

On January 22, 2016 at 9:05 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office and by conference call, in Grayson, Kentucky, called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Trent, Directors Arrington and Dupuy attended via telephone. The Waiver of Notice was signed by those Directors present, Eddie Martin, Jimmy Whitt and Jim Bentley. Director William T. Rice was absent. Others present included: Carol Hall Fraley, President and CEO; Legal Counsel Brandon Music and Whitley Hill, guest; and Priscilla Sparks, Executive Assistant.

INVOCATION

Director Dupuy gave the invocation.

WAVIER

Motion was made by Director Dupuy to approve participation in the January Board Meeting by phone conference and have the Waiver signed at the February Board Meeting. Motion was seconded by Director Bentley and unanimously agreed upon.

APPROVAL OF MINUTES

Motion was made by Director Whitt, seconded by Director Martin and unanimously agreed to approve the minutes from the December Board Meeting for informational purposes only.

ASSISTANT MANAGER OF
TECHINCAL SERVICES

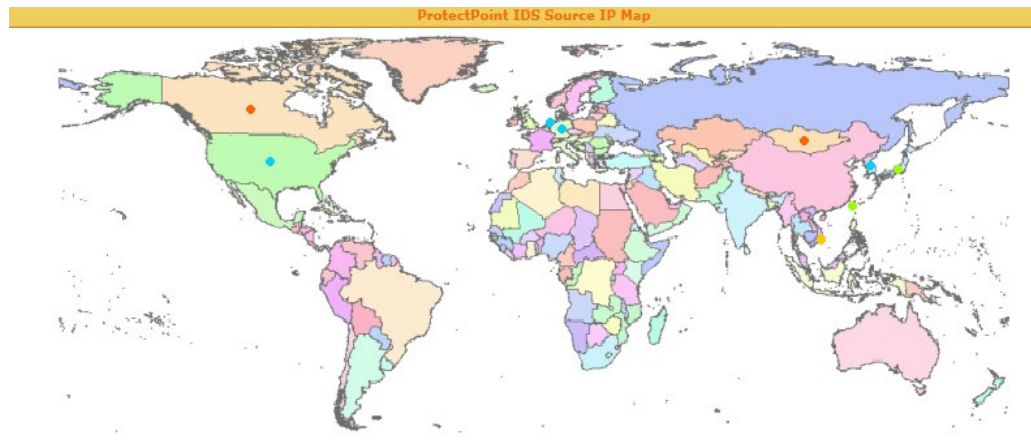
Andrea McCleese, Assistant Manager of Technical Services reported on the following:

LEIDOS ENGINEER

Dave Herron, Leidos Engineer, reviewed the mapping timeline with Brian Poling, Robert Brown and Andrea by conference call and is scheduled for a more in-depth discussion about the process on February 4th. He recommends beginning the project very soon.

CYBER THREATS

Many notifications of potential international threats to our network have been received by the new monitoring system. These attempts have been blocked.



IT DEPARTMENT

Additional cyber storage space is being created by the IT Department which will allow for additional servers and for the new mapping program. This will also allow for Ipads or Tablets to be utilized by the Maintenance men for a number of projects, including collections.

CREDIT CARDS
Becoming PCI Compliant with the credit card transaction changes resulted in decreased calls to Member Service Department, and an increase in credit card payments. The member service calls between July and December 2015 have decreased by 34%. The credit card payments for the same time period increased by 10%.

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

FINANCIAL & STATISTICAL REPORT FOR NOVEMBER
Kilowatt hour sales for the month of November (11/01-12/30) were 17.47% under budget. Purchases for the time period of 11/1-11/30 were 16.89% under budget. Line loss for the last twelve months was 6.35%. Year to date margins were (\$279,407) compared to the projected budgeted amount of \$280,620.

Overall, November was not a good month with sales two percent under budget, purchases one-half percent under budget and compared to last year our sales were 2.15 percent less than what they were. Hopefully, with the current cold weather, we can make up some of that up and get back on the positive side of the margins.

