions.
5. Grayson and EKPC agree that: a) none of the terms of this agreement may be deemed an admission, actually or implicitly, of any wrongdoing or error on the part of either party;

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EKPC PROPOSAL TO GRECC
(CONTINUED)

and b) any and all claims that either company may have against each other as of the date of Grayson's acceptance, would be forever waived and released.

Grayson and EKPC further agree as follows:

First, the focus of Grayson's Mason Circuit Court case is upon the ownership and dissolution of Charleston Bottoms RECC (Charleston Bottoms). The only significant asset of Charleston Bottoms was the Spurlock No. 1 electric generating unit. Upon Charleston Bottoms' dissolution, Spurlock No. 1 continues to be owned directly by EKPC. While EKPC's Board sincerely regrets that Grayson feels it did not have adequate time to understand the reasons for, and the timing of, the dissolution of Charleston Bottoms, there should be no disagreement that Spurlock No. 1 has continued to provide a very affordable source of power to Grayson and EKPC's other 15 Members since the dissolution of Charleston Bottoms. Moreover, the associated creation of the Trust Indenture has been recognized by the PSC as a positive sign that EKPC has, and will continue to, overcome its previous financial challenges.

Second, Grayson's perspective that EKPC's current equity target is too high is welcomed as part of the ongoing discussion of EKPC's long-term financial direction. EKPC accepted the recommendations of the PSC's management audit, by improving its financial strength and EKPC is on pace to reach the Board approved Strategic Plan's target of a 15% equity ratio this year. As Mr. Kenneth Arrington will attest, no decision has been made by EKPC's Board regarding what additional equity ratio EKPC should seek to achieve. At the 2014 Strategic Retreat, EKPC's Board adopted a more flexible approach towards future equity goals and decided to lower the minimum equity ratio in its Bylaws at which point it would be able to pay capital credits to Members to be consistent with the terms and conditions in its RUS loans. That percentage has now moved from 40% equity to 20% equity. EKPC's Board will continue to discuss and, ultimately, to decide the next steps for the company's equity plan at its 2015 Strategic Retreat for any movement above 15%. Mr. Arrington will have the opportunity to present Grayson's position as part of this discussion and EKPC will look for opportunities to have all of its Members provide input prior to the next Strategic Retreat.

Third, EKPC is continuing to seek the best path forward for mitigating the cost of the abandoned Smith No. 1 assets. To date, EKPC has not made any decision regarding the disposition of those assets, nor has it sought to recover the principal costs of the assets. EKPC

EKPC PROPOSAL TO GRECC
(CONTINUED)

understands that it is Grayson's position, in hindsight, that the Smith No. 1 assets should not have been procured in the first place. However, taking that position requires a person to ignore the information that was available to EKPC's Board at the time and forgets that Grayson, via its Director, was supportive of the assets' acquisition at the time. Regardless, any proposal for the final disposition of the Smith No. 1 assets must be approved by EKPC's Board and, ultimately, the PSC.

Fourth, EKPC assisted its Members in 2012 and 2013 in the negotiation of a MOU that would successfully resolve lingering uncertainties regarding the operation of Amendment 3 to EKPC's Wholesale Power Agreement. EKPC believes that the MOU would have greatly aided Grayson's efforts to acquire power from a non-EKPC source. As stated above, EKPC is willing, as part of this settlement, to seek new approvals of the MOU. However, no changes to the previously agreed upon draft will be permitted.

EKPC and Grayson share a common responsibility to act in the best interests of the customers at the end of the line, our Members. To do what is best for them, we need to end this litigation, bring unity and harmony back to the entire EKPC system and begin the process of restoring relationships that have been tested and broken by needless litigation.

Grayson and EKPC agree that litigation and negative PSC filings are not good for our end use members. Consequently, both parties agree to make good faith efforts in solving future issues/challenges outside of litigation and PSC filings.

On behalf of Grayson Rural Electric Cooperative Corporation and East Kentucky Power Cooperative Incorporated and after having been duly authorized, the foregoing Memorandum of Understanding is accepted.

DATE

Roger Trent, Chairman
Grayson Rural Electric Cooperative Corp.

DATE

Paul Hawkins, Chairman
East Kentucky Power Cooperative Inc.

EKPC PROPOSAL TO GRECC
(CONTINUED)

Legal Counsel read the Memorandum aloud and told the Board if that was what they wanted to do, all that was needed was for them to file an Order dismissing the case, and that further meetings with East Kentucky Power were not necessary.

GRECC and EKPC have tentatively agreed to these terms; the dissolution of the Charleston Bottoms case in the Mason Circuit Court; and there is no disagreement concerning Spurlock.

EKPC will discuss their equity target with the Board at Strategic Planning and if the Board agrees it is too high, it can be lowered to pay credits. Director Arrington will be provided information for discussion.

EKP understands Grayson has concerns about the Smith #1 assets, etc.

EKP says that the MOU / Amendment 3 would have greatly benefited GRECC.

Both EKPC and GRECC agreed the suits are not good for Grayson members.

This memorandum is to be presented at the EKPC May Board Meeting.

They agreed upon independent attorneys to meet with GRECC and EKPC at another meeting. Director Martin asked Legal Counsel Scott if Legal Counsel Brandon Music, from his office, could attend with our Board.

Legal Counsel Scott stated all they had to do is to file an Order with the court and no attorney would be needed, nor another meeting, if this Memorandum states what they want.

Director Dupuy stated that he and as far as he knew, all 7 directors felt this Charleston Bottom case should be dismissed and cannot see GRECC winning.

Motion was made to table this proposal until the May Board Meeting by Director Arrington, seconded by Director Martin and unanimously agreed upon.

It was stated that Grayson would still be entitled to their off system purchase in the amount of 9.3 MW and President Fraley told the Directors they should get that in writing.

KAEC DIRECTOR'S REPORT

Director Whitt reported there was no meeting this month due to the Manager's Spring Meeting.

EKPC DIRECTOR'S REPORT

Director Arrington said that most of his report had been covered under related Board issues.

THANK YOU NOTES

We received a thank you note from the Sarah's Place for donating a piece of art work for their fundraising event.

DONATIONS

President Fraley presented to the Board for their consideration the following donation requests:

Sarah's Place - donated artwork for silent auction – valued \$150

DONATIONS
(CONTINUED)

King's Daughters Health Foundation – 2014 Rocky Adkins Golf tournament – one hole sponsor	\$250
Grayson Area Chamber of Commerce – Golf Scramble	\$200
Elliott County Conservation District – 4 th Grade Field Day	\$50
Elliott County Little League – Field Sponsorship	\$175
Lewis County Football Team – sponsor 2 players	\$100
Elliott County Christian Community Center – office relocation	\$100
Olive Hill Historical Society – golf scramble – donation	\$100
Carter County Blue Grass Festival – donation	\$250
Rogers Scholar –JESSE STUART PROJECT- purchase books for Carter County Library	\$100
Lawrence County Historical Society – (Blaine Bank building donated to LCHS) – replacing furniture	\$100
Carter County Homemaker's – donation for 3 prizes	\$150
American Cancer Society – Elliott Co. Relay for Life – donation in memory of Juanita Rice	\$250

Motion was made by Director Rice, seconded by Director Whitt and unanimously agreed to approve the donations as presented.

MEETING ATTENDANCE

The SEDC Meeting will be held at Amelia Island, Florida. Brain Poling, Kim Bush, Anita Bellew, Peggy Skaggs, Robert Brown, Andrea McCleese and Sherry Buckler will attend.
A MilSoft Meeting will be held in Arlington, Texas. Brian Poling, Andrea McCleese and Nancy Madden will attend.

GRECC ORGANIZATIONAL
MEETING

The Organizational Meeting of the Board of Directors will be held on Thursday, May 14th following the business meeting at the GRECC Annual Meeting. The regular monthly May Board Meeting will be held May 22nd.

ADDITIONAL BUSINESS

There was no additional business.

ADJOURN

There being no additional business to come before the Board, Chairman Trent adjourned the meeting at 2:09 p.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

Minutes of the Executive Session of the April 27, 2014 GRECC Board Meeting

On April 27, 2014 Grayson Rural Electric Cooperative Corporation held an executive session during its regular board meeting.

EXECUTIVE SESSION

Director Dupuy made a motion, seconded by Director Martin, to go into Executive Session at 9:06 a.m. and unanimously agreed upon, excusing Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant, from the board meeting.

Matters concerning Grayson Rural Electric Cooperative Corporation's lawsuit against the East Kentucky Power Cooperative / Charleston Bottoms case were thoroughly discussed.

Motion was made by Director Martin, seconded by Director Dupuy and unanimously voted to come out of Executive Session at 9:27a.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On May 14, 2015, at 6: 50 p.m., the Directors of Grayson Rural Electric Cooperative Corporation held a special Board Meeting at its office in Grayson, Kentucky, for the purpose of electing officers for the coming year.

Chairman Trent called the meeting to order pursuant to the Waiver of Notice signed by the Directors. All were present. Others present included: Carol Hall Fraley, President and CEO; Brandon Music, representing W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Dupuy gave the invocation.
ELECTION OF OFFICERS	Chairman Trent announced that the next order of business was the election of officers for the ensuing year. He then turned the meeting over to Mr. Music to conduct the election of officers.
CHAIRMAN	Mr. Music said that the election of officers would commence with the election of a Chairman and he would pass out ballots for that office. Motion was made by Director Arrington to re-elect the incumbent officers, including the KAEC Representative. The motion was seconded by Director Rice and unanimously agreed upon.
BOARD SEATS	Mr. Music declared the officers duly elected and the election closed. Roger Trent will serve as, Chairman; Harold Dupuy, Vice Chairman; Billy E. "Eddie" Martin, Secretary-Treasurer; and Jimmy Whitt, KAEC Director. Thereupon, Mr. Music turned the meeting back over to Chairman Trent.
EKPC DIRECTOR	Legal Counsel Scott is preparing all background information for Mr. Kenneth Arrington's nomination to serve as the EKPC Director representing Grayson R.E.C.C., in accordance with EKPC Bylaw requirements.
PLANNING AND REVIEW COMMITTEES	Chairman Trent re-appointed the Planning & Review Committee and the Negotiating Committee as assigned. The Planning & Review Committee will be chaired by Director Martin, with Director Dupuy and Director Rice as committee members. Director Trent will serve as ex-officio.
NEGOTIATING COMMITTEE	The Negotiating Committee will be chaired by Director Whitt, with Director Arrington and Director Bentley as committee members. Director Trent will serve as ex-officio.
GRECC VS EKPC – CB CASE	Directors were reminded of the meeting with EKPC tomorrow, May 15, 2015 to review the Charleston Bottoms issue. The Board had requested that Mr. Music attend on their behalf. Mr. Music was not aware of the date of the meeting and may have a conflict with depositions that he is involved in. Some discussion was held regarding the Board's approach and remedy that would be satisfactory to conclude this matter.

ADJOURNMENT

Chairman Trent asked if there was any further business and there being none the meeting was adjourned at 8:05 p.m.

Roger L. Trent, Chairman

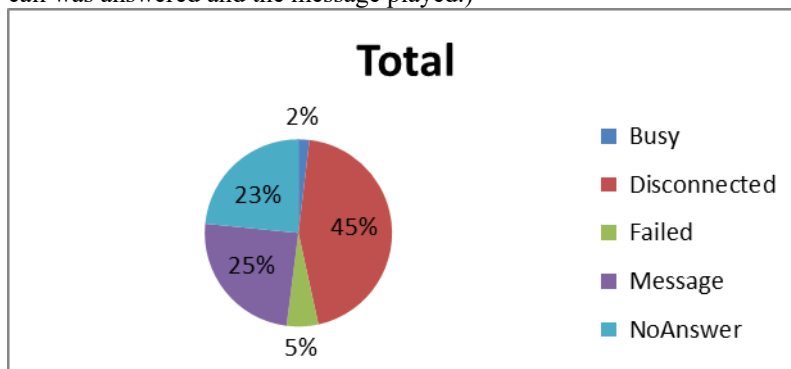
Billy E. (Eddie) Martin, Secretary/Treasurer

Brandon Music, Legal Counsel

On May 22, 2015 at 9:04 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Trent called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

- | | |
|------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| INVOCATION | Director Whitt gave the invocation. |
| APPROVAL OF MINUTES | Motion was made by Director Bentley, seconded by Director Dupuy and unanimously agreed to approve the minutes from the April 2015 Board Meeting for informational purposes only. |
| APPROVAL OF ORGANIZATIONAL MINUTES | Motion was made by Director Whitt, seconded by Director Rice, and unanimously agreed to approve the minutes from the May 14, 2015 Organizational Board Meeting for informational purposes only. |
| MANAGER OF TECHNICAL SERVICES | Andrea McCleese, Assistant Manager of Technical Services reported on the following: |

Our new telephone system was utilized to send out informational calls about Annual Meeting. The calls were made over the course of 3 days for 4 hours each evening. The results were as follows: (Disconnected indicates that the call was answered and the message played.)



The 2003 to 2012 Windows Server migration project has been completed. During this process, it became necessary to upgrade our outage management and engineering analysis software (at no cost). The completion of this project completes our IT project list outlined in this year's budget.

SEDC has announced that they have changed from the status of a Merchant to a Credit Card Service Provider in response to the more stringent PCI Compliance rules going into effect this year. We will have to submit proof of our compliance to SEDC in the form of results of network scans and penetration testing.

Coop IT program was developed at the request of PSC and they are pleased with IT's response with how they are handling cyber security at this time. PSC will take the recommendations of the IT Association instead of making their own.

President Fraley stated that GRECC will have security on site at Annual Meeting in the future. Staff recommends this, after an evaluation of the annual meeting on Friday morning.

MANAGER OF TECHNICAL SERVICES (CONTINUED) Brian Poling, Andrea McCleese and Nancy Madden will be attending the MilSoft Users' Conference in Dallas, Texas on June 9-11. We utilize MilSoft's IVR, Dispatch (outage management), and WindMil (engineering analysis) systems.

MANAGER OF FINANCE & ACCOUNTING REPORT Bradley Cherry, Manager of Finance & Accounting, presented the Financial and Statistical Report for March 2015. He reported on the following:

FINANCIAL & STATISTICAL REPORT FOR MARCH Kilowatt hour sales for the month of March (03/21-04/20) were 8.22% under budget. Purchases for the time period of (3/1-31) were 6.81% under budget. Line loss for the last twelve months was 5.73%. Year to date margins were \$154,785 compared to the budgeted negative \$208,503.

1ST QUARTER FINANCIALS Mr. Cherry reviewed the first quarter financial reports with the board. The first 3 months show the actual year to date margins were \$1,342,701 compared to budgeted \$965,071 margins, a difference of \$377,632. The first quarter sales and purchases were reviewed.

FEMA We received news that we can apply for help from FEMA and will be going to Frankfort next week to meet with their representatives. Bradley will keep everyone informed on the outcome.

AUDITOR A letter was received from Alan Zumstein, CPA, asking the Board to consider his services for the annual audit. After thorough discussion, Director Martin made a motion to use Alan Zumstein, CPA, for the annual audit, seconded by Director Dupuy and unanimously agreed upon.

APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR MARCH 2015 Motion was made by Director Martin, seconded by Director Rice and unanimously agreed to approve the Financial and Statistical report for March 2015 as presented for informational purposes only.

CAPITAL CREDITS President Fraley addressed capital credits, explaining the language in GRECC's Bylaws and Board Policy will need to be revised if we change the way we pay deceased estates. She plans to have these ready for the June Board Meeting. We will get with SEDC and see how they are calculating their refunds and discounts for other Cooperatives. Legal Counsel Scott will work with President Fraley and her staff on this matter.

MANAGER OF MARKETNG & MEMBER SERVICES Kim Bush, Manager of Marketing & Member Services presented the following report:

ANNUAL MEETING Annual meeting was a success, registering 1,310 members. We credit part of the increase to reminder phone calls made 2-3 days prior to the meeting. Kim asked the Board for any suggestions to be made for the next annual meeting. More hotdogs and sauce was needed. We are thinking about using a box trailer up front to give out buckets.

PREPAY AND DEBT MANAGEMENT PrePay Summary – 338 Active PrePay Accounts and 7 Inactive Accounts. Average balance on accounts--\$50.48 credit; Average kwh Usage—27 a day Total Number of Payments in 30 days—1,013 Average Payment--\$38.61 Total Payment Amount--\$39,113.34
Debt Management – 47 active accounts totaling \$13,961.54
22% of active accounts have Debt Management that are on prepay.
Under \$100=5 \$100-\$199=9 \$200-\$299=11
\$300-\$399=6 \$400-\$499=10 over \$500=6

MEMBER SERVICES

Tina Preece has been attending meetings at EKPC and Northeast Community Action concerning new rebate programs for Grayson Rural Electric and a meeting concerning Smithfield transformers, infrared scanning and oil check. Tina did 3 Energy audits, 3 HowSmartKY audits, 2 Button-up audits and 1 heat pump audit.

Julie and Kim judged scholarship applications at Fleming-Mason and Clark Energy Coops.

Career Day was at Star Elementary on April 23.

Julie and Peggy Wells judged at Carter County 4-H Communication.

OPERATIONS REPORT

Kyle Clevenger, Manager of Operations gave the Operations Report. He reported on the following:

EMPLOYEE/LOST TIME
ACCIDENT

There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during April 2015:

April 07 —Carol Fraley, President and CEO, was in charge of the meeting. Mike Martin read from the safety manual pages 130 –132, 506.3 Pneumatic Tools, and 506.4 Hydraulic Tools. Kyle Clevenger announced that Steven Burton had completed his 4th year of the apprenticeship program and is now a 1st class lineman as of April 2nd. Kyle also reminded everyone it was collections and to be careful. Kippy ask everyone to change their rubber gloves. The monthly safety give-a-way was handed out.

April 13 —Mike Martin, Assistant Mgr. of Operations, was in charge of the meeting. Carol Ann announced it was the 1st National Lineman Appreciation Day and the annual event will be on the 2nd Monday in April. A video was shown. Her topic was about the care of feet and hands and how important it is to linemen. She showed a video about Happy Hands & Feet. Kyle reminded everyone to be careful.

April 21 —Andrea McCleese, Technical Services Supervisor, turned the meeting over to David White for the KAEC monthly safety meeting. He announced that Grayson RECC would be a 2015 no-lost time award recipient. David reviewed two accidents, one was a D.H. Elliott ground man fatality and the other was a Kenergy Apprentice Lineman contact.

April 27 —Brian Poling, Mgr. of Technical Services, topic was on Power Factor (the simplified version). Carol Fraley reported the new Pike construction crew starts today. Kyle reminded everyone to be safe.

Kyle Clevenger, Manager of Operations, continues to mention the necessity and importance of hard hats and rubber gloves. He reminded everyone of the importance of using ground chains. A line is not dead until it is grounded.

CONSTRUCTION

The Construction Department built one hundred (100) new work orders for the month of April and worked zero (0) hours of overtime.

OVERTIME HOURS

The Maintenance Department worked three hundred one (301) hours of overtime during the month of April 2015.

DELINQUENT NOTICES The Maintenance & Construction Departments collected on two hundred thirty (230) delinquent accounts and disconnected forty-two (42) accounts in May.

CONTRACT CREWS We have two (2) Pike crew working on:

Tony Seagraves – Stark Conversion – Elliott County and New Construction
Doug Rogers – State Route 7, Greenup County – Units Job

RIGHT-OF-WAY CREWS We have nine (9) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crews trimmed 484 trees, cut 1,685 trees, cut 31,095 feet of brush/line, and sprayed 38 spans of line. The crews are working in the following areas:

- 1 cutting crew in Carter, Lewis and Greenup Counties
- 1 cutting crew in Elliott and Lawrence Counties
- 2 cutting crews in Rowan County
- 1 bucket truck crew in Carter, Lewis and Greenup Counties
- 1 bucket truck crew in Elliott and Lawrence Counties
- 1 bucket truck crew in Rowan County
- 1 tractor crew in Rowan County
- 1 dormant spray crew in Carter and Rowan Counties

1 Smith Tree Service - circuit crew in Carter City, Carter County

ENGINEERING REPORT The Engineering Department released one hundred (100) prints consisting of 19,475 feet of primary line and 2,385 feet of service wire. They currently have eight (8) new services to be staked and three (3) to be drawn. They have approximately sixteen (16) miscellaneous jobs to be staked or drawn.