O.T.I.E.R.
The monthly O.T.I.E.R. for this month was 2.85 with the rolling O.T.I.E.R. at 1.16.

FEMA MONEY
Bradley talked to FEMA and a check was requisitioned December 10, 2015 for \$227,738 and it usually takes eight to ten weeks. This money will be a 2015 receivable, as Alan Zumstein booked it as a receivable in the May 2014 audit, which will help our T.I.E.R. and margins for 2015. It would bring up our December budget to around \$360,000 as far as margins go for the year.

Bradley reported we still have \$300,000 coming from FEMA for the July storm.

We increased the 2016 budget from \$400,000 to \$500,000 for a storm cushion.

FORM 7
November 2015 Form 7 showed electric revenue was \$525,270 less and purchased power as \$200,260 less.

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

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

ELLIOTTVILLE METER READING SURVEY
Results from the Elliottville Meter Reading Survey were as follows:

rate/class changes 13, retirements 169, night lights 476, letters/ door hangers 225, engineering service orders 20, miscellaneous service orders 87, metering service orders 16 and right of way service orders 4.

LIHEAP
The 2014/2015 LIHEAP payments were \$77,027 compared to this years payments of \$133,025.65. We receive seven (7) Winter Harship Reconnects and nine (9) 30-day extensions through LIHEAP.

PREPAY We have 478 active prepay accounts with 6 inactive accounts. The average balance on accounts is \$47.33 credit. The average kWh usage is 49 a day and the average payment is \$43.14. Total number of payments in 30 days is 2,343 and total payments \$101,086.61

DEBT MANAGEMENT We have 48 active accounts with debt management with arrearage. Total amount in Debt Management=\$8,697.49
10% of active PrePay accounts have Debt Management
Under \$100=14 \$100-\$199=15 \$200-\$299=13
\$300-\$399=3 \$400-\$499=2 over \$500=1

ENERGY EFFICIENCY Tina Preece did eleven audits for the month:
HowSmart KY—2; Duct Seal—2; Heat Pump—5; and Button Up—2.

ANNOUNCEMENTS Annual Meeting is scheduled for Thursday, May 12th at GRECC office. Legal Counsel Scott and Kim are working on the annual meeting time line. The buckets for annual meeting will cost \$6 as opposed to \$12.

Director Bentley asked if rebates are still on and they are.

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 2015:

December 11—Robert Brown, Director of Purchasing and Stores, turned the meeting over to David White, KAEC Safety, for the monthly safety meeting. He discussed a Federated incident review from C. Parr and a KAEC safety survey review. He had an incident review involving an Inter County line contact. He also had a Safety Manual reference 507.1 C & D (1 man vs 2 men situations) and had a year – end tribute called “Highline Cowboy”. Carol Fraley talked about workers comp insurance being lower this year.

December 14—Sherry Buckler, Mgr. of Accounting & Human Resources, turned the meeting over to Carol Fraley, President and CEO, addressing consumers bringing guns and weapons in the office. She also discussed the Christmas party. Chris Mosier suggested changing the V watches battery every 6 months.

December 21—Kim Bush, Mgr. of Marketing & Member Services, turned the meeting over to Carol Fraley, President and CEO, who discussed distractions and priorities. She reminded everyone to take care of themselves and to take care of each other.

December 28—Bradley Cherry, Mgr. of Finance & Accounting, talked about insurance, when to pay bills, and how the deductible works. Kyle reminded everyone how wet it is and to be careful.

CONSTRUCTION Construction built eighty-two (82) new work orders for the month of December and worked zero (0) hour of overtime.

LARRY CARRINGTON

Larry Carrington has bought out Electric Services, LTD from John McKinney. The company will now be known as Electric Services of Kentucky, LTD. He sent an engagement letter and plans are to sign and mail in a