Director Arrington asked if Morehead has started a lineman school. The first class will be this summer. There are twenty signed up for it.

Director Bentley asked how often we spray after the first initial spray. Mike Martin stated we try to do it every four years.

F150 FOR SALE The F150 2005 4-wheel drive truck, 230,080 miles, will be sold to the highest bidder. Bids will be taken from Tuesday thru the following Tuesday and will be opened up to employees.

██████████ A hazardous situation was found on one of ██████████ accounts in Elliott County and disconnected immediately. ██████████ was notified by phone. We believe he removed the meter from Cheyenne Holbrook's home in retaliation. This was all captured on security cameras and the state police were called. President Fraley will send a letter today directing ██████████ to get a state certified electrician and a state licensed inspector to correct his service.

SECURITY LIGHTS A tariff on LED security lights has been filed with the Public Service Commission.

██████████ ██████████ of Rowan County purchased property and planned on living in a barn with an apartment while he built his house. He was told to go to the Health Department and see if they would issue two stickers for one septic system. Since then, he has pulled in a camper and wants to build a semi -

(CONTINUED)

permanent resident for his mother. He was under the impression he didn't have to pay construction cost. President Fraley offered to let him put up \$10,000 until his house is under construction and meets Cooperative Guidelines. If he starts his house this year, the \$10,000 will be refunded. The length of the line was just over 1,300 feet and his credit history is excellent. If he starts his house next year, he will get back one tenth of his advance for construction each year for ten years.

APPROVAL OF NEW MEMBERSHIPS & RETIRMENT OF EXISTING MEMBERSHIPS

Motion was made by Director Dupuy, seconded by Director Martin and unanimously agreed to approve one hundred five (105) new memberships and the retirement of eighty-nine (89) existing memberships for April 2015.

BAD DEBT WRITE-OFFS

Motion was made by Director Whitt, seconded by Director Rice and unanimously agreed to charge off \$7,439.32 worth of bad debts and turn them over for collection.

APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY BUSINESS EXPENSES

Motion was made by Director Bentley, seconded by Director Martin and unanimously agreed to approve the President's business expense of \$116.88, Director's business expenses of \$12,724.04 and Attorney's business expense of \$25.80.

PRESIDENT'S REPORT

President Fraley reported on the following:

2016 BOARD ELECTION

Directors Jimmy Whitt and Kenneth Arrington will be up for election next year, 2016.

KENERGY CORP

Kenergy's manager, Gregory Starheim has left.

WORK ORDER FEES

We will start paying back \$95 work order fees in June on services with good credit history. We will start with \$10,000 and make another payment of up to \$15,000 in December.

Director Arrington has received final notice from EKPC that his background check was finished successfully.

DON COMBS RECEPTION

Don Combs' retirement reception will be this afternoon.

OUTAGES

Our outages were up this month due to the weather.

EKPC ANNUAL MEETING

The East Kentucky Power Cooperative's Annual meeting will be held Tuesday, June 2, 2015, 10:00 a.m. at their headquarters in Winchester, Kentucky.

Directors Dupuy and Trent are voting and alternate voting delegates and Director Arrington is EKPC's Board Member. Spouses of Directors are invited to attend.

LEGAL COUNSEL'S REPORT

Legal Counsel Scott reported on the following:

VALLEY VIEW SUBDIVISION

GRECC has to file with PSC an original territorial map of the Valley View Subdivision. This has to be at PSC by Thursday. Seventeen structures (meters) are located there. The PSC requires ten copies of this filing.

MOU

Last Friday Director Trent signed a MOU with EKP. Legal Counsel's office received a call from Counsel David Smart this week.

Director Martin made a motion to accept the May 15, 2015 Memorandum of Understanding to be effective immediately, seconded by Director Dupuy, and unanimously agreed upon.

Legal Counsel asked if it makes any difference that the EKPC has not signed off. Director Martin stated that East Kentucky Power and the other Coops agreed.

KAEC DIRECTOR'S REPORT

Director Whitt and President Fraley attended KAEC's Board Meeting this week in Louisville, KY. Director Whitt reported on the following:

Two new board members – Dennis Cannon, new Manager of Jackson Purchase Energy Coop and Tim Sharp, new Manager of Salt River Electric Coop.

Carol Wright, chair of the Safety Subcommittee highlighted the safety workshops and activities. Questionnaires on safety will be submitted to all Coops.

The Board accepted the Distinguished Rural Kentuckian Committee's recommendation and motion to honor Dave Shuffett from Nicholasville this year.

The Financial Report showed favorable year to date margins.

UUS's transformer count has increased. Currently the plant is on a one week shutdown.

Paul Wesslund is retiring as editor of Kentucky Living in July and will be doing freelance with the NRECA and others.

The NRECA legislative rally will be held before the Derby in 2016 and in 2017 the rally will move to April.

The Board recognized the retirement of Larry Hicks, former CEO of Salt River Electric.

EKPC DIRECTOR'S REPORT

Director Arrington reported on the following:

Susan Brooks, controller and investment, is leaving EKPC.

Permits to move the fly ash in August from Dale to Smith Substations has been secured and ready. Stringent safety requirements are in place for drivers and employees, as there are carcinogens in fly ash.

March net margins were \$4.5 million; \$3.4 million more than budget due to cold weather.

The year-to-date margins were \$38.7 million; \$18.9 million more than budget.

EKPC DIRECTOR'S REPORT (CONTINUED) March cost to member systems of \$67.35 was below the annual budgeted cost of \$68.83.

They are predicting lower interest rates therefore, EKPC should see a saving.

Board books have been eliminated and replaced with iPads.

Rodney Hitch has an assistant now, Brad Thomas.

THANK YOU NOTES President Fraley mentioned GRECC had received thank you cards from the Jesse Stuart Foundation and from Meals on Wheel.

DONATIONS President Fraley presented to the Board for their consideration the following donation requests:

Lewis County Extension Office – KY Youth Seminar	\$125
Greenup County High School Football – sponsorship	\$50
East Carter Tennis Team – sponsorship	\$50
For Jesus Christ (4-J-C) - fireworks	\$100
Carter County Thunder 2014 fireworks donation (co-sponsor w/EKPC)	\$250
Carter Christian Academy – golf scramble	\$100
Rocky Adkins Library – reading program	\$100

Motion was made by Director Dupuy, seconded by Director Rice and unanimously agreed to approve the donations as presented.

ADDITIONAL BUSINESS Additional business brought before the Board was:

USDA-RUS LOAN BUDGET Chairman Trent acknowledged and accepted the RUS Form 740c – AD-3031 USDA-RUS Cost Estimates and Loan Budget by signing and dating May 7, 2015.

LAWSUIT DISMISSALS Legal Counsel Scott stated the following motions were prepared to be submitted to the Public Service Commission and the Mason Circuit Court in regards to cases on Amendment 3, Charleston Bottoms, and electric rates:

CASE NO. 2014-00226 Joint Motion to Permit the Withdrawal of Grayson Rural Electric Cooperative Corporation as Intervenor – Case No. 2014-00226 An Examination of the Application of the Fuel Adjustment Clause of East Kentucky Per Cooperative, Inc. From November 1, 2013 Through April 30, 2014;

CASE NO. 2014-00167 Joint Motion to Permit Withdrawal of Motion to Reopen – Case No. 2010-00167 (CLOSED) - Application of East Kentucky Power Cooperative, Inc. for a General Adjustment of Electric Rates;

CASE NO. 2012-00503 Joint Motion to Dismiss Petition and Complaint – Case No. 2012-00503 Petition and Complaint of Grayson Rural Electric Cooperative Corporation for an Order Authorizing Purchase of Electric Power at the Rate of Six Cents Per Kilowatts of Power vs a Rate in Excess of Seven Cents Per Kilowatt Hour Purchased From East Kentucky Power Cooperative Under a Wholesale Power Contract as Amended Between Grayson Rural Electric Cooperative Corporation and East Kentucky Power Cooperative Inc.; and

LAWSUIT DISMISSALS
(CONTINUED)
CIVIL ACTION NO.
12-CI-00270

Agreed Order of Dismissal With Prejudice – Civil Action No. 12-CI-00270 in the Mason Circuit Court – Grayson Rural Electric Cooperative Corporation v East Kentucky Power Cooperative, Inc., Charleston Bottoms Rural Electric Cooperative Corporation, etc.

Legal Counsel Scott requested a copy of where the other Coops signed off on.

MEETING ATTENDANCE

President Fraley and some of the staff will be attending EKPC's Annual Meeting on June 2, 2015.

Director Whitt will be attending the June Summer School at Hilton Head, SC.

BOARD MEETING DATE

The Regular Board Meeting in June will be held Friday, June 26, 2015.

EXECUTIVE SESSION

President Fraley, Legal Counsel Scott and Executive Assistant Sparks were asked to leave the room for an Executive Session with the Board.

Director Arrington made a motion to go into Executive Session, seconded by Director Martin at 12:18 p.m.

Director Arrington made a motion to come out of Executive Session at 12:25 p.m.

ADJOURN

Chairman Trent adjourned the meeting at 12:25 p.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

Minutes of the Executive Session of the May 22, 2015 GRECC Board Meeting

On May 22, 2015 Grayson Rural Electric Cooperative Corporation held an executive session during its regular board meeting.

EXECUTIVE SESSION

Director Arrington made a motion, seconded by Director Martin, to go into Executive Session at 12:18 p.m. and unanimously agreed upon, excusing Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant, from the board meeting.

Matters concerning Grayson Rural Electric Cooperative Corporation's lawsuits against East Kentucky Power Cooperative were thoroughly discussed.

Motion was made by Director Arrington, seconded by Director Martin and unanimously voted to come out of Executive Session at 12:25 p.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On June 26, 2015, at 9:00 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Trent called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Rice gave the invocation.
APPROVAL OF MINUTES	Motion was made by Director Bentley, seconded by Director Rice and unanimously agreed to approve the minutes from the May Board Meeting.
MANAGER OF TECHNICAL SERVICES	Brian Poling, Manager of Technical Services reported on the following:
SEDC CONVERSION	A major update version 36 was installed to the SEDC software this week, allowing prepaid customers the ability to make automatic payments based on a preset balance; make a one-time automatic payment; or schedule a payment for a specific date such as the due date. Consumers marked "No Checks" won't be allowed to make check payments. Plus many other functionality changes for us as users.
NET METERING	<p>Net metering is where a member generates more power than they consume and sells the excess back to us. Three consumers have solar panels and one generated more power than they consumed. [REDACTED] of Carter City generated more power than he consumed. The PSC tariff says a customer can carry over kWh only. If the customer generates more than used, the kWh will be credited or banked. If the customer terminates his service with a credit of kWh, they will NOT be compensated in any manner. The account kWh balance cannot be carried to the new property owner. The account kWh balance cannot be carried to the customer's new location, NOR can the balance be given in equivalent dollars.</p> <p>GRECC's solar panel is generational, and Mr. Poling will report on it at the July Board Meeting.</p>
MILSOFT USAGE GROUP CONFERENCE	Andrea McCleese, Nancy Madden and Brian Poling attended the MilSoft Users group conference this month in Texas. Nancy attended outage management classes; Andrea focused on IVR and outage management courses; and Brian attended engineering analysis and GIS classes.
SEDC USERS'S CONFERENCE	Several employees attended the SEDC's User's Conference in Amelia Island, Florida. Both classes and general sessions were attended. Software installation was one of the classes attended.
FIBER-OPTIC MEETNG	Brian met with Tim Langley, Leducor Technical Services Company, this week concerning the Commonwealth's fiber-optic backbone project. Leducor has partnered with Black and Veatch to design, build and maintain the project. Leducor will be responsible for the operation and maintenance of the project for the next 30 years.
IDLE DISCONNECTS	We removed 190 idle meters in the field. This is done every six months, allowing less opportunity for meters to be stolen. One meter was stolen and found on an Olive Hill Utilities account recently.

MANAGER OF FINANCE AND ACCOUNTING Bradley Cherry, Manager of Finance and Accounting, presented the Financial & Statistical Report for April 2015.

FINANCIAL & STATISTICAL REPORT FOR APRIL 2015 Kilowatt hour sales for the month of April (4/21-5/20) were 8.55% over budget. Purchases for the time period of (4/01-4/30) were .11% under budget. Line loss for the last twelve months was 5.29%. Year to date margins were \$24,018 compared to the budgeted amount of (\$83,265).

FORM 7 Electric revenue less purchased power was \$181,330 more than expected. Sales were \$72,461 less and purchased power was \$253,800 less contributing to our higher than normal purchase power revenue. A G&T capital credit adjustment of \$97,032 was allocated from East Kentucky Power based on their audited margins of approximately \$65,000,000.

APRIL T.I.E.R. The monthly operating T.I.E.R. for April was (.71) with the rolling 12 month O.T.I.E.R. at 1.76.

PHYSICAL INVENTORY For the period May 1, 2014 to April 30, 2015, the average material and supplies for the physical inventory year was \$289,731.59. The adjustment amount was 0.46%. Kippy James has done another good job this year.

President Fraley is redesigning the current material sheet used for accounts payable or donations.

CFC CONFERENCE Bradley attended the CFC Conference in Chicago, Illinois and stated it was an excellent conference. He recommended it highly to the Board.

CAPITAL CREDITS Capital credits are paid once a month. The June list of capital credits was discussed. There are outstanding applications waiting for additional information.

President Fraley pointed out that we will retain capital credits toward the payment of off service accounts. Off service accounts must be satisfied before any remaining balance can be paid.

President Fraley suggested that accounts for members who die in the current year be paid whatever amount is on the records of the Cooperative, less any indebtedness. When margins for the current year are assigned the following year, any additional capital credits due the estate would be paid.

At the end of every year we apply capital credits to the off service bills.

Director Whitt made a motion pay to capital credits up to the amount credited to the account at that time and finalize the payment the following April. Motion was seconded by Director Martin and unanimously agreed upon.

APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR APRIL 2015 Motion was made by Director Rice, seconded by Director Dupuy and unanimously agreed to approve the Financial and Statistical report for April 2015, as presented, for informational purposes only.

MANAGER OF MARKETING AND MEMBER SERVICES Kim Bush, Manager of Marketing and Member Services, gave her report:

PREPAY ACCOUNTS PrePay Summary: 376 active PrePay accounts; 6 inactive accounts; average balance on accounts - \$51.14 credit; average kwh usage—30 a day; total number of payments in 30 days—1,264; average payment - \$35.08; and total payment amount - \$44,335.14

DEBT MANAGEMENT Debt Management: We have 60 active accounts with Debt Management, a total amount \$14,500.22 or 16% of those accounts.

Under \$100=14	\$100-\$199=14	\$200-\$299=9
\$300-\$399=11	\$400-\$499=11	

Our charge offs are down \$18,000 and we feel it is due to Debt Management.

The water district in Elliott County called this week and reported stealing of water and thought the same may be happening with electric. When we checked, the consumer was living in the residence but electric was in her cousin's name. She did have a \$1,900 off-service electric bill.

ENERGY AUDITS Energy Efficient Audits: HowSmart KY-4; Energy Star Manufactured Home-1; Energy Audits-4; Heat Pump Retrofit-1; Heat Pump Audit—1; and Touchstone Energy Audit—2

ADVERTISING We will be doing a billboard located on the AA for energy Star Applinace rebates. EKP will pay half for 6 months at \$200 per month.

COMMUNITY SERVICES School and community programs: May 26th—East Carter Senior Awards
May 28th—Greenup Field Days-200 students; June 23rd – KAEC Safety Program at the Elliott County Fire Department; and June 24th – KAEC Safety Program at Carter Caves State Park.

OPERATIONS REPORT Kyle Clevenger, Manager of Operations, gave the Operations Report, along with Mike Martin, Assistant Manager of Operations. Mr. Clevenger reported on the following:

EMPLOYEE/LOST TIME There were no lost time accidents to report this month.
ACCIDENT

SAFETY REPORT The following safety meetings were held during May:

May 06 —Priscilla Sparks, Executive Assistant, asked Richard Easton to talk about ways to improvise during emergency outage situations to restore power temporarily. We had the monthly safety give-a-way. Kyle talked about a 10 second breaker delay when working at some of the substations.

May 11—Robert Brown, Director of Purchasing & Stores, presented a power point on primary grounding. Carol Fraley presented certificates to Tony Brewer and Justin Staniford for the completion of Basic Skills Workshop. Carol Ann discussed the upcoming Annual Meeting, also.

May 18—Sherry Buckler, Mgr. of Accounting & Human Resources, turned the meeting over to EKPC's Sha Collier who gave a presentation on Demand Side Management Programs and Energy Efficiency. Carol Ann had a clip on the meaning of Memorial Day. Peggy Wells led the pledge of allegiance to the American Flag.

SAFETY REPORT
(CONTINUED)

May 26—Kim Bush, Mgr. of Marketing & Member Services turned the meeting over to Robert Brown who had a program on Ladder Safety. Carol Ann congratulated Steven Burton on earning his Lineman Certificate. She also discussed the Safety Record and encouraged everyone to remain safe.

Kyle continues to mention the necessity and importance of hard hats, rubber gloves and the importance of using ground chains. A line is not dead until it is grounded.

CONSTRUCTION

Construction built ninety (90) new work orders for the month of May and worked zero (0) hours of overtime.

OVERTIME HOURS

Maintenance Department worked two hundred fifty-four (254) hours of overtime during the month of May.

DELINQUENT NOTICES

The Maintenance & Construction Departments collected on three hundred nine (309) delinquent accounts and disconnected twenty-two (22) accounts in June.

CONTRACT CREWS

We have three (3) Pike crews working in the following areas:

Tony Seagraves – Stark Conversion, Elliott County and New Construction
Adam Rice – Montgomery, Greenup County
Ryan Rice – Miscellaneous Pole Changes and will be starting on RT 519-State Job

RIGHT-OF-WAY CREWS

We have nine (9) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crews trimmed 688 trees, cut 1,270 trees, cut 39,115 feet of brush/line and sprayed 65 spans of line. The crews are working in the following areas:

- 1 cutting crew in Carter, Lewis and Greenup Counties
- 1 cutting crew in Elliott and Lawrence Counties
- 2 cutting crews in Rowan County
- 1 bucket truck crew in Carter, Lewis and Greenup Counties
- 1 bucket truck crew in Elliott and Lawrence Counties
- 1 bucket truck crew in Rowan County
- 1 tractor crew in Rowan County
- 1 dormant spray crew in Carter and Rowan County

- 1 Smith Tree Service circuit crew in Carter County

ENGINEERING REPORT

The Engineering Department released one hundred one (101) prints consisting of 5,435 feet of primary line and 2,965 feet of service wire. We currently have two (2) new services to be staked and one (1) to be drawn. We have approximately eight (8) miscellaneous jobs to be staked or drawn.

2014 WORK PLAN

The 4-6 years \$16 million work plan was finished in 2014 producing the following finished projects: Bens Run, Big White Oak, Elliottville Circuit 4, 3 Prong, Lower Grassy, Porter Creek, State Route 519, Culp Creek, Jordan Fork, right fork of Middle Fork, Brushy in Greenup County, H-structure, Crane Creek 600 level job, and 1600 level addendum on Middle Fork. Seven out of thirteen came in at or below budget and a few jobs were over

2014 WORK PLAN
(CONTINUED) budget due to terrain, rock or additional work. The remainder of money was for meters, equipment, sectionalizers, etc.

2015 WORK PLAN January 2015 was the start of the \$20 million work plan for 4-6 years. We have finished Dudley and RT 7 Maloneton jobs and now working on Stark. We hope to be finished in December. One crew is working on Montgomery. Joe Sargent will be having knee surgery and will be off for a few weeks, so he will be prioritizing jobs next week in order needed. The work plan will be spread out over 6 years after adding approved RUS addendums.

METERS ON MANUFACTURED HOMES President Fraley reported that we are having problems with members who want to mount their electric service on the sides of doublewides and modular homes. The Kentucky Department of Housing, Building and Construction says we must require the proper paperwork in order to do so. If the member does not have the proper paperwork to allow for installations on the side of the home, the meter base must be mounted on a pole, to the specifications of the National Electric Safety Code. After talking to the KY Department of Housing, Buildings and Construction twice, they said absolutely not to hook them up without proper documentation. There is a HUD plate under the kitchen sink if the consumer needs to contact the manufacturer to request a manual. A letter will be sent out to all inspectors stating that this information will have to be provided.

PROOF OF PERMANENT RESIDENCY Currently Administrative Guideline states you have to have 2 of the 3 requirements to qualify for service to be built:

Drilled well, cistern, or city-water district,
Permanent foundation, or
An "in-ground" septic system approved by the Health Department.

We currently require two of the three above, but plan to require evidence that a dwelling will be built at that point.

PSC INSPECTION Steve Kingsolver, PSC did an inspection on the system for three days on right-of-way, retirement, hazards and found no issues to report.

FEDERATED INSPECTION Federated Insurance spent a day with us last week and was satisfied with everything. He inspected buildings, went out to one of the crews and went over the past year's records. Workers compensation was down to .8 percent.

We will be re- paying \$10,000 in work order deposits at the end of June.

██████████ ██████████ brought the meter back that he illegally removed from Cheyenne Holbrook's residence. The meter was tested and he was given credit for it, but he was charged overtime.

RIGHT-OF-WAY Mike Martin is working with President Fraley on a new right-of-way plan to submit to the KY Public Service Commission. The winter spray needs to be added and the rotation changed. This is done about every five to six years.

NEW BUCKET TRUCK The new bucket truck will be back from Whitehouse, Tennessee next week. The truck was sent to Terex to install needed attachments. The truck was manufactured in South Dakota.

FALL OUTTING We are considering a fall outing for employees, directors and families.

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS

Motion was made by Director Dupuy, seconded by Director Martin and unanimously agreed to approve one hundred thirty-one (131) new memberships and retirement of ninety-two (92) existing memberships for May 2015.

BAD DEBT WRITE-OFFS

Motion was made by Director Martin, seconded by Director Dupuy and unanimously agreed to charge off \$12,802.35, worth of bad debts and turn them over for collection.

APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY BUSINESS EXPENSES

Motion was made by Director Rice, seconded by Director Martin and unanimously agreed to approve the President's business expense of \$67.17, Director's business expenses of \$6,122.28 and Attorney's business expense of \$12.25.

PRESIDENT'S REPORT

President Fraley reported that most of her report had been covered under other portions of the meeting. In addition she reported on the following:

CYBER SECURITY

Cyber security is getting stricter. Andrea is working on how to keep up with the changes.

CLEANING DAY

The GRECC office would like to request permission to be closed October 12, 2015 for the annual cleaning day. The Board agreed to the closure.

[REDACTED]

Sherry Conley aided [REDACTED], who received a phone call on June 16, 2015 to be at Grayson RECC at 9:00 a.m. on June 17, 2015. He is an AEP/KY Power customer and had no reason to be at GRECC nor was he called by GRECC. Mrs. Conley telephone the KY State Police Post in Ashland to make them aware of this and possibly the safety of this elderly man. The KSP said they would send someone to his residence to meet him and check it out. His daughter, [REDACTED] was notified of this, also. Sherry followed up with a call to his daughter on June 18, 2015 to check on [REDACTED]. There are scams going around.

NRECA 2015 REGIONAL VOTING DELEGATES

The NRECA Voting Delegate for the 2015 Regional Meeting is Harold Dupuy and the Alternate Delegate is Roger Trent. The Regions 2 & 3 Meeting will be held in Biloxi, MS, October 27-29, 2015.

CFC COOPERATIVE SYSTEM INTEGRITY FUND

Grayson Rural Electric agreed to deduct 5% from out system's CFC patronage capital refund this year and for all future years until notified otherwise, for our contribution to the Cooperative System Integrity Fund to be used for all purposes, territorial integrity issues, as well as other challenges that threatens cooperative's ability to exist under the coop business model.

NRTC

We received two checks in the amounts of \$211.52 and \$163.56 for partial payment of capital credits. Our current patronage capital balance is \$9,957.01.

LEGAL COUNSEL'S REPORT

Legal Counsel Scott reported on the following:

COLLECTION LETTERS

He mailed thirty-nine (39) collection letters.

[REDACTED] CIVIL ACTION SUIT 14-CI-00284

Federated settled with property owner [REDACTED] in the amount of \$6,694.24. The consumer's name is [REDACTED] (deceased), Federated claim # 16GC106137.

██████████ CIVIL ACTION
SUIT 14-CI-00292

Federated notified GRECC of Agreed Order of Dismissal of ██████████.
W. A. Kendall settled outside of court with ██████████.

██████████

A letter was mailed to ██████████ for theft of a GRECC meter.

██████████

We received notice of bankruptcy in Greenup County on ██████████
and wife, ██████████.

SETTLEMENT AGREEMENT
DISCUSSION

Legal Counsel Scott asked the Board if they received a letter from him on the order from the PSC in Case 2012-0503. He asked for direction on how to respond. The Board did receive the letter. Mr. Scott said he must include a copy of the settlement agreement. He was unsure of what to say about the rest of the order and asked for advice from the Board. Director Arrington asked what the options were on it. Legal Counsel stated they definitely want a copy of the settlement agreement. They referenced the July 2013 order. He stated that if the MOU was done, that would take care of it. The Board agreed to sign the MOU in the settlement agreement, but Taylor County and Salt River Boards have never agreed to the MOU. The MOU has never been signed by anybody, but everybody agreed to do it. MOU was agreed upon by GRECC Board but rescinded in August 2013 after the admission of July 17, 2013 order. Taylor County and Salt River Boards had never done anything on the MOU.

Director Arrington asked if the board received anything stating that EKP was not out of it with the PSC about the filing the 16 coops made and Legal Counsel said that was the order he was asking the board about. He asked if the full EKP board approved it. He wanted to know if we ever received anything back showing all the 16 coops signed and we have not. Director Arrington said we had asked for it. Director Arrington stated the full EKP Board approved the settlement agreement on May 12, 2015 at their monthly board meeting and it was signed May 15, 2015. Legal Counsel read the order stating that both EKP and GRECC have to file a response by June 29. He suggested mailing a copy of the settlement agreement and to tell them, in that settlement agreement, that we agreed to sign the MOU on Amendment 3. As of now, it is not signed; nobody signed it and there are two boards that never even approved it. Once it gets done and back to Grayson, fine, but until then, the Commission can do whatever they want to do.

Legal Counsel read the Order he received from PSC. Director Dupuy said they agreed to the MOU. Salt River is suppose to sign now. The settlement agreement done in April and signed May 15, 2015 with EKP states EKP will use good faith effort to re-secure the adoption of Amendment 3.

Legal Counsel Scott said they agreed to agree. We don't know what GRECC agrees to. Legal Counsel reads that both EKP and GRECC are to file. Director Martin suggested a copy of the last MOU version be mailed. Director Whitt pointed out that it was going from a compliant to an investigation. The PSC will decide if they will investigate Amendment 3 and the Magnum deal.

Legal Counsel Scott asked what EKP has said about getting settled. EKP said they would hand carry a copy of the MOU and get it signed. The settlement agreement was signed by all Coops. Tim Sharp is to see that the Salt River Board signs.

GRECC/AEP MAPPING FOR PSC President Fraley hasn't heard anything from the PSC on the AEP mapping information requested.

██████████ CASE - On May 23, 2015 ██████████ was playing close to a guy wire at Carter Caves State Park camping area. Grayson RECC had installed the pole and guy wire for Carter Caves a few weeks before. The ██████████ family contacted Legal Counsel Will Wilhoit to file suit. President Fraley has alerted Federated to this issue.

GRAYSON RECC ADV
CARTER CAVES STATE PARK INCIDENT

EXECUTIVE SESSION Chairman Trent requested to go into Executive Session at 11:45 a.m. and requested to come out of Executive Session at 11:54 a.m.

KAEC DIRECTOR'S REPORT Director Whitt reported the KAEC Board of Directors did not meet in June.

EKPC DIRECTOR'S REPORT Director Arrington gave the EKPC Board Report:
Spring outage is complete.
A major overhaul was done on Spurlock's Gilbert Unit #3.
Craig Johnson was pleased the \$12.6 million Gilbert project was completed on schedule and without a single OSHA recordable incident.
Denver York said EKP invested \$22.9 million in new, upgraded or rebuilt lines and substations last year – a 64 percent increase over 2013.
The business unit is planning to budget \$32 million in infrastructure investment for each of the next several years. The Mazie Substation and purchasing right-of-way for it was mentioned.
Mike McNally said the year-to-date net margin through April of \$32.4 million was still \$23.7 million more than budgeted.
The 2015 cost to member systems through April was well below the annual budget of \$68.83 at \$66.15 per MWh.
EKPC Equity at the end of April was 15.1 percent.
Conference call on Wednesday requested approval agreement of asset for the Bluegrass Plant at Louisville, and everyone agreed to the fine print and how they pay for it. It has to be completed today.
Once they have an iron clad contract by December they could get loan funds from RUS. All recommended and it is similar to the PJM project. The price dropped to \$127 million and he told why there was a \$13 million difference. A unanimous vote was received.
Director Arrington said there are a lot of advantages to us to have the extra peaking power.
There were tax issues and the corporation agreed to pay the sales tax, as explained by Mr. Mosier. The fuel use of that plant is natural gas (Bluegrass Station). It wasn't explained who would provide gas.

THANK YOU LETTERS GRECC received a thank you note from Build-A-Bed, Grayson Area Chamber of Commerce Golf Scramble and the Lawrence County Historical Society.

DONATION REQUEST President Fraley presented to the board for their consideration the following donation requests:

Friends of the Carter County Public Library	\$100
Greenup Old Fashion Days	\$100
Lewis Co. Educational Foundation – Back to School Fair	\$100
Sandy Hook 1 st Baptist Church - Appalachian Regional Relief (backpacks) –	\$100

DONATION REQUEST (CONTINUED) Motion was made by Director Dupuy, seconded by Director Bentley and unanimously agreed to approve the donations as presented.

MEETING ATTENDANCE NRECA Regions 2 & 3 Meeting, Biloxi, MS – Directors Trent, Dupuy, Martin, Rice, Whitt and Bentley, October 27-29, 2015
Power- Up Meeting, Denver, CO– Priscilla Sparks, September 2015
Interact Conference, Denver, CO - Bradley Cherry and Caitlin Hutchinson, August 23-26, 2015
KAEC Underground Skills Workshop, London, KY – Jamey Withrow and Steven Burton, August 19-21, 2015

ADDITIONAL BUSINESS There was no additional business.

BOARD MEETING DATE The next board meeting will be held on Friday, July 24, 2015.

ADJOURN Chairman Trent adjourned the meeting at 12:00 p.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

Minutes of the Executive Session of the June 26, 2015 GRECC Board Meeting

On June 26, 2015 Grayson Rural Electric Cooperative Corporation held an executive session during its regular board meeting.

EXECUTIVE SESSION

The Chair called to go into Executive Session at 11:45 a.m.

Matters concerning Grayson Rural Electric Cooperative Corporation were discussed.

The Chair called to come out of Executive Session at 11:54 a.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

MINUTES OF THE SPECIAL BOARD MEETING
OF THE BOARD OF DIRECTORS
OF GRAYSON RURAL ELECTRIC COOPERATIVE

JULY 7, 2015

A special meeting of the Board of Directors of Grayson Rural Electric Cooperative Corporation was held July 7, 2015, called by Board Chairman Roger Trent. Those present in addition to Chairman Trent were: Directors Martin, Whitt, Arrington, Bentley and Dupuy and President and CEO Carol Hall Fraley.

Chairman Trent called the meeting to order at 9:08 a.m. The invocation was given by Director Dupuy. Director Martin made a motion to go into Executive Session at 9:10 a.m. and the motion was seconded by Director Whitt.

Discussion was held regarding the response filed by Grayson's Legal Counsel Scott to an order by the Kentucky Public Service Commission for Grayson and EKPC to file a copy of the settlement agreement referenced in their joint motion to dismiss and any other document addressing the allocation of alternatively sourced power under Amendment 3.

Following thorough discussion, motion was made by Director Dupuy and seconded by Director Martin to come out of Executive Session at 10:55 p.m. Chairman Trent adjourned the meeting at 10:58 a.m.

Respectfully submitted,

Carol Hall Fraley, President and CEO

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

On July 24, 2015 at 9:05 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Trent called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION Director Rice gave the invocation.

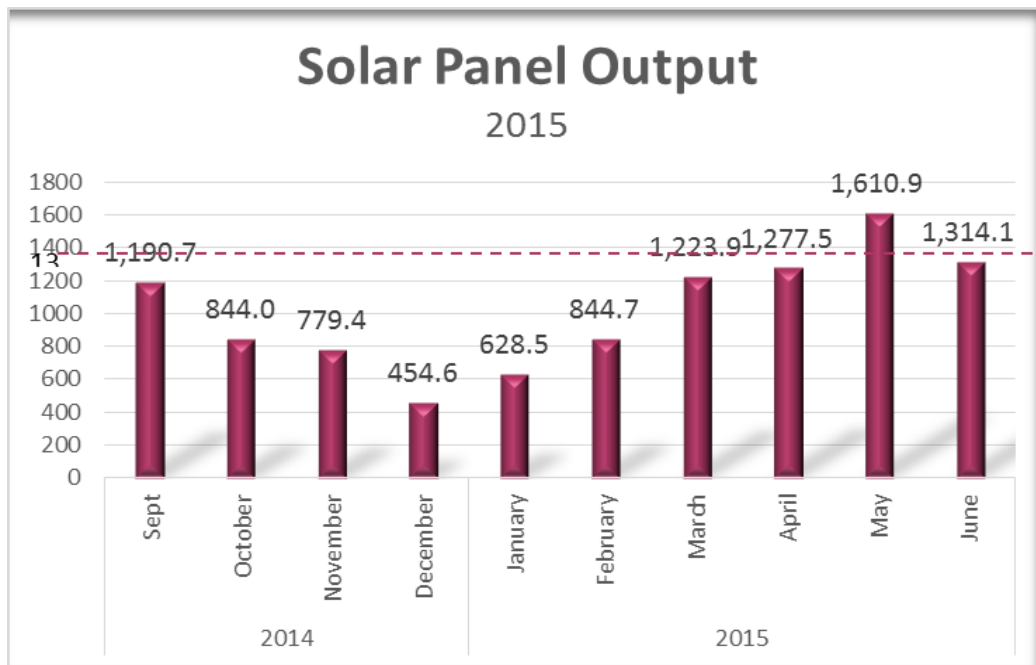
APPROVAL OF MINUTES Motion was made by Director Martin, seconded by Director Bentley and unanimously agreed to approve the minutes from the June Board Meeting for informational purposes only.

APPROVAL OF SPECIAL BOARD MEETING MINUTES Motion was made by Director Martin, seconded by Director Dupuy and unanimously agreed to approve the minutes from the Special Board Meeting, July 7, 2015 for informational purposes only.

DON MOISER, EKPC Director Martin received an email from Don Mosier, EKPC, who will be here Friday, August 14, 2015 at 10:00 a.m. to tour the areas that are poverty stricken.

MANAGER OF TECHNICAL SERVICES Brian Poling, Manger of Technical Services reported on the following:

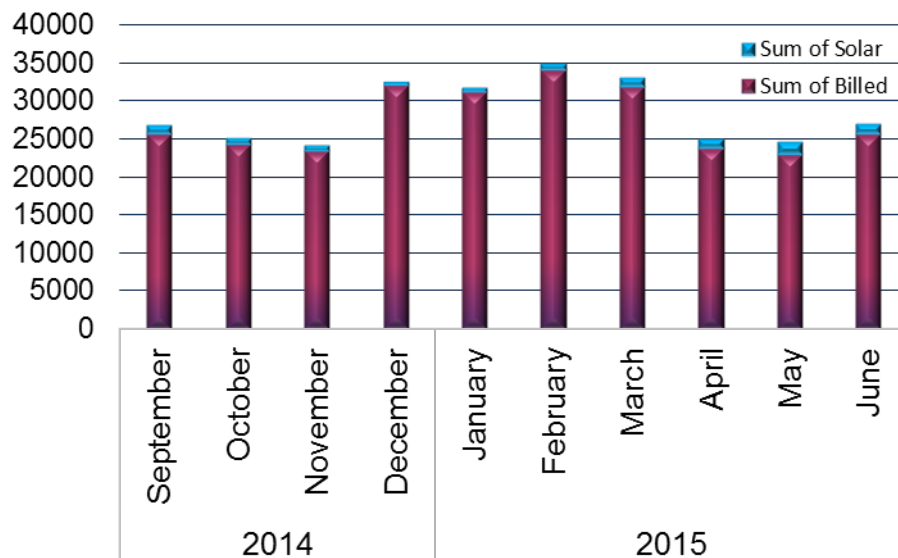
GRECC SOLAR PANEL The following chart tracks the output since the unit was started.



The panels have generated anywhere from 454 kWh to 1610 kWh in a month since they have been in production. The average has been 1016.8 kWh per month. June typically would have been a higher production month than May if not for the cloudiness caused by all the rain.

Average monthly usage for an All-Electric home is 1,357 kWh. The dashed line compares the average monthly usage of an all-electric home to the output of the solar panels.

Slide 2:



The red portion of the bars represents the number of kWh we use at the office complex each month, compared to the light blue portion of each bar, which is the amount the solar panels contributed.

Data on the solar panel is accessible on our website under the Environment tab.

KY FIBER NETWORK

The “Next Generation, Kentucky Internet Project” is asking for lower attachment prices than the rate we charge the telephone companies. The governor has enlisted help from Hal Rogers. We do not feel that we can charge them a lower attachment fee because our fees are cost based. We believe other members should not have to pay the difference.

Our average span length is 350 feet. We have access to other sources for fiber, and our average investment per pole is \$1,800. This is an average of every pole ever set on our system, from the 1950’s to date. Our new work plans calls for an investment of over \$3,000 for every new pole we set over the life of the plan.

MANAGER OF FINANCE AND ACCOUNTING REPORT

Bradley Cherry, Manager of Finance and Accounting, presented the Financial & Statistical Report for May 2015. Mr. Cherry reported on the following:

FINANCIAL & STATISTICAL REPORT FOR MAY 2015

Kilowatt hour sales for the month of May (5/20-6/20) were 3.52 % over budget. Purchases for the time period of 5/1-31/15 were 3.68 % over budget. Line loss for the last twelve months was 5.32 %. Year to date margins are \$135,407 compared to the budgeted amount of \$29,119.

Sales were \$161,000 less. Purchased power was \$137,302 less. Right-of-way expense was over budget by \$14,421. Annual Meeting expense to date is \$26,820.

Bradley said he reported to FEMA a cost of approximately \$400,000 plus for the June storm. We had included \$400,000 in this year’s budget to help

cover storm expense. If we can recover part of our losses from FEMA, it will be a big help to us.

We submitted the last paper work to FEMA today for the March storm and could be reimbursed up to \$300,000. We are responsible for 15% and we could recover 85%.

Carter County most likely will receive aid for the July storm. The governor will forward a request to the President. Bradley, Sherry, Mike Martin and Kyle are working with FEMA and will be reimbursed for working with them based on their combined average wages. FEMA has been really good to work with.

Capital credits weren't paid this month due to storm, but will be caught up next month.

President Fraley stated copies of the proposed changes to (see below):
Board Policy 204, Equity Management/Capital Credits, and
Grayson Rural Electric Cooperative Corporation Bylaws, Article VII, Non-Profit Corporation, Section 2. Patronage Capital in Connection with Furnishing Electric Energy was mailed with the Board Packet. Proposed changes to Board Policy 204 and Section 2 of the Bylaws would allow the Cooperative to pay capital credits for deceased estates immediately, based on what was assigned to an account at that time. Any additional capital credited to the account would be paid when margins are assigned the following year.

BOARD POLICY 204

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION

BOARD POLICY NO. 204

SUBJECT: EQUITY MANAGEMENT/CAPITAL CREDITS POLICY

I. OBJECTIVE

- A. Assure the financial integrity of Grayson Rural Electric Cooperative Corporation at all times so that it can be certain of providing high quality electric service on a continuing basis to its members.
- B. Establish means whereby Grayson Rural Electric Cooperative Corporation's members will, in fact, receive electric service at cost taking into account reasonable reserves for proper operations and maintenance of the system, and as a result, enable them to clearly see the benefits of receiving service from their Cooperative as compared to an investor-owned utility or municipality.
- C. To establish the standards, rules, methodologies and procedures governing the Cooperative's retirement of capital credits.

II. POLICY

- A. Capital credit retirements will be made only upon authorization by the Board of Directors based upon its determination that such is in the best interest of the Cooperative and will not impair the Cooperative's financial condition. Such retirements shall also be subject to any applicable restrictions contained in the Cooperative's mortgages or loan contracts with the United States Rural Utilities Service (RUS), National Rural Utilities Cooperative Finance Corporation (CFC) or any other lender of funds to the Cooperative and shall also be subject to any orders or regulations of the Public Service Commission of Kentucky (PSC) as are applicable to the Cooperative.

BOARD POLICY 204 (CONTINUED)

- B. Capital credits ~~May will~~ be paid on a discounted basis, at the discretion of the Board of Directors, including deceased estates which shall be paid up to the date of death of the deceased member.
- C. No retirement of capital that has been separately accounted for and credited to a patron in relation to capital credits issued to the Cooperative by an affiliated organization (such as G & T) shall be authorized or made until and unless the Cooperative shall have received its own retirement of such credits in cash or by way of billing credits.
1. ~~Estates of deceased members will be paid first should~~ Any capital credit refunds be appropriated under the guidelines of (A) above, ~~should be first applied against the settlement of estates of deceased members.~~
 2. ~~Capital credits will first be applied to any indebtedness owed to the Cooperative and then~~ may be ~~retired to Cooperative patrons~~ paid by check or by way of billing credits, ~~whichever is decided to be whichever is decided to be~~ most effective and in the Cooperative's best interest.
 3. In accordance with the Bylaws of the Cooperative, Article I., Section 1, "Upon the death of a member the membership may be transferred to the surviving spouse provided the surviving spouse requests such transfer and the transfer is not a violation of the deceased's Will." At that time the surviving spouse may apply for the capital credits accrued to the estate of the deceased member.
- D. Capital credits will be accrued to the date of death of the member. If there is no surviving spouse, application for payment of capital credits can be made by the legal representative of the estate or its' heirs. All capital credits accrued after the death of a member shall be forfeited unless the account is transferred in accordance with Cooperative policies within six months of the death of said member to the surviving spouse. ~~If the legal representative(s) of a deceased member's estate shall request in writing that the capital credited to the account of the deceased member be paid, the Board of Directors, acting under such terms and conditions of the Cooperative's Bylaws, shall approve the payment of capital credits assigned at the time of application, to the estate of the deceased member. However, the financial condition of the Cooperative must not be impaired thereby. No account can be left in the name of the deceased member. Any additional capital credits assigned to a deceased member's account shall be paid at the next general rotation of capital credits, at the discretion of the Board.~~

GRECC BOARD POLICY NO. 204
PAGE 2

~~If application for capital credits for a deceased member is properly made in the same year of the death of the member, payment of capital credits for his/her accounts will be made in March of the following year. At that time, the amount of patronage will have been established for the previous year.~~

~~If application for capital credits for a deceased member who has passed away any time prior to the current year, patronage capital shall be paid, up until the date of death of the member. Payment shall be made as soon as possible after the application is processed.~~

- E. Except for the priority of settlement of estates of deceased members ~~mentioned in~~ above, any ~~other~~ other general rotations/retirements in any given year shall be made in such aggregate amounts and for all or a portion of such one or more years as the Board of Directors, in its discretion, shall determine.

BOARD POLICY 204 (CONTINUED)

- F. The discretionary powers of such capital credits repayment shall remain with the Board of Directors of Grayson Rural Electric Cooperative Corporation as stated in the Cooperative's Bylaws, Article VII, Section 2, and nothing stated in this policy will diminish that right.

III. RESPONSIBILITY

It shall be the responsibility of the Board of Directors and the President and CEO to see that this policy is adhered to. This revised policy is a combination of former policies 204, 205, and 206, thus updating Policy 204 and rescinding 205 and 206.

Roger L. Trent, Chairman

Bill E. (Eddie) Martin, Secretary/Treasurer

Date Adopted: 06/21/85
Date Revised: 07/23/93
Minute Book Page: 2287 - 2288
Date Revised: 01/24/97
Minute Book Page: 2839 - 2840
Date Revised: 04/24/03
Minute Book Page: 3502 - 3504
Date Reaffirmed: 04/19/10
Minute Book Page: 4313
Revised: 10/24/13
Minute Book Page: 4755-4757
Revised: 07/24/15
Minute Book Page:

Bylaws of Grayson Rural Electric Cooperative Corporation ARTICLE VII

NON-PROFIT CORPORATION

SECTION 2. PATRONAGE CAPITAL IN CONNECTION WITH FURNISHING ELECTRIC ENERGY. In the furnishing of electric energy the Cooperative's operations shall be so conducted that all patrons will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishings of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall upon request make available for inspection to any patron their ledger sheet showing the amount of capital credited to the account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital. (Amended 9/16/77) Capital credits shall first be applied against any outstanding indebtedness owed by the member to the Cooperative. (Amended 7/24/15)

All other amounts received by the Cooperative from its operation in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year, and (b) to the extent not needed for that purpose, allocated to its patrons on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of patrons, as herein provided.

GRAYSON RURAL ELECTRIC COOPERATIVE
CORPORATION BYLAWS (CONTINUED)

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on pro-rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital credited to patrons' accounts may be retired in full, or in part. Any such retirements of capital shall be at the discretion and direction of the Board as to timing, method and type of retirement. (Amended 3/23/90)

Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instructions from the assignor and only to successors in interest or successors in occupancy in all or a part of such patrons' premises served by the Cooperative unless the Board of Directors, acting under policies of general application, shall determine otherwise.

Any capital credit refunds appropriated under these bylaws shall first be applied against the settlement of estates of deceased members. (Amended 7/24/15)

~~Notwithstanding any other provisions of these bylaws, the Board of Directors at its discretion, shall have the power at any time upon the death of any patron, if the legal representatives of his estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these bylaws, to retire capital credited to any such patron immediately upon such terms and conditions as the Board of Directors acting under policies of general application, and the legal representatives of such patron's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.~~

If the legal representative(s) of a deceased member's estate shall request in writing that the capital credited to the account of the deceased patron be paid, the Board of Directors, acting under such terms and conditions of these Bylaws and the policies of general application, shall approve the payment of capital credits assigned at the time of the application, to the estate of the deceased member. However, the financial condition of the Cooperative must not be impaired thereby. Capital credits shall first be applied to any indebtedness of the Member. No account can be left in the name of the deceased member. Any additional capital credits assigned to a deceased member's account shall be paid at the next general rotation of capital credits, at the discretion of the Board. (Amended 7/24/15)

President and CEO Fraley asked Legal Counsel if he had any comment regarding the proposed new policy. Legal Counsel stated he had no further comment beyond those that he had previously given which expressed reservation about legality of same.

A motion was made to accept Board Policy 204 Equity Management/Capital Credits and the Bylaw's Section 2. Patronage Capital in Connection with Furnishing Electric Energy by Director Martin, seconded by Director Rice and unanimously agreed upon.

Mr. Cherry received from RUS Contract for the 2015-2018 Work Plan. We are required to read and adopt this month and sign at the August 28, 2015 Board Meeting. Bradley Cherry read the Resolutions between Grayson Rural Electric Cooperative Corporation and Federal Financing Bank (FFB).

GO TO PAGE 7

SECRETARY'S CERTIFICATE

I, Billy E. "Eddie" Martin, do hereby certify that: I am the secretary of Grayson Rural Electric Cooperative Corporation (hereinafter called the "Corporation"), the following ~~are~~ ^{regular} true and correct copies of resolutions duly adopted by the Board of Directors' of the Corporation at the ~~special~~ meeting held July 24, 2015, and entered in the minute book of the Corporation and none of the following resolutions has been rescinded or modified:

RESOLUTIONS

1. RESOLVED that the Corporation borrow from the Federal Financing Bank ("FFB") an amount not to exceed \$20,000,000.00, to be guaranteed by the United States of America (the "Government"), acting through the Administrator of the Rural Utilities Service ("RUS"); and

2. RESOLVED that the corporation accept the terms and conditions which the Administrator of RUS has established for obtaining its guarantee of the FFB loan, as such terms and conditions are set forth; and

3. RESOLVED that the Chairman is authorized on behalf of the Corporation to execute and deliver under its corporate seal, which the secretary is directed to affix and attest:

- (a) as many counterparts respectively as shall be deemed advisable of an agreement with the Government, in the form of the RUS Loan Contract submitted to this meeting; and
- (b) a note payable to FFB and guaranteed by RUS in the principal amount of \$20,000,000.00, substantially in the form of the FFB note submitted to this meeting; and
- (c) the note payable to the Government, acting through the Administrator of RUS, substantially in the form of the Reimbursement Note submitted to this meeting; and

4. RESOLVED that the officers of the Corporation be, and each of them is authorized in the name and on behalf of the Corporation, to execute all such instruments, make all such payments and do all such other acts as in the opinion of the officer or officers acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions; and

5. RESOLVED that [(title(s) of corporate official(s) authorized)], and any official(s) authorized to act in such corporate position(s) and to perform the functions of such position(s) [is]/[are] authorized on behalf of the Borrower (a) to execute and deliver from time to time advance requests, maturity extension election notices, prepayment election notices and refinancing election notices, in the form of such instruments attached to the note payable to FFB, and (b) to specify information and select options as provided in such instruments.

I FURTHER CERTIFY THAT each member of the Board of Directors of the Corporation was furnished with notice of said meeting in compliance with the bylaws of the Corporation.

I FURTHER CERTIFY THAT the date of actual execution of the documents referred to above is July 24, 2015.

Secretary of the Board

'If the Borrower has trustees instead of directors, substitute "trustees" for "directors" throughout.

SECRETARY'S CERTIFICATE
(CONTINUED)

I FURTHER CERTIFY THAT the following are the names and signatures, respectively, of the officers of the Corporation identified below who validly held and occupied their respective positions on said date of actual execution of the documents.

<u>Office</u>	<u>Name</u>	<u>Signature</u>
Chairman	<u>Roger L. Trent</u>	<u>_____</u>
Vice Chairman	<u>Harold L. Dupuy</u>	<u>_____</u>
Secretary	<u>Billy E. "Eddie" Martin</u>	<u>_____</u>
Treasurer	<u>N/A</u>	<u>_____</u>

IN WITNESS WHEREOF I have hereunto set my hand and affixed the seal of the Corporation this 24th
day of July, 2015.

Secretary

(Corporate Seal)

NOTE: See closing instructions for details on using this form.

A motion was made to accept the Resolution as read, by Director Whitt, seconded by Director Dupuy and unanimously agreed upon.

DRIVE THRU Diebold, who installed the drive thru, said the water problem is an act of God and President Fraley thinks it was improper installation.

SALES TAX KAEC is heading up a sales tax issue with the Commonwealth. The Commonwealth wants to tax us on all things computer related and we have not had to pay tax like that before. To date, there is no defined method of paying or collecting the tax. We are waiting on the results of a hearing. This could be relatively expensive.

WAGE AND SALARY COMMITTEE President Fraley stated a Wage and Salary Committee Meeting will need to meet in August, before the 28th Board Meeting. Directors Martin, Dupuy and Rice are on the Committee with Chairman Trent, ex-officio. We will project costs of an increase based on the amount of the Union contract percentage. We will call and schedule a date with the Committee.

Legal Counsel Scott asked Bradley if he could tell the Board how much our members had saved on their power bills due to the rebate EKPC was ordered to return to the members. The total of the order was \$8.3 million. He asked if it was broken down by cooperative per month or how we knew how much our members were saving. The power bill comes in the first or second week of the next month. Bradley will check on this.

APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR MAY 2015 Motion was made by Director Bentley, seconded by Director Rice and unanimously agreed to approve the Financial and Statistical report for May 2015 as presented, for informational purposes only.

MANAGER OF MARKETING & MEMBER SERVICES Kim Bush, Manager of Marketing and Member Services, gave her report.

PREPAY SUMMARY
390 Active PrePay Accounts 8 Inactive Accounts (run out of money)
Average Balance on accounts \$45.86 credit
Average kwh Usage-32 a day Total Number of Payments in 30 days-1415
Average Payment-\$34.83 Total Payment Amount-\$49,283.43
Accounts are added about everyday. We get messages about every night from CRC.

DEBT MANAGEMENT
There are 60 active accounts with debt management out of 390 accounts.
Total amount in Debt Management is \$14,837.21
15% of active accounts have Debt Management
Under \$100=12 \$100-\$199=18 \$200-\$299=9
\$300-\$399=9 \$400-\$499=10 over \$500=2

PHONE REPORT
The Member Service Representatives answered 3,388 calls in June. Our new phone system, allows a report that tells what most of these calls were concerning. Some are the calls were in regards to:

Payments: 857 Bill Inquiry: 362
PrePay Inquiry: 70 Service Man: 1

The Member Representatives are still learning to close out their calls by reporting a 'wrap' for each call. You have a 10 second window to enter a code.

SCHOOL/COMMUNITY
PROGRAMS

GRECC sponsored 2 students on the Washington Youth Tour and received thank you cards from them.
A safety demonstration was provided for 50 kids at the Carter Caves Target Camp.

ANNOUNCEMENTS

Soon, we will no longer be able to take a credit card payment over the phone or by mail. Our bill printer company will use what bill stock that we currently have with the place on the back side for credit/debit card information. Once this is used, the new stock will not have that option. This is due to new credit card laws and procedures that are meant to protect the consumer's credit card information. We will be able to accept phone payments made with checking/savings account information but not credit/debit cards. Our members will be able to use the IVR to enter their credit/debit card information or they can pay them online.
Anything that we have with credit card and debit card information has to be shredded.

President Fraley asked if credit cards and debit cards that are on draft every month can still be used. They will not be allowed and Peggy and Andrea are working on the customers that are on draft. President Fraley will ask Andrea to make a report at the August Board Meeting.

We are planning our Service Awards Dinner to be at the old Olive Hill School for Friday, December 11, 2015. Texas Road House will cater. Appetizers will be served at 6:00 p.m., followed by dinner at 7:00 p.m.

OPERATIONS REPORT

Kyle Clevenger, Manager of Operations gave the Operations Report. He reported on the following:

EMPLOYEE/LOST TIME
ACCIDENT

There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during June:

June 01 —Bradley Cherry, Mgr. of Finance & Accounting, turned the meeting over to Kippy James. Two representatives from Equipment Resources attend the meeting and went over the procedure of Rubber Glove Testing. Carol Ann addressed issues on primary metering.

June 10 —Kyle Clevenger, Mgr. of Operations, turned the meeting over to David White from KAEC. The monthly safety meeting was held at the Fleming-Mason Co-op and was on Chain Saw Safety/Tree Felling Training. The trainers were Matt Irvin, W A Kendall Co. and David White, KAEC.

June 15 —Carol Fraley, President and CEO, discussed what "Smart Grid" meant, different types of meters we have and appliance rebates. Kyle reminded everyone to work safe, hot weather temperatures and insect problems.

June 22 —Mike Martin, Asst. Mgr. of Operations, discussed heat exhaustion - the symptoms, treatment and risk factors, and safety tips during power outages was discussed. Kyle Clevenger discussed a safety investigation involving Bill Delong. Bob Layman checked all fire extinguishers.

SAFETY REPORT
(CONTINUED)

June 29—Andrea McCleese, Technical Services Supervisor, did a power point from the Safety Manual, pages 105 & 106: Office Safety.

Kyle continues to mention the necessity and importance of hard hats, rubber gloves and using ground chains. A line is not dead until it is grounded.

METERS ON DOUBLEWIDES

President Fraley said we are working to make our members informed about what can and cannot be mounted on the doublewides. In order to mount the service on the side of the home, we must have information provided from the manufacturer. We keep a copy of this information, along with their state certified electrical inspections. This information goes in their file.

Mike Martin said Bobby Smith will be cutting the three trees that fell behind the office during the recent storms. One fell on carport of a house behind Farm Bureau.

BUILDING PERMITS

Kyle said a building permit has to be purchased before your home can be set up or built in Greenup County. Gary Boyd's daughter collects the fees for these permits. The county gets nothing. The cost is approximately \$400. They are supposed to check egress, sewer and plumbing sticker permit, and electrical inspections. They charge \$.14 square foot.

Director Dupuy asked Mike Martin to look at three-phase right-of-way out of Argentum. It looks like trees are leaning.

CONSTRUCTION

Construction built ninety (90) new work orders for the month of June and worked ten (10) hours of overtime.

OVERTIME HOURS

The Maintenance Department worked four hundred thirteen (413) hours of overtime in June. The Engineering Department worked nine (9) overtime hours in June.

DELINQUENT NOTICES

The Maintenance & Construction Departments collected on two hundred twelve (212) delinquent accounts and disconnected twenty-seven (27) accounts in July.

CONTRACT CREWS

The three (3) Pike crews have been working in the following areas:
Tony Seagraves – Stark, Elliott County and New Construction
Adam Rice – Montgomery, Lewis County
Ryan Rice – Miscellaneous Pole Changes

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 784 trees, cut 980 trees, cut 30,425 feet of brush/line and sprayed 342 spans of line. The crews are working in the following areas:

- 1 cutting crew in Carter, Lewis and Greenup Counties
- 1 cutting crew in Elliott and Lawrence Counties
- 1 cutting crews in Rowan County
- 1 bucket truck crew in Carter, Lewis and Greenup Counties
- 1 bucket truck crew in Elliott and Lawrence Counties
- 1 bucket truck crew in Rowan County
- 1 tractor crew in Rowan County
- 2 spray crews in Carter County
- 1 spray crew in Lawrence County

One Smith Tree Service circuit crew on Smith Creek above Carter City

ENGINEERING REPORT The Engineering Department released seventy-one (71) prints consisting of 2,105 feet of primary line and 825 feet of service wire. We currently have two (2) new services to be staked and one (1) to be drawn. There are twenty-two (22) miscellaneous jobs to be staked or drawn.

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS Motion was made by Director Dupuy, seconded by Director Rice and unanimously agreed to approve one hundred (100) new memberships and retirement of one hundred thirty-five (135) existing memberships for June 2015. The number of retirements is higher because we had a six months check on meters that had been booted and not reconnected. Several of the meters were brought in to be reused.

BAD DEBT WRITE-OFFS Motion was made by Director Rice, seconded by Director Whitt and unanimously agreed to charge off \$11,647.92 worth of bad debts and turn them over for collection.

APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY'S BUSINESS EXPENSES Motion was made by Director Bentley, seconded by Director Rice and unanimously agreed to approve the President's business expense of \$46.99, Director's business expenses of \$13,707.83 and Attorney's business expense of \$335.77.

RUS WORKORDERS Motion was made by Director Rice, seconded by Director Martin and unanimously agreed to approve the following 219 RUS Work Orders for the months of January, February and March 2015 in the amount of \$426,274.87:

January 2015	Work Order No. 1212	\$145,617.19
	Work Order No. 1213	\$ 6,954.78
February 2015	Work Order No. 1214	\$94,405.12
	Work Order No. 1215	\$ 7,953.10
March 2015	Work Order No. 1216	\$161,115.14
	Work Order No. 1217	<u>\$ 10,229.54</u>
	Total	\$426,274.87

PRESIDENT'S REPORT President Fraley reported on the following:

MOU The last version of the MOU was received from Don Mosier and mailed in the board packet for Directors to review.

Legal Counsel pointed out that the proposed document contained no signature line for an East Kentucky Power representative to sign.

Motion was made to accept the East Kentucky Power Cooperative's Memorandum of Understanding and Agreement Regarding Alternate Power Sources (MOU) by Director Rice, seconded by Director Martin and unanimously agreed upon.

A sample board packet to run for a board seat will be mailed to Terry Osborne.

DIRECTORS / EMPLOYEES METERS READ Meters of all Directors, Attorney and Employees were read this week.

STRATEGIC RETREAT
ELLIOTTVILLE SUB-
STATION METER READING

Director Arrington will be attending the Strategic Retreat next week. Plans were made to read the Elliottville Substation, but will be postponed due to storm damage.

LEGAL COUNSEL'S REPORT

Legal Counsel Scott reported on the following:

His office mailed several collection letters.

He hasn't heard from the PSC on the Valley View Subdivision case.

EKP fuel clause adjustment was entered. The PSC ordered EKP to pay back the \$8.3 million to all Cooperatives. EKP may appeal the July 10 order.

Director Arrington asked about the [REDACTED] case. Legal Counsel stated nothing has been filed. There was a question brought up during the storm if we need to change out the anchor and Federated advised not to change anything related to accident. GRECC did not have to make changes.

KAEC DIRECTOR'S REPORT

Director Whitt reported:

Greg Starheim left Kenergy and went to CFC. Sandy Novick, is Kenergy Corp. Interim CEO.

Wade May, Big Sandy Cooperative Corporation passed away.

Mike Adams took his place as secretary on the EKPC Board. Kelly Shepherd is the new representative from Big Sandy to the EKPC Board.

Mike McGuirk was seated from Warren RECC.

Joseph Spalding was elected Vice Chairman and Mike Adams is the Secretary-Treasurer.

KAEC plans to sell the parking lot at the warehouse for \$300,000 to Bellarmine University.

UUS is making fewer and fewer transformers

There was no report on KY Living magazine. Anita Travis is acting editor.

Mark Stallons will finish Greg Starheim's term as secretary on the KAEC Board.

In September candidates for governor will be present at the Board Meeting.

Regions 2 & 3 will be October 28-30 in Biloxi, Mississippi

EKPC DIRECTOR'S REPORT

Director Arrington reported there was no Board Meeting in July, but a two day tour was taken to Spurlock, Dale and Smith Substations. They saw them move saturated ash out of Dale, with 40 trucks a day pumping 4 or 5 different pits. Dale is not running. They saw the Gilbert unit upgrade and where they spent several million dollars on Spurlock.

He will be attending the Strategic Meeting next week.

THANK YOU LETTER

GRECC received thank you letters from:

Lewis County Educational Foundation

Kentucky Youth Tour Students

Carter Christian Academy

Teresa Arnett at Barrett's Creek Condos – r/w crews quick response

Jimmy Paul for right-of-way work

DONATIONS

President Fraley presented to the board for their consideration the following donation requests:

Camp kids (Carter County)	\$100
Lawrence County Food Bank	\$250
Grayson Little League – golf scramble	\$100
Trooper Island Golf Tournament – sponsor boys and girls camp	\$150
Funtober Fest – Grayson Chamber of Commerce	\$100
Readi-Fest – donated school supplies	

Motion was made by Director Dupuy, seconded by Director Bentley unanimously agreed to approve the donations as presented.

MEETING ATTENDANCE

President Fraley told the Board that KAEC planned to offer the Management Certificate and Supervisory Certificates. She plans to send Bradley Cherry, Robert Brown and Andrea McCleese.

BOARD MEETING DATE

The August Board Meeting will be held on Friday the 28th.

ADDITIONAL BUSINESS

There was no additional business to bring before the board of directors.

ADJOURN

Chairman Trent adjourned the meeting at 11:40 a.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On August 28, 2015 at 9:05 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Trent called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION

Director Whitt gave the invocation.

APPROVAL OF MINUTES

Motion was made by Director Bentley, seconded by Director Dupuy and unanimously agreed to approve the minutes from the July Board Meeting for informational purposes only.

LEGAL COUNSEL SCOTT /
BYLAWS / CAPITAL CREDITS

Legal Counsel Scott asked to speak before approval of the minutes. He referred to Bylaws changes on Capital Credits discussed last month. He called NRECA Legal Counsel Tyrus Thompson and then sent him copies of the new and old Bylaws. Mr. Thompson said that he has seen coops either estimate the amount of margins for the current year, or pay the amount of capital credits assigned to that account(s) and sign a certificate of forfeiture for additional capital credits.

President Fraley reread the suggested Bylaw change and said she had inadvertently used the term general rotation instead of next assignment of margins. With the Boards permission she will correct this language and have it ready for consideration at the September Board Meeting. That change will allow the Cooperative to pay whatever capital credits are assigned to that account(s) at that time and then issue a final check in the following year when margins are assigned.

Upon general agreement Director Bentley withdrew his motion to approve the minutes from the July Board Meeting.

A motion was then made by Director Bentley and seconded by Director Rice to approve the minutes with the exception of the action on the Bylaws relating to Capital Credits. Motion carried unanimously.

MANAGER OF
TECHNICAL SERVICES

Andrea McCleese, Assistant Manager of Technical Services reported on the following, as requested by President Fraley in July.

August 17, 2015 was the last day that we accepted credit card payments by phone. This change was made in response to SEDC's new role as a credit card service provider. Our automated IVR system is compliant with no credit card numbers being stored, expiration dates or zip codes stored in the IVR server. We have changed the telephone script of the IVR to be very straight-forward and clear and have stated in the up-front telephone greetings that payments by credit card must be made using the automated system.

PCI Compliance is the Payment Card Industry Data Security Standard. It is the security standard by which any entity that accepts credit cards that are branded with Visa, MasterCard, Discover or American Express is held. Due to SEDC becoming a service provider, we will have to begin submitting self-assessments and results from network scans and penetration testing to SEDC. The updated PCI standard states that we will implement strong access control measures. This is the reason for no longer taking credit card payments by phone, as well as not keeping a credit card number written or stored.

MANAGER OF
TECHNICAL SERVICES
(CONTINUED)

In July, we processed approximately \$662,000 in credit card payments.

President Fraley was very please to report to the Board that the Dark Fiber contract with the Commonwealth has been signed and received. We have informed KAEC and we are the first Coop to receive a signed contract.

President Fraley told the Board it has become necessary to budget for a new radio system. She plans to utilize the money and service that were pledged to Grayson as part of the May 15, 2015 Memorandum of Understanding.

ALAN ZUMSTEIN

Alan Zumstein, CPA, presented the Management Letter concerning the Fiscal Year for June 1, 2014 through May 31, 2015. He stated the following:

There was no audit adjustments made, reflecting good work on the part of the staff. He encountered no difficulties and all information requested was provided.

Equity is 32% of our assets.

T.I.E.R. was good at 1.8%

Income statement is normal, and decreasing like many other cooperatives. Mr. Zumstein went over the audit in detail and offered answers to all questions asked.

Motion was made by Director Arrington to accept the 2014-2015 Financial Audit as presented, seconded by Director Rice and unanimously agreed upon.

MAY 2015 FORM 7

Bradley Cherry asked Alan to discuss the May 2015 Form 7 and necessary change made to it. As of May we incurred storm damage in the amount of approximately \$290,000 and we should receive approximately \$200,000 from FEMA. This is reflected on page 3 of audit. Those expenses were incurred in March.

FINANCIAL AND
STATISTICAL
REPORT FOR JUNE 2015

Bradley Cherry, Manager of Finance and Accounting, presented the Financial and Statistical Report for June 2015 as:

Kilowatt hour sales for the month were 5.3 % under budget.

Purchases for the time period of (6/1-30) were 1.73 % over budget.

Line loss for the last twelve months was 5.67 %.

Year to date margins are \$141,151 compared to the budgeted amount of \$158,827.

JUNE FORM 7

Sales were \$207,000 less than anticipated and purchase power was \$95,000 less.

QUARTERLY FINANCIALS

Mr. Cherry reviewed the second quarter financial report in detail. T.I.E.R. showing 1.96% on actual annual amount compared to the budgeted T.I.E.R. of 1.332%.

CAPITAL CREDITS

A July and August summary of capital credits payments was given:

43 accounts were paid in July and August.

To date this year we have paid 133 and paid \$132,719.99.

APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR JUNE 2015

Motion was made by Director Dupuy, seconded by Director Rice and unanimously agreed to approve the Financial and Statistical report for June 2015 as presented, for informational purposes only.

INSURANCE (RETIRED)

Mr. Cherry reported that last year we changed to Humana for health care coverage for our retired employees. We have received a renewal proposal in the amount of 2.7 % increase. No one else has been able to provide coverage in one package as Humana can.

Motion was made to accept the health care coverage insurance proposal for retired employees by Director Rice, seconded by Director Dupuy and unanimously agreed upon.

RS RETIREMENT PLAN

Based on the average age of both inside and outside employees, NRECA is projecting a group increase in what we contribute each month. Based on the average age of our inside group, the increase is .7 percent for 2016 and the increase for the outside group is .26 percent.

FEMA

We met with FEMA last week. We will be copying receipts and in July should be reimbursed at 85 percent. We have a copy of the resolution from FEMA.

Mr. Cherry read the following FEMA TAB V-3-2 Designation of Applicant's Agent Resolution to the Board allowing him to be the representative for GRECC to handle all financial paperwork

GO TO PAGE 4

TAB V-3-2
DESIGNATION OF APPLICANT'S AGENT

RESOLUTION

BE IT RESOLVED BY Grayson Rural Electric Coop of 109 Bagby Park, Grayson, KY 41143
(Governing Body) Corp. (Public Entity)

THAT Bradley Cherry, Manager of Finance and Accounting
(Name of Incumbent) (Official Position)

is hereby authorized to execute for and in behalf of Grayson Rural Electric Coop. Corp., 109 Bagby Park, Grayson, KY 41143, a public entity established under the laws of the Commonwealth of

Kentucky, this application and to file it in the appropriate State office for the purpose of obtaining certain Federal financial assistance under the Disaster Relief Act (Public Law 288, 93rd Congress) or otherwise available from the President's Disaster Relief Fund.

THAT Grayson Rural Electric Coop. Corp., a public entity established under the laws of the

Commonwealth of Kentucky, hereby authorizes its agent to provide to the State and to the Federal Emergency Management Agency (FEMA) for all matters pertaining to such Federal disaster assistance the assurances and agreements printed on the reverse side hereof.

Passed and approved this 28th day of August, 2015.

Roger Trent, Chairman of the Board
(Name and Title)

Harold Dupuy, Vice-Chairman of the Board
(Name and Title)

Billy E. "Eddie" Martin, Secretary-Treasurer of the Board
(Name and Title)

Carol Hall Fraley, President and CEO of Grayson Rural Electric Coop.

CERTIFICATION

I, Carol Hall Fraley, duly appointed and President and CEO of
(Title)

Grayson Rural Electric Coop. Corp., do hereby certify that the above is a true and correct copy of a

resolution passed and approved by the Grayson Rural Elec of Grayson, KY
COOP (Governing Body) Corp. (Public Entity)

on the 28th day of August, 2015.

Date: August 28, 2015

President and CEO
(Official Position)

Carol Hall Fraley
(Signature)

KyEM Form 500
Rev. 05/00

V-3-2-1

KyEOP-00-02

Motion was made to accept the FEMA TAB V-3-2 Designation of Applicant's Agent Resolution as read, by Director Whitt, seconded by Director Dupuy and unanimously agreed upon.

FEMA (CONTINUED)

Following the reading of the resolution, Legal Counsel suggested that all necessary documents on both the FEMA papers and resolution and the long term Work Plan loan be signed. The Work Plan Loan was approved last month and signed by Director Martin.

Legal Counsel Scott stated he did a title search and that Grayson Rural Electric is borrowing \$20 million and these signed documents must be mailed today. His title opinion will not be mailed until after these papers are signed.

WAGE & SALARY PLAN

Consideration of the 2015-2021 Wage & Salary Adjustment for Non-Union Employees was presented.

Director Martin discussed the Planning & Review Committee Meeting held August 17, 2015 and turned it over to President Fraley to make the proposal to the Board.

President Fraley discussed storm expenses and how they have affected our finances. The first storm cost us \$290,000 and the second storm cost \$500,000. We have a reserve of \$400,000 for storm work. The county and state were declared a disaster by the President. We should receive about 85% from FEMA on each storm, leaving us with out-of-pocket expenses of approximately \$118,000, which is well within our reserve. Alan Zumstein, Auditor, made an adjustment on May 2015 Form 7 allowing for FEMA storm reimbursement.

Wage and Salary - President Fraley presented the wage and salary proposal. The calculations are based on 1%, 2% and 3% increases. Benefits are an additional 40%. The percentages with benefits are:

1%	\$17,000
2%	\$35,000
3%	\$52,000
3.96%	\$69,432 (The equivalent of the union raise for this year.)

By comparison, last year's increase was \$69,000 and this year's would be \$69,432, an increase of \$432.

President Fraley asked for \$5,000 merit to be included.

A motion to accept the Wage and Salary Plan for 2015-2016 with a 3.96% increase and a \$5,000 merit in reserve was made by Director Arrington, seconded by Director Whitt and unanimously agreed.

CHARGE-OFF ACCOUNTS

President Fraley presented to the Board the following two invoices totaling \$2,158.06 to be considered for charge off:

- ██████████ - car accident - \$1,080.39
- ██████████ - car accident - \$1,077.67

This will be held until next month.

MANAGER OF MARKETING & MEMBER SERVICES

President Fraley gave the Manager of Marketing and Member Services report.

PREPAY SUMMARY We have 431 active PrePay Accounts with 5 inactive accounts. The average balance is (\$44.06), 1,780 payments received in 30 days averaging \$34.92 per payment with total payments received \$62,150.09.

DEBT MANAGAEMENT We have 69 active accounts with Debt Management totaling \$17,340.79. Sixteen percent of active accounts have Debt Management. We have:

Under \$100 – 12	\$100-\$199 – 15	\$200-\$299 – 14
\$300-\$399 – 19	\$400-\$499 – 7	over \$500 – 2

ENERGY EFFICIENCY Tina’s audits included 1 How\$martKY Audit, 1 Touchstone Energy Audit and 3 Commercial Audits.

SCHOOL PROGRAMS We did the Blaine Readifest with about 150 kids.

ANNOUNCEMENTS Mobile Mammography to be at GRECC on September 25th. Honor Flight is September 26th with Sue Roberts as guardian for the trip. Monday, October 12th closed for Columbus Day; employees clean up day. October 13th hosting the First Responders training session with KAEC. December 11, 6pm, Service Awards Dinner at old Olive Hill High School. October 13 GRECC hosting Grayson Chamber - GRECC’s 65th anniversay,

OPERATIONS REPORT Kyle Clevenger, Manager of Operations, gave the Operations Report and the Safety Report. He reported on the following:

EMPLOYEE/LOST TIME ACCIDENT There were no lost time accidents to report this month.

SAFETY REPORT The following safety meetings were held during July:

July 08—Brian Poling, Mgr. of Technical Services, turned the meeting over to David White, KAEC, who did a security check. He addressed workplace violence and workplace injuries. A handout of the top ten injuries in a workplace was given to everyone. Near misses were reviewed. Carol Ann read letters from two consumers recognizing the good work done by the right-of-way crews. Kyle asked everyone to be careful and to watch out for each other as well as themselves.

July 13—Priscilla Sparks, Executive Assistant, read from the Safety Manual, pages 132 – 136, Power – Actuated Tools, Safe Supports and Scaffolds and Ladders. Steve Bush asked everyone to test their volt meters. We had the monthly safety give-a-way. Kyle reminded everyone it was wet and to be careful.

July 20—Robert Brown, Director of Purchasing & Stores, topic was “What you didn’t know about Rubber Gloves” - proper fitting, visual inspection, glove storage, cleaning, protection from perspiration and air testing. Carol Ann and Kyle talked about all the good work during recent storm outages.

July 27—Sherry Buckler, Mgr. of Accounting & Human Resources, showed a power point on Social Networking Safety. Carol Ann talked about board changes in the Capital Credit Policy. Kyle reminded everyone to be careful.

SAFETY REPORT (CONTINUED)	Kyle continues to mention the necessity and importance of hard hats, rubber gloves and use of ground chains. A line is not dead until it is grounded.
CONSTRUCTION	Construction built one hundred two (102) new work orders for the month of July and worked twenty (20) hours of overtime.
DELINQUENT NOTICES	The Maintenance & Construction Departments collected one hundred seventy-two (172) delinquent accounts and disconnected thirty-eight (38) accounts in August.
OVERTIME HOURS	The Maintenance Department worked one thousand, four hundred seven (1,407) hours of overtime. The Engineering Department worked twenty-nine (29) hours of overtime. The increase in overtime hours was due to storm outages.
CONTRACT CREWS	We have three (3) Pike crews working in the following areas: Tony Seagraves – Stark Conversion in Elliott County and New Construction Adam Rice - Kevin Hamm from 7/20/15– Montgomery, Lewis County Ryan Rice – Miscellaneous Pole Changes
RIGHT-OF-WAY CREWS	We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 461 trees, cut 616 trees, cut 23,000 feet of brush/line and sprayed 246 spans of line. The crews are working in the following areas: 1 cutting crew in Carter, Lewis and Greenup Counties 1 cutting crew in Elliott and Lawrence Counties 1 cutting crew in Rowan County 1 bucket truck crew in Carter, Lewis and Greenup Counties 1 bucket truck crew in Elliott and Lawrence Counties 1 bucket truck crew in Rowan County 1 tractor crew in Rowan County 2 spray crews in Carter County 1 spray crew in Elliott County and 1 Smith Tree Service, circuit crew at Carter City in Carter County
ENGINEERING REPORT	The Engineering Department released one hundred fifty-four (154) prints consisting of 22,270 feet of primary line and 3,735 feet of service wire. They currently have three (3) new services to be staked and two (2) to be drawn. There are nineteen (19) miscellaneous jobs to be staked or drawn.
APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS	Motion was made by Director Dupuy, seconded by Director Martin and unanimously agreed to approve one hundred four (104) new memberships and retirement of ninety-six (96) existing memberships for July 2015.
BAD DEBT WRITE-OFFS	Motion was made by Director Rice, seconded by Director Martin and unanimously agreed to charge off \$5,710.91 worth of bad debts and turn them over for collection.
APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY'S BUSINESS EXPENSES	Motion was made by Director Martin, seconded by Director Rice and unanimously agreed to approve the President's business expense of \$403.12, Director's business expenses of \$9,822.83 and Attorney's business expense of \$39.16.

PRESIDENT'S REPORT President Fraley reported on the following:

BURNS MERCER Burns Mercer, CEO at Meade County RECC will be retiring and Martin Littrel of Henderson has been hired to replace Mr. Mercer.

██████████ ██████████ has medical issues with his neck and may be facing surgery with short and long term disability. Robert, Willis and Caitlin are covering his duties and doing a good job. Willis is checking and receiving, Caitlin entering data and Robert ordering material.

65TH ANNIVERSARY October 13, 2015 is the 65th anniversary of Grayson Rural Electric and calendars will be handed out. Julie will be designing and ordering calendars.

ANNUAL CLEAN UP Monday, October 12th will be the Coops annual clean-up day. The office will be closed, but all employees will be working.

CDL'S CDL's were given on Wednesday, August 26th and everyone passed.

VANCEBURG UTILITIES We received a check from Electric Plant Board of the City of Vanceburg in the amount of \$2,500.39. In 2014 we received \$1,359.58. The increase is due to the new plant that went in our service territory.

GREGORY CAUDILL, CPA We received a letter from Gregory Caudill, CPA in South Shore who is interested in doing audits for GRECC. He has done audits for Adams RECC, Madena Coop and Northwest Coop, so he is familiar with audit procedures. She will reply to his letter of interest.

PROMISSORY NOTE We have received a paid Promissory note signed 1980 in the amount of \$238,100.

COBANK DIRECTORS We received notice from Richard "Dickie" Sitman, Rick Wood and Wallace L. Darnelle who are running for a seat on the CoBank Board.

PRESIDENT FRALEY President Fraley will be off work next week due to her husband having knee replacement surgery.

LEGAL COUNSEL'S REPORT Legal Counsel Scott reported on the following:

We received an order from the Commission saying we did not establish to their satisfaction the Valley View Subdivision residence that we said was on KY Power and should be GRECC. We were asked to get a better map and addresses of those who live there. We will refile.

President Fraley said Brian Poling is going to the PSC next week to compare their maps with ours and Scott Speaks has all the addresses.

KAEC DIRECTOR'S REPORT Director Whitt reported KAEC did not meet during the month of August due to the Fall Manager's Meeting.

EKPC DIRECTOR'S REPORT Director Arrington gave a report on EKPC's August Board Meeting.

June margins were 5.5, budget was .3 over and revenue expenses were under budget 1.7.

EKPC DIRECTOR’S REPORT
(CONTINUED)

The clean air act went from 18.million parts to 32.million parts. There will be 46,000 megawatts of US coal plants that will be closed between 2012 and 2022 due to EPA regulations.

EKPC’s balance sheet remains healthy with equity at 15.4. If equity goes over 15 they will vote to go to 20. RUS asks for equity between 20 and 40.

Cash flows are always good.

Michelle Carpenter gave the financial report. She is over governance.

They voted to buy the Bluegrass Station at Louisville, a 400 megawatt gas peaker, and have applied with RUS to get rest of the loan and get in place by December. It is \$131 million and there were some mechanical problems. It was \$137 million and they negotiated it down and the retrofit of is about \$6 million.

All G&Ts are to have a reserve until the solar and wind systems up and going or more of them goes on the grid. PJM is one of the larger ones with solar.

DONATIONS

We received thank you notes from Carter County 4-H Council for the Forest Leadership Scholarship, Office of the First Lady for the Governor’s Mansion Centennial Endowment Fund 2014 for chairs, Grayson Area Chamber of Commerce & KY Christian University for goodie bag donations, Carter County Shrine Club for sponsorship and Tyler Bush for scholarship money

President Fraley presented to the Board for their consideration the following donation requests:

Greenup County 4H Livestock Committee showmanship – sponsor	\$500
Carter County 4H Youth Livestock Show - lamb	\$500
Elliott County 4H Livestock Show – 2 lambs	\$500
Carter County Crush Volleyball – tournament	\$50
Carter City Elementary School – fall festival	\$50
Carl McCoy -201 st Engineer Veterans Reunion –Nat’l Guards	\$150
Carter County Special Olympics – sponsorship	\$100
Tygart Creek Elementary – sponsorship 5K run	\$50
Community Hospice – fundraiser	\$125
Blaine Elementary School – fall festival	\$50
Blaine High School Reunion – alumni scholarship	\$125

Motion was made by Director Martin, seconded by Director Rice and unanimously agreed to approve the donations as presented.

MEETING ATTENDANCE

The following upcoming meetings were presented for attendance this month:

Bradley Cherry and Caitlin Hutchinson attended a Human Resources conference.

Priscilla Sparks attended a Federated Insurance meeting.

Priscilla Sparks will be attending the Executive Assistant meeting next week.

Joe Sargent will be attending a HAZ MAT Meeting.

Steven Brown and Jamey Withrow attended underground school.

Some Member Representatives will be attending Winter Hardship meeting in October in Louisville.

Regions 2 & 3 will be attended by Directors Trent, Dupuy, Whitt, Bentley, Martin and Rice.

The KAEC Annual Meeting is November 16-17 in Louisville.

BOARD MEETING DATE

The September Board Meeting will be held on Monday, September 21 at 9:00 a.m.

The October Board Meeting will be held on Thursday, October 22 at 9:00 a.m.

ADDITIONAL BUSINESS There was no additional business to bring before the Board of Directors.

ADJOURN Chairman Trent adjourned the meeting at 12:37 p.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On September 21, 2015 at 9:10 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Trent called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Rice gave the invocation.
APPROVAL OF MINUTES	Motion was made by Director Bentley, seconded by Director Martin and unanimously agreed to approve the minutes from the August Board Meeting for informational purposes only.
TECHNICAL SERVICES SUPERVISOR	Brian Poling, Technical Services Supervisor, reported on the following:
COLUMBIA GAS	Mr. Poling will be meeting with Columbia Gas to discuss installing a 1.5 megawatt pumping station in our service territory behind the I-64 East bound rest area, scheduled to go online in 2017. This will require an Engineering study and we will be using Jim Bridges who does our system inspections and signs our work orders for RUS.
GENESIS	Genesis is building a 105 bed drug rehab facility near K-mart. This is a 500 KVA load. Several jobs will be created at this facility.
JOHN CLARK OIL	Mr. Poling reported that John Clark Oil has notified the City of Olive Hill they are building a truck stop at Pleasant Valley and would be attaching to the city sewer, at a cost of approximately \$680,000. They are possibly planning for a hotel in the future.
PUBLIC SERVICE COMMISSION MAPS	Brian made a trip to the Public Service Commission to discuss 'official boundary maps'. He found that the maps we have always used are not the official boundary maps. The Commission furnished him with a set of approved maps that can be copied electronically. This will help us with cases we have pending or plan to submit to the Commission.
WIRELESS NETWORK SECURITY	We have finished up our wireless network security. We now offer employees and guests (auditors, safety personnel, etc.) access to the internet that is completely isolated from our network. As part of our PCI and credit card reader security, we have installed credit card readers at the front counter for our consumer use.
CARLY FIORINA	Brian showed a Carly Fiorina interview with Katie Couric on environmental regulations and clean coal and innovation.
FINANCIAL REPORT	Bradley Cherry, Manager of Finance and Accounting presented the Financial & Statistical Report for July 2015. Mr. Cherry reported on the following:
FINANCIAL & STATISTICAL REPORT FOR JULY 2015	Kilowatt hour sales for the month of July (7/21-8/20) were 10.88% over budget. Purchases for the time period of 7/1-31 were 1.30% over budget. Line loss for the last twelve months was 5.07 %. Year to date margins were \$61,951 even with the storm expense of \$414,400 compared to the budgeted amount of (\$11,581). We are \$655,000 to the positive, excluding FEMA money we may receive.

FORM 7 Sales for July 2015 were \$147,673 more, purchased power was \$141,961 less and storm expense was \$414,400. Even with storm expenses we are still \$52,000 to the positive.

T.I.E.R The monthly Operating T.I.E.R was (0.05) and the rolling 12 month O.T.I.E.R is 1.77.

SECURITY LIGHT TARIFF All new security lights will be changed to LED and a new tariff will be created. Bradley has been working with Jim Adkins and finalizing the new security light tariff. The new lights will have a different rate and this will save on trips and repairs.

CAPITAL CREDITS In September we paid out ten accounts totaling \$13,542.66 and we have 17 outstanding capital credit applications. This year we have paid 143 capital credit accounts totaling \$146,262.65.

FEMA We are almost finished with the July applications for FEMA. Greenup County was not declared a disaster in July. We are waiting on the March application filed with FEMA. They are paying in 6-8 months.

MONTHLY CHARGE-OFF'S [REDACTED] and [REDACTED] were on the charge-off list and Director Martin said that [REDACTED] was possibly living at another location. Director Whitt said that [REDACTED] passed away and maybe her capital credits could be applied to her charge off the next final cycle.

CFC We received from CFC a promissory note, Revolving Line of Credit Agreement, dated July 20, 2012 paid in full.

STATEWIDE PATRONAGE We received a check for 20% of the 2014 patronage dividend allocation of \$209.18 in the amount of \$41.84.

STAFF MEETING President Fraley held a staff meeting last week to begin our budgeting process and initiate some dates. We had originally planned to start the electronic mapping portion and outage reporting during the last two years of the work plan. However, we have decided this is something we can be using and refining, and we plan to have everything ready to start toward the second half of 2016. We will contact Dave Herron of LEIDOS, the firm who helped us calculate and plan our work plan. They will help us set up a timeline and guide us through this process.

A lot of work will precede selection of a contractor to map the system. President Fraley says that she plans to utilize Robert Brown to coordinate the mapping plan with the contractors and our employees. Mapping of the system must be accomplished within 18 months or sooner. There are certain aspects of the mapping program he will have to learn and we will begin to train him soon, in accordance with our needs and time line.

Willis Barker, Robert Brown and Caitlin Hutchinson are dividing Kippy's work and keeping up with checking out material, data entry and ordering material. They are doing a good job. Kippy has not been released to return to work. We will train several people in the use of the Outage Management System.

STAFF MEETING
(CONTINUED)

The new Outage Management System and Mapping will eventually lead to I-pads or other devices in all trucks, and employees will update information so that our Construction and Maintenance crews can have “real time” access to meter sets, removes, delinquents, right of way reports, directions and a host of other functions. President Fraley wanted to make the Board aware of this change in the work plan time line.

APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR JULY 2015

Motion was made by Director Dupuy, seconded by Director Martin and unanimously agreed to approve the Financial and Statistical Report for July 2015, as presented for informational purposes only.

OPERATIONS REPORT

Kyle Clevenger, Manager of Operations gave the Operations Report. He reported on the following:

EMPLOYEE/LOST TIME
ACCIDENT

There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during August:

August 06—Kim Bush, Mgr. of Marketing & Member Services, turned the meeting over to Carol Ann who talked about credit card payments, Board Policies: 501 – Work Rules and Policy 517 Confidentiality of Personnel Files and Employee Privacy Rights. Kyle and Kippy reminded everyone to check and change out their rubber gloves and sleeves.

August 10—Bradley Cherry, Mgr. of Finance & Accounting, showed a video on Back to School Bus Safety and a power point on Bus Safety Statistics and Safety Tips for Drivers. Kyle reviewed four accidents involving Chris Mosier, Shane McDavid, Bryan Rogers and Mark Hutchinson. Carol Ann discussed turning in notes to her on service issues and having services re-inspected when needed

August 17—Kyle Clevenger, Manager of Operations, turned the meeting over to Linville Spangler from EKPC. He discussed Lock Out/Tag Out and the ten steps of switching and held a session on System Restoration Training. Kyle discussed CDL physicals due next week and di-electric truck testing. Everything passed inspection.

August 25—Carol Fraley, President and CEO, turned the meeting over to David White from KAEC, who reviewed storm work, neutral conductors/repairs and a UUS driver injury. A coop lineman accident was reviewed and made reference to Safety Manual APP: 407 – E 15, 12. He will make crew visits following the meeting. Carol Fraley reminded everyone not to be complacent and keep safety in mind.

August 31—Mike Martin, Assistant Manager of Operations, read an article written by Kelly Sparrow who previously worked as a utility safety engineer. The name of the article was “Safe by a Nose”.

Kyle continues to mention the necessity and importance of hard hats, rubber gloves and using ground chains. A line is not dead until it is grounded.

CONSTRUCTION

Construction built eighty (80) new work orders for the month of August and worked zero (0) hours of overtime.

OVERTIME HOURS The Maintenance Department worked four hundred sixty-nine (469) hours of overtime during the month of August. Engineering worked ten (10) hours of overtime during the month of August.

DELINQUENT NOTICES The Maintenance & Construction Departments collected on one hundred sixty-seven (167) delinquent accounts and disconnected twenty-five (25) accounts in September.

CONTRACT CREWS Three (3) Pike crews have been working in the following areas:

Tony Seagraves – Stark Conv. – Elliott County and new construction
Kevin Hamm – Montgomery in Lewis County
Ryan Rice –State Project on Jordan Fork and miscellaneous pole changes

RIGHT-OF-WAY CREWS We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crews trimmed 447 trees, cut 851 trees, cut 38,740 feet of brush/line and sprayed 340 spans of line. The crews are working in the following areas:

1 cutting crew in Carter, Lewis and Greenup Counties
1 cutting crew in Elliott and Lawrence Counties
1 cutting crew in Rowan County
1 bucket truck crew in Carter, Lewis and Greenup Counties
1 bucket truck crew in Elliott and Lawrence Counties
1 bucket truck crew in Rowan County
1 tractor crew in Rowan County
2 spray crews in Carter County
1 spray crew in Elliott County
Smith Tree Service-working circuit work on Airport Road

We will be doing winter spraying through December. January is a dormant month and we don't spray in February.

ENGINEERING REPORT The Engineering Department released sixty-six (66) prints consisting of 3,280 feet of primary line and 2,890 feet of service wire. We currently have two (2) new services to be staked, two (2) to be drawn and sixteen (16) miscellaneous jobs to be staked or drawn.

MANAGER OF MARKETING & MEMBERS SERVICES Kim Bush, Manager of Marketing and Member Services reported:

WRITE-OFFS Write-offs for the period of January – September 2014 compared to the period of January – September 2015 were down \$71,214.40. In July 2015 we were down over \$18,000 as compared to the same period as 2014. We think this is due to PrePay and Debt Management.

PREPAY SUMMARY We have 450 active PrePay Accounts with 10 inactive accounts. The average balance is (\$44.72) using about 31 kwh a day. In the past 30 days we have received 1,744 payments totaling \$61, 847.25, averaging \$34.86 per payment.

DEBT MANAGAEMENT We have 77 active accounts with Debt Management and we have collected \$21,647.55. Debt Management has an outstaning balance of \$18,400.50. Seventeen percent of active accounts have Debt Management. We have:

Under \$100 – 19	\$100-\$199 – 16	\$200-\$299 – 13
\$300-\$399 – 17	\$400-\$499 –5	over \$500 – 7

ENERGY EFFICIENCY Tina Preece has audited 3 Heat Pump Retrofits, performed 4 HowSmartKY Audits, 7 Energy Audits and 2 Touchstone Energy Audits. She is meeting with EKPC to discuss concerns with their rebate program process. Every week consumers call or come in about the Energy Star appliances rebates.

SCHOOL PROGRAMS We hosted “Kids in the Races” at the Greenup County Fair.

ANNOUNCEMENTS Honor Flight is scheduled September 26th and we are sponsoring Jane Waites from Lexington. Sue Roberts will serve as guardian on the trip. The office will be closed for cleaning on Monday, October 12th. We will be hosting the Chamber of Commerce Meeting at GRECC with KAEC’s David White. There will be demonstrations of the safety trailer and pole top rescue. We will also be celebrating our 65th year as a Cooperative. First Responders’s Meeting/Training with David White of KAEC will be held at 6pm October 13th in GRECC’s garage. WSAZ will be interviewing Sha Collier from EKPC and Kim Bush on SimpleSavers on October 16th. The Service Awards Dinner is December 11th at 6pm at the old Olive Hill High School. Texas Roadhouse will be catering.

CHRISTMAS BUDGET The Christmas budget is basically the same as 2014 at a cost of \$18,625. Our service awards will be less this year. We will use the same budget this year.

ANNUAL MEETING BUDGET President Fraley said we will have to increase the annual meeting budget due to the number of members who registered last year and because we gave away all the leftover items we had. We will include the Annual Meeting Budget in the 2016 overall budget. We did not buy extra bulbs and buckets for the 2015 annual meeting and literally gave away everything we had. EKP does pay half on the bulbs. We will budget for a possible election, also.

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS Motion was made by Director Rice, seconded by Director Whitt and unanimously agreed to approve one hundred one (101) new memberships and retirement of ninety-four (94) existing memberships for August 2015.

BAD DEBT WRITE-OFFS Motion was made by Director Dupuy, seconded by Director Whitt and unanimously agreed to charge off \$3,380.84 worth of bad debts and turn them over for collection.

APPROVAL OF CEO’S, DIRECTORS & ATTORNEY’S BUSINESS EXPENSES Motion was made by Director Whitt, seconded by Director Rice and unanimously agreed to approve the President’s business expense of \$23.07, Directors business expenses of \$10,427.58 and Attorney’s business expense of \$18.13.

RUS WORK ORDERS

Motion was made by Director Martin, seconded by Director Rice and unanimously agreed to approve the following 219 RUS Work Orders for the months of April, May, and June 2015 in the amount of \$655,864.88:

April 2015	Work Order No. 1218	\$282,725.54
	Work Order No. 1219	\$6,335.52
May 2015	Work Order No. 1220	\$155,005.37
	Work Order No. 1221	\$16,113.08
June 2015	Work Order No. 1222	\$186,921.33
	Work Order No. 1223	\$8,764.04
Total		\$655,864.88

JIM BRIDGES, PE

Jim Bridges, PE, of Distribution Systems Solutions, is increasing his rates to \$125 per hour. The monthly 219 signatures will increase from \$200 per month to \$250 per month. The daily inspection rate will increase from \$650 to \$800. The increase would be about \$300 a quarter. It has been several years since Mr. Bridges has increased his service fees and he does an excellent job.

PRESIDENT'S REPORT

President Fraley reported on the following:

ANNOUNCEMENTS

The drive-thru was repaired and is working.
B-Dry has fixed the water problem in the basement.
The office will be closed October 12, 2015 for annual clean up.
October 13th at 11:30 a.m. the Chamber of Commerce will be at GRECC for Coop month. KAEC's David White is doing a program on Safety and Pole Top Rescue.
The First Responder Meeting will be at October 13th 6:00 p.m. at GRECC.
We had three consumers who wanted to apply for service that requires aid to construction fees due to the length and type of service. These line extensions will require sizable aid to construction payments.
George Easterling broke his femur and will have surgery Tuesday at OLBH.
The Coop has been very busy with day to day operations.
She plans to mail the final letter to Steve Kingsolver at PSC for the last storm as soon as all invoices are in and paid.

LEGAL COUNSEL'S REPORT

Legal Counsel Scott reported on the following:

KY POWER / SAND GAP
PSC CASE

We had a court of appeals pre-hearing conference on KY Power / Sand Gap and nothing was resolved.
President Fraley told Legal Counsel Scott that Brian Poling has taken our maps to the PSC. Evidently, our maps were not copies of the official maps. The PSC provided us with electronic copies of the correct map of our system.

MOU

He checked with PSC and there are 2 or 3 orders regarding East Kentucky Power's environmental surcharge and fuel charge. As of Saturday, no other Coops have signed the Memorandum of Understanding (MOU) between GRECC and EKPC.
Director Arrington said at Tuesday's meeting the EKPC legal report stated all Coops has signed the MOU.

GRECC BYLAWS President Fraley presented corrected language for Article VII, Section 2. Patronage Capital in Connection with Furnishing Electric Energy. Legal Counsel Scott directed that the corrected Article should be mailed with the September Board Minutes, to be placed on the agenda, considered and voted on at the October Board Meeting.

KAEC DIRECTOR'S REPORT Director Whitt reported no meeting.

EKPC DIRECTOR'S REPORT Director Arrington reported the following to the Board:

Current budget was over \$4.3 million at \$12.1 million.
Revenue was under at \$6.6 million and \$10.9 respectively.
Lower production in July than anticipated due to milder weather.
Equity is at 15-15.7.
Cyber security uses a multi-layer security system.
The United Nations secretary general says to move to renewable energy.
The Sierra Club will be meeting with EKPC.
The lack of concern on the political scene in regards to the coal.
The 3 governor candidates will be at KAEC tomorrow 8:30 a.m.

THANK YOU LETTERS We received thank you notes from Ray Hall's family, Lawrence County Food Bank and Grayson Area Chamber of Commerce for KCU Goodie Bags.

DONATIONS President Fraley presented to the Board for their consideration the following donation requests:

Greenup County Schools – First Book Account	\$250
Vanceburg Lions Club – 5 th Annual Heritage Fest	\$100
East Carter Raider – scramble golf – softball team	\$50
Ashland Alliance Foundation -Youth Leadership –tuition	\$80
Blaine Fall Festival – donated bulbs, candy, etc.	\$1,700

Motion was made by Director Rice, seconded by Director Martin and unanimously agreed to approve the donations as presented.

MEETING ATTENDANCE Meetings presented for attendance this month:

KAEC Annual Meeting, Louisville, KY, November 16-17, 2015: Roger Trent, William Rice, Harold Dupuy, Jimmy Whitt, Eddie Martin, Kenneth Arrington, Jim Bentley, Carol Hall Fraley and some staff members.
NRECA Director's Winter School, December 11-16, 2015, Nashville, TN, Directors Trent, Dupuy, Whitt and Bentley plan on attending.

BOARD MEETING DATES The October Board Meeting will be Thursday, October 22, 2015.

ADDITIONAL BUSINESS

Director Arrington suggested that consideration of the current Board Per Diem be placed on the Board Agenda for October.

ADJOURN

Chairman Trent adjourned the meeting at 11:56 a.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On October 22, 2015 at 9:00 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Trent called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

- INVOCATION Director Dupuy gave the invocation.
- APPROVAL OF MINUTES Motion was made by Director Bentley, seconded by Director Martin and unanimously agreed to approve the minutes from the September Board Meeting for informational purposes only.
- MANAGER OF TECHNICAL SERVICES Andrea McCleese, Assistant Manager of Technical Services gave the department report.
- President Fraley report on proposed loads coming onto our lines:
- PROPOSED FUTURE LOADS Columbia Gas has made application for service to 1500kw load.
John Clark Oil will build a truck stop and possibly a hotel at Pleasant Valley.
Mt. Enterprise will triple the size of the asphalt plant to 1500 KVA at Pleasant Valley.
Sawmill rebuilt line on St. Rt. 7 in Greenup County, a 501kw load.
Genesis Halfway House (100 bed facility) by Kmart will be a 500kw load.
- MAPPING PROJECT Andrea stated Dave Herron of Leidos (formerly R.W. Beck) has been here this week for an organizational meeting with Brian Poling and Robert Brown about the mapping project and time line.
- METERS The Metering Department has received one shipment of TS2 meters. One shipment of Service Disconnect (PrePay) meters has been shipped. We are still expecting another shipment of TS2 meters.
- We are working on the motorization of the gates, allowing key swipe entry. Silent Guard will be here Wednesday to install I.D. card readers.
- NETGAIN CONTRACT We have signed a contract with NetGain for intrusion and network monitoring services to replace DELL Secure Works. We also have a quote for risk assessment and penetration testing, in order to comply with the new PCI DSS standards.
- The implementation of credit card payments by telephone being processed by the IVR has been successfully completed. We now have a full month of data for comparison. Results are a comparison between July & September 2015.
- 54% increase in payments processed by the IVR
1% decrease in total credit card payments
25% decrease in total calls handled by the Member Services Department
- IT MEETING Brian and Andrea attended the Bowling Green IT meeting. The PSC inquired about policing these projects and seeing that IT personnel are going to these meetings and taking programs back to the Coops to be implemented. The PSC may look at these programs in future rate cases.

FINANCIAL REPORT Bradley Cherry, Manager of Finance and Accounting, presented the Financial & Statistical Report for August 2015, as follows:

FINANCIAL & STATISTICAL REPORT FOR AUGUST Kilowatt hour sales for the month of August (8/21-9/20) were 2.5 % under budget. Purchases for the time period of 8/1-31 were .47 % under budget. Line loss for the last twelve months was 5.20%. Year to date margins were (\$109,336) compared to the budgeted amount of (\$157,269).

Form 7 Form 7 showed our sales were \$175,688 less, purchased power \$210,821 less, maintenance expense \$125,515 (31.4% MTB) and right of way expense \$179,100 (36.5% MTB). Right-of-way and maintenance was more than budgeted due to July weather.

T.I.E.R The monthly O.T.I.E.R is (1.26) and the rolling 12 months average has a 1.69 O.T.I.E.R.

REVENUE SUMMARY President Fraley discussed a report that she, Bradley and the Accounting Department use called the Revenue Summary. This report is prepared each month and lists totals for different fees, penalties, sales tax, school tax, number of bills mailed, kWh hours purchased and sold, and a breakdown of residential, general sales, small commercial, large power, and street lights. She pointed out that environmental surcharge fees are collected and paid directly to EKP and the school taxes are collected and mailed to the respective counties. When the fuel charge is collected, it is also collected and mailed directly to EKP. The fuel charge was a credit this month and the environmental surcharge was 9.28%.

President Fraley and Mr. Cherry plan to make the Revenue report a part of Mr. Cherry's monthly report.

FEMA We should hear from FEMA in the next couple of weeks. The February storm will be heard from soon.

401K A delay in mailing the paperwork of the 401(k) resolution resulted in an overpayment. After an audit last year showing overpayment of what was stated, a resolution is required that matches our LTD percentage. The issue was tabled until the November meeting and a 401(k) resolution that matches LTD percentage will be considered for approval at that meeting.

PLANNING REVIEW COMMITTEE MEETING The Planning and Review Committee will meet November 19 at 9:00 a.m. for the 2016 Budget.

APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR AUGUST 2015 Motion was made by Director Dupuy, seconded by Director Martin and unanimously agreed to approve the Financial and Statistical report for August 2015 as presented, for informational purposes only.

OPERATIONS REPORT Kyle Clevenger, Manager of Operations, gave the Operations Report & Safety Report. Mr. Clevenger reported on the following:

LOST TIME ACCIDENT There were no lost time accidents to report this month.

SAFETY REPORT The following safety meetings were held during September:

September 09—Andrea McCleese, Technical Services Supervisor, read from the Safety Manual, pages 39 – 41, 115 Training and discussed what to do in

SAFETY MEETING
(CONTINUED)

an emergency situation. Nancy Madden talked about CDL paper work. Carol Fraley handed out certificates to Steven Burton and Jamey Withrow for completion of Underground Workshop. We had the monthly safety give-away.

September 14—Brian Poling, Mgr. of Technical Services turned the meeting over to Robert Brown who talked about and had a video on flame retardant clothing, how to wash it and when it needs to be replaced. Carol Fraley presented Joe Sargent a certificate for completion of Haz-Mat Refresher course. Kyle reminded everyone to be careful and work safe.

September 21—Priscilla Sparks, Executive Assistant, was in charge of the meeting. A nurse from Dr. Gupta's office attended to give flu shots to all active and retired employees and their families that wanted to have the shot.

September 30—Robert Brown, Director of Purchasing and Stores, turned the meeting over to Clarence Greene for the monthly KAEC safety meeting. His topic was Open Neutrals, overhead and underground systems. He also reviewed a list of accidents that had occurred this year. Robert, Nancy and Julie did a demonstration of a safety presentation they had given to school children at Camp Webb.

Kyle continues to mention the necessity and importance of hard hats, rubber gloves and the use of ground chains. A line is not dead until it is grounded.

CONSTRUCTION

Construction built one hundred seventeen (117) new work orders for the month of September and worked zero (0) hour of overtime.

OVERTIME HOURS

The Maintenance Department worked two hundred nineteen (219) hours of overtime during the month of September. The Engineering Department worked zero (0) hours of overtime.

DELINQUENT NOTICES

The Maintenance & Construction Departments collected on two hundred thirty-four (234) delinquent accounts and disconnected thirty-seven (37) accounts in October.

CONTRACT CREWS

We have three (3) Pike crews working in the following areas:

Tony Seagraves – Stark Conversion, Elliott Co. and new construction
Kevin Ham – Lewis Co. on Montgomery
Ryan Rice – Miscellaneous pole changes

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 517 trees, cut 779 trees, and cut 24,925 feet of brush/line and sprayed 264 spans of line. The crews are working in the following areas:

1 cutting crew in Carter, Lewis and Greenup Counties
1 cutting crew in Elliott and Lawrence Counties
1 cutting crews in Rowan County
1 bucket truck crew in Carter, Lewis and Greenup Counties
1 bucket truck crew in Elliott and Lawrence Counties
1 bucket truck crew in Rowan County
1 tractor crew in Rowan County

RIGHT-OF-WAY CREWS
(CONTINUED)

2 spray crews in Carter County
1 spray crew in Elliott County
Bobby Smith's crew is cutting in Carter County.

ENGINEERING REPORT

The Engineering Department released ninety-two (92) prints consisting of 36,115 feet of primary line and 3,400 feet of service wire. We currently have two (2) new services to be staked and two (2) to be drawn. There are approximately twelve (12) miscellaneous jobs to be staked or drawn.

██████████

██████████ will be off work after October 23, 2015 thru January 12, 2015 due to a knee replacement.

██████████

██████████ is seeing a doctor in Columbus, Ohio today with his back injury.

EAST KY POWER

East Kentucky has a new program to pay half of the costs of any LED security lights we install. The LED lights have a 25 year warranty, saving us money in maintenance trips, repairs and energy usage. We will not hang any more of the lights we use now.

SMITHFIELD

We received a letter from Norman Cox regarding the transformers at Smithfield. The original transformers were paid for by the Cooperative as part of an economic development incentive to attract the plant. The first transformer was to provide power for the plant and the second transformer was a spare, if the first one was disabled. At some point, Smithfield started using both transformers. We paid to replace one transformer, because they were unaware of the primary metering point and the tariff that governs primary metering.

Our records show that they have exceeded their 25kva limit, and are switching between transformers to meet their demand. They have also added a smoking unit onto the plant. Our primary metering tariff says that they are responsible for any equipment and operations beyond the primary metering point.

We met in March and explained once again the definition of primary metering and that we had made every effort to fulfill our obligations to them, including semi-annual testing of their connections by Envision. We also explained again that we would not pay for any equipment beyond the primary metering point. We explained that we belong to an organization that will send us transformers for them within a 24 hour period. Everyone seemed in agreement when we left the meeting. Mr. Cox attended by phone.

We are responding to Mr. Cox's letter, once again explaining primary meter and referencing our tariffs on file with the Kentucky Public Service Commission. Smithfield has changed ownership and they have asked for a new Industrial Power Contract, which we plan to complete and have ready for them before the end of the year. We are currently on our second industrial power contract.

WINTER HARDSHIP
PROGRAM

President Fraley gave the Member Services Report. Peggy Skaggs, Peggy Wells and Sherry Conley attended the Winter Hardship program. They have a pre-winter program that starts November 11 and members do not have to be delinquent. In January we hope crisis money will be available to members who are delinquent.

ELLIOTTVILLE SUBSTATION We will start reading the Elliottville Substation on Monday, October 26th.

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS Motion was made by Director Rice, seconded by Director Dupuy and unanimously agreed to approve one hundred three (103) new memberships and retirement of one hundred two (102) existing memberships for September 2015.

BAD DEBT WRITE-OFFS Motion was made by Director Bentley, seconded by Director Martin and unanimously agreed to charge off \$3,311.10 worth of bad debts and turn them over for collection.

APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY BUSINESS EXPENSES Motion was made by Director Rice, seconded by Director Whitt and unanimously agreed to approve the President's business expense of \$397.18, Director's business expenses of \$7,147.95 and Attorney's business expense of \$159.22.

PRESIDENT'S REPORT President Fraley reported on the following:

COMPANY EMPLOYEES CLOTHING ALLOWANCE President Fraley proposed to the board a clothing allowance of \$150 for each inside employee of the company.

A motion was made for \$150 clothing allowance for each inside company employee by Director Martin, seconded by Director Rice and unanimously agreed upon.

CLEAN-UP DATE The designated cleanup day, October 12, 2015 was very successful.

FIRST RESPONDER The First Responder Meeting was a success with a big attendance. President Fraley sent a note to Chris Perry commending David White on a job well done.

BROWNSTOWN LUNCH Brownstown will be having lunch for the Cooperative today.

LEGAL COUNSEL'S REPORT Legal Counsel Scott reported on the following:

MOU East Kentucky sent a copy of the MOU signed by all the Cooperatives.

SAND GAP Sand Gap appellate brief of ours has to be filed in the middle of the month.

KAEC DIRECTOR'S REPORT Director Whitt reported following on the KAEC Board Meeting held Tuesday:

There have been two meetings since October, including the debate between Jack Conway and Matt Bevins.

Joe Arnold has been hired to work with Kentucky Living, Member Services, and with the magazine. The magazine may soon provide a digital format.

The KAEC Board will be meeting six times per year and will rely on committees.

They settled the sales tax issue.

A meeting of the Member & External Relations committee meeting was held following the monthly meeting. Chairman Carol Wright asked what the committee thought of selling liquor and guns. They are looking at seeing how much money they can make from firearms, tobacco and liquor. Magazine sales are less.

VOTING DELEGATES Our KAEC voting delegates are Harold Dupuy and Roger Trent. They will stay the same for the 2015 Annual Meeting.

EKPC DIRECTOR'S REPORT Director Arrington gave the EKPC report as follows:

EKPC is selling excess property close to some substations. LG&E is trying to block the transmission of power out of our recently purchased Bluegrass station. A meeting will be held at the Kentucky PSC on November 4th to discuss this issue.

EKPC is conducting research on a solar farm.

In the budget meeting, EKPC talked about keeping everything the same and building a gas unit at Smith.

We have been using Wall Street financing, and now EKPC is looking to RUS financing at 3%. They would like for all the EKPC Cooperatives that would, to change all their financing to RUS at the same rate.

Interest rates are CFC 6%; 4.62% down to .50%.

EKPC wants all the Cooperatives to send them a list of their outstanding loans, who they are with and how much is the payoff and when it is due. Nolin bought out of RUS.

Board Policy 305 will be rescinded when the MOU is signed.

Fred Callihan resigned from the Jackson Energy Board.

Fred Brown, former Jackson Energy Board Director died.

William Nelson Curry, former Clark Energy Board Director died.

THANK YOU We received thank you letters from Blaine Autumn Fest, Blaine High School, Vanceburg Lions Club's 5th Annual Heritage Fest donation, Lady Raiders Softball Teams for the golf scramble, Grayson Area Chamber for Funtober Fest, Cooperative System Integrity Fund, Somerset Community College and Tygart Creek Elementary for \$100 sponsorship.

DONATIONS President Fraley presented to the Board for their consideration the following donation requests:

East Carter Boys Basketball –	
Heart of the Park Tipoff Classic	\$250
Senior Grad/College Night ECHS and WCHS	Texas Roadhouse Gift Certificate
Isonville Elementary School PTO – fall festival	\$ 50
Greenup County Cheerleaders – annual golf scramble	\$100
East Carter Boys & Girls Golf Team – hole sponsor	\$50
Rowan County Christmas	\$100

Motion was made by Director Martin, seconded by Director Rice and unanimously agreed to approve the donations as presented.

GRECC BYLAWS Motion made by Director Whitt, seconded by Director Bentley to change the Grayson RECC Bylaws concerning payment of capital credits on deceased estates.

ADDITIONAL BUSINESS There was no additional business.

HEALTH FAIR Our Health Fair will be held October 29 and 30.

BOARD MEETING DATES The November Board Meeting will be on Monday, November 30th.

PER DIEM

This issue was tabled until the next meeting.

ADJOURN

Chairman Trent adjourned the meeting at 11:12 a.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On November 30, 2015 at 9:00 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Trent called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Whitt gave the invocation.
APPROVAL OF MINUTES - REGULAR BOARD MEETING	Motion was made by Director Rice, seconded by Director Bentley and unanimously agreed to approve the minutes from the October Board Meeting, for informational purposes only.
FINANCIAL REPORT	Bradley Cherry, Manager of Finance and Accounting presented the Financial & Statistical Report for August 2015. Mr. Cherry reported on the following:
FINANCIAL & STATISTICAL REPORT FOR SEPTEMBER	Sales for the month of September (9/21-10/20) were .17 % under budget. Purchases for the month of September (9/1-9/30) were 2.77 % over budget. Line loss for the last 12 months was 5.42%. Year to date margins were a deficit of (\$420,049) compared to the budgeted amount of (\$463,742).
FORM 7	Sales were \$105,374 less, purchased power was \$88,609 less and customer records and collections was \$9,315 more, very similar to last year.
CAPITAL CREDITS	Capital Credits – 21 accounts have been refunded, and year to date, we have paid out \$166,272.57. Twenty-two (220 accounts are outstanding, 8 are ready to be paid and we are waiting on the paper work on 13. We budgeted \$120,000-\$125,000 for 2015. However, with the policy change in July, and we are over budget.
T.I.E.R	The monthly T.I.E.R was a negative 3.144%.
FEMA STORM MONEY	We received a letter from the state and we were awarded \$290,000 on the March storm. We get 87% and 13% is considered our contribution. Therefore, we will receive approximately \$250,000. We have some paper work to complete on the second storm. When it is completed and submitted, we should receive money for the second storm after the first of the year.
RUS/WORK PLAN	We received a letter from RUS stating we were approved for the twenty million dollar work plan and we will be making the first draw down on it soon.
EKPC LOAN REQUEST	Director Arrington asked if we submitted to EKP the figures of our outstanding loans, balance, who they are with and due date. President Fraley said she was not comfortable with giving out that information. EKPC had indicated last year that they would be moving away from RUS financing. We do banking with other lenders and investors, and have been able to pick and choose to our advantage. Bradley gave a handout showing all the loans. Director Martin asked for someone from EKP to come up and talk to the Board. Carol said it has never been the way of Cooperatives to let EK borrow for us. Legal Counsel Scott made a suggestion to have a list of questions prepared for whoever comes up from EKP to talk to us. President Fraley said we have a good relationship with RUS.

EKPC LOAN REQUEST
(CONTINUED)

The Board suggested that Mike McNalley be invited to a Board Meeting to explain and discuss this matter. President Fraley will take care of this.

APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR SEPTEMBER 2015

Motion was made by Director Martin, seconded by Director Whitt and unanimously agreed to approve the Financial and Statistical report for September 2015 as presented, for informational purposes only.

401K RESOLUTION

Bradley Cherry presented the 401K Plan Resolution Authorizing the Amendment of the NRECA 401(k) Pension Plan Adoption Agreement 'A' 18061-001 and 18061-002 to the Board for their approval, a carryover from last month.

GO TO PAGE 3

401K PLAN RESOLUTION
(CONTINUED)

**RESOLUTION
AUTHORIZING THE AMENDMENT OF THE
NRECA 401(k) PENSION PLAN
Adoption Agreement "A"
18061-001 and 18061-002**

WHEREAS, Grayson Rural Electric Cooperative Corporation is participating in the NRECA sponsored defined contribution plan, the 401(k) Pension Plan (the "401(k) Plan"), and;

WHEREAS, The Board of Directors of Grayson Rural Electric Cooperative Corporation ("the Board") now desires to amend the 401(k) Plan pursuant to Section 18.2 of the pension plan document, and does hereby authorize the amendment effective January 1, 2016, by executing the appropriate Adoption Agreement;

BE IT RESOLVED, that the amendment to the 401(k) Plan is as follows:

Effective January 1, 2016, the Employer Base Contribution not condition on Employee Contributions shall increase from 0.4115% to 0.7800% of the Participant's Base Compensation.

BE IT FURTHER RESOLVED, that the Board does hereby authorize and direct Carol Hall Fraley, President and CEO, to execute all necessary documents and to take any and all further actions necessary to carry out the intentions of the Board as indicated in this resolution.

CERTIFICATE OF SECRETARY

I, Billy E. Martin, certify that I am Secretary of the Grayson Rural Electric Cooperative Corporation Board of Directors and that the above is a true excerpt from the minutes of a regular board meeting of the Board of Directors of Grayson Rural Electric Cooperative Corporation, held on the 30th day of November, 2015 at which a quorum was present and that the above portion of the minutes has not been modified nor rescinded.

IN WITNESS WHEREOF, I have set my hand and affixed the seal of Grayson Rural Electric Cooperative Corporation this 30th day of November, 2015.

(Seal)


(Signature of Secretary)

Motion was made by Director Rice to adopt the Resolution Authorizing The Amendment of the NRECA 401K Pension Plan Adoption Agreement "A" 18061-001 and 18061-002 as read, seconded by Director Whitt and unanimously agreed upon.

PSC – LIGHT TARIFF President Fraley said the PSC had challenged our tariff we filed on LED security lights. Bradley worked with them Tuesday and Wednesday on the calculation of numbers. The new rate is \$10.41 and we requested \$10.47. The flood lights are \$23.19.

2016 BUDGET Director Martin stated the Planning and Review Committee met on November 19th for the proposed 2016 budget. He turned over the presentation over to President Fraley.

President Fraley told the Board that, as usual, the 2016 budget was based on zero growth. We have some good projects in the works, but we are still struggling to maintain our residential numbers. EKP has indicated projections for another year with positive margins and hopefully will not have a rate increase. One variable we must watch is the resolution of the cost of the cancelled Smith project. Fuel and environmental charges continue to be volatile. Environmental has been high and fuel has been a credit. PJM continues to serve us well and the Bluegrass Generating Station will provide additional generation.

President Fraley and Staff sat down with last year’s budget and a list of needs for the coming year. Bradley applies consideration of sales and purchases. He handed out highlights of the 2016 budget. Our Operating Revenue projections were based on a 3 year weighted average and the 2016 budget was based on actual costs from October 2014 to September 2015. Revenue of \$32.2 million was up slightly. Purchased Power cost showed a slight decrease of \$10,000, giving us gross margins of \$13.2 million.

Director Martin made a motion to recommend the budget as presented, seconded by Director Dupuy and unanimously agreed upon.

MANAGER OF MARKETING AND MEMBER SERVICES President Fraley gave the Manager of Marketing and Member Services report as follows:

LIHEAP LIHEAP has paid \$63,212 as of Friday.

ANNUAL MEETING Kim included the Annual Meeting expenses in Bradley’s budget.

ANNUAL AWARDS DINNER The annual Service Awards / Christmas company dinner will be Friday, December 11th at the old Olive Hill High School.

ENERGY AUDITS Tina Preece is doing several energy audits and request for winterization. MACED and Tina are working together.

OPERATIONS REPORT Mike Martin, Assistant Manager of Operations gave the Operations Report. He reported on the following:

LOST TIME ACCIDENTS There were no lost time accidents to report this month.

SAFETY REPORT The following safety meetings were held during October:

September 09—Andrea McCleese, Technical Services Supervisor, read from the Safety Manual about “Training” and talked about what to do in an emergency situation. Nancy talked about CDL paper work. Carol Fraley

SAFETY REPORT
(CONTINUED)

handed out certificates to Steven Burton and Jamey Withrow for completion of Underground Workshop. We had the monthly safety give-a-way.

September 14—Brian Poling, Mgr. of Technical Services, turned the meeting over to Robert Brown who talked about and had a video on FR clothing, care and replacement. Carol Fraley presented Joe Sargent a certificate for completion of Haz-Mat Refresher course. Kyle reminded everyone to be careful and work safe.

September 21 —Priscilla Sparks, Executive Assistant, turned the meeting over to a nurse from Dr. Gupta's office who attended to give flu shots to all active and retired employees and their families that wanted to have the shot.

September 30—Robert Brown, Director of Purchasing and Stores, turned the meeting over to Clarence Greene from KAEC for the monthly safety meeting. His topic was open neutrals, overhead and underground systems and he reviewed a list of 2016 accidents. Robert, Nancy and Julie did a safety presentation of what they give at Camp Webb.

Mr. Clevenger continues to mention the necessity of ground chains and that a line is not dead until it is grounded.

CONSTRUCTION

Construction built one hundred two (102) new work orders for the month of October and worked zero (0) hours of overtime.

OVERTIME HOURS

The Maintenance Department worked three hundred thirty-seven (337) hours of overtime during the month of October. The Engineering Department worked zero (0) hours of overtime during the month of October.

DELINQUENT NOTICES

The Maintenance & Construction Departments collected on two hundred one (201) delinquent accounts and disconnected twenty-eight (28) accounts in November.

CONTRACT CREWS

Our three (3) Pike crews; 2 crews after October 15, 2015; have been working in the following areas:

Tony Seagraves – Stark Conversion, Elliott County and New Construction
Chris Tackett – Lewis County, Montgomery –last day was 10-15-15
Ryan Rice – Miscellaneous pole changes and Montgomery, Lewis County

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 670 trees, cut 1,104 trees, cut 39,330 feet of brush/line and sprayed 257 spans of line. The crews are working in the following areas:

1 cutting crew in Carter, Lewis and Greenup Counties
1 cutting crew in Elliott and Lawrence Counties
1 cutting crews in Rowan County
1 bucket truck crew in Carter, Lewis and Greenup Counties
1 bucket truck crew in Elliott and Lawrence Counties
1 bucket truck crew in Rowan County
1 tractor crew in Rowan County
3 spray crews in Greenup County

Smith Tree Service has one circuit crew in Carter County

ENGINEERING REPORT	The Engineering Department released one hundred thirteen (113) prints consisting of 3,360 primary line and 2,190 feet of service wire. They currently have ten (10) new services to be staked, six (6) to be drawn and twenty (20) miscellaneous jobs to be staked or drawn.
TECHNICAL SERVICES SUPERVISOR	<p>Brian Poling, Technical Services Supervisor, reported on the following:</p> <p>We hired Leidos (formerly RW Beck) to guide us in the GPS'ing project and they estimated it will take from now until around April of 2018 to complete.</p> <p>As part of our new mapping, we will change our staking software to Futura which is owned by SEDC. This will allow integration with SEDC's UPN system to streamline some current processes and to help control our warehouse inventory. It allows newly staked jobs to be imported to the mapping system, making the outage management system more accurate.</p> <p>We are working on the next phase of physical security by adding gate openers to the upper gates using our ID cards. The gates will close after entry. The gates will automatically open when exiting.</p> <p>We are changing our intrusion service to BAE Systems, a multinational defense, security and aerospace company and the world's largest defense contractor. Netgain Technologies is one of their partners and they know our network. Netgain is here today changing equipment for security.</p>
APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS	Motion was made by Director Rice, seconded by Director Martin and unanimously agreed to approve one hundred (100) new memberships and retirement of one hundred three (103) existing memberships for October 2015.
BAD DEBT WRITE-OFFS	Motion was made by Director Whitt, seconded by Director Bentley and unanimously agreed to charge off \$3,026.12 worth of bad debts and turn them over for collection.
APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY BUSINESS EXPENSES	Motion was made by Director Rice, seconded by Director Dupuy and unanimously agreed to approve the President's business expense of \$37.85, Director's business expenses of \$6,510.18 and Attorney's business expense of \$9.80. Motion carried.
PRESIDENT'S REPORT	President Fraley reported on the following:
ELLIOTTVILLE SUB-SUBSTATION READINGS	We finished reading 2,200 meters on the Elliottville Substation.
A & C WOOD PRODUCTS	A & C Wood Products will be signing a 5 year contract @ \$250 month plus a \$100 on deposit each month. The deposit will be recalculated in December 2016.
RECLAMATIONS	There are three reclamation services coming in to perform work on various streams. Two are in Elliott County and one in Greenup.

CHAD FRALEY President Fraley reported that she was off last week while Chad had his vagal nerve stimulator replaced.

LIHEAP LIHEAP has helped to cut down on collections.

LEGAL COUNSEL'S REPORT Legal Counsel Scott reported on the following:

A brief was filed on Sand Gap appeal.
He talked to Carol Ann about easement recordings on the Womack property.
Kentucky Power will have 60 days to file briefs.

KAEC DIRECTOR'S REPORT Director Whitt reported KAEC's Annual Meeting was good and he was glad to see most of our board in attendance.

The morning meeting Tony Campbell, Big Rivers and TVA discussed today issues.
Cumberland Valley Electric went in for a rate increase. They have suffered loss of a lot of load. Jackson has also had issues.

EKPC DIRECTOR'S REPORT Director Arrington gave the EKPC report as follows:

The Board continues to review the clean power plan.
CEO Campbell says we have to make choices before it is implemented.
Mr. Campbell wants to see the state file plan first.
Don Mosier said the Cooper retrofit project went well at \$15m.
The purchase of the Bluegrass is complete and approval is hoped for by the end of the year.
Mike McNalley reported that the year to date September net margins at EK was \$60.8 million which is \$23.6 million over budget. The average year to date is \$66.60 per megawatt hour with the year's final average to come in below \$66.
David Crews said building a 10 megawatt solar project on Coop property or Smith Station would be one way to meet the Clean Power Plan Rule requirements and receive a 30% federal tax incentive if completed by the end of 2016.
The CFC meeting is January 15th at the Louisville Marriott East.

THANK YOU LETTERS GRECC received thank you notes or cards from the Greenup County First Book program and the East Carter Golf Tournament.

DONATIONS President Fraley presented to the Board for their consideration the following donation requests:

West Carter Boys Basketball – Jack Fultz Classic	\$100
First Baptist Church c/o Women's Circle-meals for needy	\$125
Elliott County High School Volleyball team –MSU Satellite Corp	\$100
East Carter Baseball Field – dugout (in memory of Johnny Fankell)	\$500
Project Merry Christmas of Carter Co.	\$100
KSPPA Chapter 8 – Shop with a Cop (Elliott & Rowan Counties)	\$200

Motion was made by Director Martin, seconded by Director Whitt and unanimously agreed to approve the donations as presented.

NRECA ANNUAL MEETING	The NRECA Annual Meeting will be in New Orleans, Louisiana. Director Trent said he would be attending.
BOARD MEETING DATES	The December Board Meeting will be on Friday, December 18, 2015 and we will have our annual Christmas dinner following the adjournment of the board meeting.
ADDITIONAL BUSINESS	Director Martin stated he drove Don Mosier with EKP, and showed him some of the GRECC line system.
ADJOURN	Chairman Trent adjourned the meeting at 11:43 a.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On December 17, 2015 at 9:08 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Trent called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Rice gave the invocation.
APPROVAL OF MINUTES	Motion was made by Director Bentley, seconded by Director Rice and unanimously agreed to approve the minutes from the November Board Meeting for informational purposes only.
MANAGER OF FINANCE AND ACCOUNTING	Bradley Cherry, Manager of Finance and Accounting presented the Financial Statistical Report for October 2015. Mr. Cherry reported on the following:
FINANCIAL & STATISTICAL REPORT FOR OCTOBER	<p>Kilowatt hour sales for the month of October (10/21-11/20) were 12.72 % under budget. Purchases for the time period of 10/1-31 were 2.38% under budget. Line loss for the last twelve months was 6.42%. Year to date margins were (\$416,171) compared to the budgeted amount of (\$128,635).</p> <p>Maintenance costs were up due to our cleaning day in October and operations costs was down.</p>
T.I.E.R.	Monthly O.T.I.E.R. was 1.05 and the rolling twelve months O.T.I.E.R was 1.28.
EKPC - PJM	A discussion was held concerning the method of billing by EKPC. This included a thorough discussion of substation demand charges and its effect on cooperative wholesale power cost.
SECURITY LIGHTS	President Fraley informed the Board that we are using all new security lights. We have some spare parts for repairs of current lights, but lights will be replaced or set using the new lights. East Kentucky will pay part of the cost of the new lights.
CAPITAL CREDITS	<p>In December, we paid \$23,746.06 in deceased estate capital credits. To date, we have paid \$190,018.63 this year. We currently have 14 applications on file and incomplete.</p> <p>Director Bentley said we are advanced compared to other cooperatives, as he learned at a class he attended. The instructor touched on capital credits. He said some are negotiating on capital credits. We pay capital credits on a discounted basis. After one year, capital credits are lost if left in a deceased member's name.</p>
CREDIT UNION MEETING	At a credit union meeting, Bradley reported Credit Union is doing well. Interest on some investments and loans may be increased, in accordance with the financial markets.
RECLASSIFICATION	Mr. Cherry said the reclassification of accounts found through substation readings are approximately \$150 per re-class, creating a positive gain.

FEDERATED WORKERS
COMPENSATION

Federated has sent us our workers comp billing of \$53,768, based on the experience of .77. This is \$4,426 less than what we paid last year. We will be getting a quote on directors, IT, business coverage and a quote on Cyber insurance. We can get up to \$500,000 in cyber insurance, without additional information required. Over \$500,000 will require in depth additional information. Most smaller Cooperatives are electing the \$500,000 coverage limit.

Motion was made by Director Martin, seconded by Director Dupuy, and unanimously agreed upon to accept the Federated Workers Compensation bid, as presented.

The other coverages will be discussed at the February Board Meeting.

MIKE MCNALLEY

Mike McNalley, Vice President for Finance at East KY Power, was invited to talk to the Board about the plan for EKPC to change all their financing to RUS, and what it will do for EKPC and the Member Systems. Until now, this was not feasible for EKPC because RUS would not finance coal fired plants or repairs. EKPC went to the open market for financing and used RUS for approved projects. Last year RUS mentioned to Mr. McNalley the possibility of a low rate financing package, since it would not include any coal fired generation. They mentioned a low rate, 30 year fixed mortgage. Mr. McNalley decided to pursue this offer, to see how serious RUS really was. RUS also mentioned the possibility of including the Member Systems who have outstanding loans, in the package. However, after reviewing Grayson's outstanding debt, he does not think Grayson would benefit because most of our loans are already low.

APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR OCTOBER 2015

Motion was made by Director Rice, seconded by Director Martin and unanimously agreed to approve the Financial and Statistical report for October 2015 as presented, for informational purposes only.

OPERATIONS REPORT

Kyle Clevenger, Manager of Operations gave the Operations Report. He reported on the following:

EMPLOYEE/LOST TIME
ACCIDENT

There were no lost time accidents to report this month.

SAFETY REPORTS

The following safety meetings were held during November:

November 05 – Carol Fraley, President and CEO, commenced the meeting with a breakfast in honor of Veterans. Sue gave a report about the Honor Flight trip and Julie went over the procedures for the flight. We had the monthly safety give-a-way. Carol Ann reminded everyone to be careful while working on collections.

November 11 – Mike Martin, Assistant Mgr. of Operations, turned the meeting over to David White for the KAEC monthly safety meeting. His topic was on new OSHA rules, overview, and update. Bradley handed out a Benefits Profile to everyone for an update. Kyle reminded everyone it was foggy and to be careful.

November 16 – Andrea McCleese, Technical Services Supervisor, turned the meeting over to Kyle Clevenger, Mgr. of Operations, who reviewed two accidents; one involving Roger Kitchen and Scott Speaks, and the other

SAFETY REPORTS
(CONTINUED)

Chris Mosier. Nancy Madden read the Bloodborne Pathogens Exposure Control Plan and had everyone sign a form that they were aware of this exposure control plan. Kyle reminded everyone to be careful

November 23 – Brian Poling, Mgr. of Technical Services, was in charge of the meeting. His topic was on Credit Card Security.

November 30 – Priscilla Sparks, Executive Assistant, turned the meeting over to Ann Altieri, Aflac Insurance Representative. She discussed new contact numbers, new policies available, and changes made in old policies and stayed after the meeting to meet with individuals. Mike Martin reminded everyone to be careful.

Kyle continues to mention the necessity of ground chains and that a line is not dead until it is grounded.

CONSTRUCTION

Construction built was ninety-two (92) new work orders for the month of November and worked zero (0) hours of overtime.

OVERTIME HOURS

The Maintenance Department worked one hundred twenty-nine (129) hours of overtime during the month of November. Engineering did not work overtime hours during the month of November.

Bryan Rice is finishing up on Bruin. The Stark line is progressing and the State Route 519 highway job is getting ready to start.

DELINQUENT NOTICES

The Maintenance and Construction Departments collected on two hundred forty-four (244) delinquent accounts and disconnected fourteen (14) accounts in December.

CONTRACT CREWS

Our two (2 crews after October 15th) Pike crews have been working in the following areas:

Tony Seagraves – Stark Conversion, Elliott County and new construction
Ryan Rice – Miscellaneous pole changes, Montgomery, Lewis County and Sheep Hollow, Greenup County

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 606 trees, cut 641 trees, and cut 19,820 feet of brush/line and sprayed 192 spans of line. The crews are working in the following areas:

1 cutting crew in Carter, Lewis and Greenup Counties
1 cutting crew in Elliott and Lawrence Counties
1 cutting crews in Rowan County
1 bucket truck crew in Carter, Lewis and Greenup Counties
1 bucket truck crew in Elliott and Lawrence Counties
1 bucket truck crew in Rowan County
1 tractor crew in Rowan County
3 spray crews in Greenup County

Smith Tree Service circuit crew has been working in Carter County and now on Little Fork.

ENGINEERING REPORT The Engineering Department released thirty-four (34) prints consisting of 3,435 feet of primary line and 1,085 feet of service wire. They currently have four (4) new services to be staked, (4) to be drawn and twenty (20) miscellaneous jobs to be staked or drawn.

LICKING VALLEY
EMPLOYEE Licking Valley lost a young employee, Wes Penix, who is from Elliott County.

JOE SARGENT Joe Sargent expects to be able to return to work in mid-January.

██████████ ██████████ has qualified for long term disability November 6th, 2015. A diagnosis has never been submitted. He will see a pain management specialist to try to deaden one nerve in his back. He is working closely with the Health Coaches with N.R.E.C.A. He had been off 13 weeks on short term disability, prior to the long term status.

CONTRACTORS BREAKFAST We held a breakfast for our right of way contractors and Pike contractors on December 16, 2015.

PIKE ELECTRIC We have been informed of Pike making changes and Ed Rice is leaving them after 38 years to take a job with New River Electric. His son is going with him. President Fraley will be contacting Ronnie Gilbert to express our concerns. Mr. Rice made sure we had help during storms and the men on his crews are from this area and know our methods and territory. A lot of them are unhappy and we are afraid they may leave also. She wants Pike to know that we do not expect any decrease in service and response.

JUSTIN STANIFORD Justin Staniford has a new baby boy, Judson Staniford.

██████████ ██████████ wants to put a doublewide over by the mushroom mines at a distance of approximately 1,900 feet. We have contacted Farmers Home Administration for them to see if there is money available to install telephone water and electric lines. Their case worker is named Ruby.

MANAGER OF MARKETING
& MEMBER SERVICES Kim Bush, Manager of Marketing and Member Services reported on the following:

PREPAY ACCOUNTS Prepay accounts continue to increase and charge offs are down.

ANNUAL MEETING Kim Bush presented to the Board the buckets to consider for annual meeting. We are planning for attendance of 2,500, based on last year. Annual Meeting has been budgeted in the 2016 budget and also a possible Director's election. The annual meeting budget is \$72,500, plus election costs of \$10,000 for a total of \$82,500.

 Motion was made by Director Whitt, seconded by Director Bentley to have metal buckets and approve Annual Meeting expenses. Motion carried.

TIMELINE Kim will work with Jeffrey on the Annual Meeting time line. Annual Meeting has been set for Thursday, May 12, 2016 at Cooperative Headquarters.

APPROVAL OF NEW
MEMBERSHIPS &
RETIREMENT OF Motion was made by Director Dupuy, seconded by Director Whitt and unanimously agreed to approve seventy-eight (78) new memberships and retirement of eighty-four (84) existing

BAD DEBT WRITE-OFFS	Motion was made by Director Martin, seconded by Director Whitt and unanimously agreed to charge off \$3,911.73 worth of bad debts and turn them over for collection.
APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY BUSINESS EXPENSES	Motion was made by Director Whitt , seconded by Director Arrington and unanimously agreed to approve the President's business expense of \$115.54, Director's business expenses of \$14,986.71 and Attorney's business expense of \$-0- .
PRESIDENT'S REPORT	President Fraley reported on the following:
BOARD POLICIES 504 and 530	Changes to Board Policy 504 and Board Policy 530 were introduced. Changes to both policies were for definition and will be on the January Agenda for consideration.
SICK LEAVE DONATION - [REDACTED]	Employees donated sick leave and vacation to [REDACTED] in the amount of \$8,800.
LEGAL COUNSEL'S REPORT	Legal Counsel Scott had no report.
KAEC DIRECTOR'S REPORT	Director Whitt reported he attended KAEC's Board Meeting this past Tuesday. He asked for confidentiality on the following information: KAEC'S transformer production unit will be closing and we are negotiating purchase of transformer stock from another company. UUS sales staff will remain and will sell product for the new company. Transformers will have our logo on them. UUS will be a broker. Eighty-six union employees will be laid off Friday. KAEC feels that all employees who need jobs can be placed and they will help them write resumes and prepare for job interviews.
EKPC DIRECTOR'S REPORT	Director Arrington said that his report had been covered in other areas.
THANK YOU NOTES	Thank you notes for donations were received from Kentucky State Police Chapter 8 of Morehead for Elliott and Rowan Counties Shop With a Cop; Rowan County High School after prom activities; and Grayson Tourism and Area Chamber of Commerce Scavenger Hunt.
DONATIONS	President Fraley presented to the Board for their consideration the following donation request: Rowan County Prom - \$50 Carter County – Tri County Relief - \$100 Carter County Community Funds - \$100
EKPC MONEY DONATION	The EKP Board voted to donate \$500 to Grayson and 4 other Cooperatives because of their economic conditions. President Fraley went over what we recommended we use this money for: Bethany House - \$100 Oldtown Food Pantry - \$100 Blaine Foodbank prepay - \$100 First Baptist Church of Sandy Hook-\$200 Motion was made by Director Whitt, seconded by Director Bentley and unanimously agreed to approve the donations as presented.

EKPC EDUCATIONAL DONATIONS	Thirty thousand dollars (\$30,000) each has been given to Grayson, Licking Valley, Big Sandy, Jackson and Cumberland Valley in conjunction with local KCTC schools, to be used for scholarships or re-training for members who have been laid off and do not expect to return to their former jobs. We would keep the scholarships in the area of linemen's training or line technicians. President Fraley will check on getting this established to make the best use of the money.
EMPLOYEE DONATIONS	The Grayson R.E.C.C. employees donated to [REDACTED] family for Christmas and to [REDACTED], a Fleming Mason employee who has cancer for the second time and a child with Down Syndrome.
MEETING ATTENDANCE	Chairman Trent will be attending the NRECA Annual Meeting in New Orleans February 14-17, 2016.
NRTC VOTING DELEGATE	Chairman Trent will serve as the voting delegate to NRTC at the National Meeting.
VOTING DELEGATES NRECA NATIONAL MEETING	Chairman Trent will serve as the Voting Delegate to NRECA's Annual Meeting.
BOARD MEETING DATE	The next board meeting will be held on Friday, January 22, 2016.
ADDITIONAL BUSINESS	Directors Kenneth Arrington and Jimmy Whitt declared and submitted their intention of running for re-election to the Board of Directors.
ADJOURN	Chairman Trent adjourned the meeting at 12:58 p.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel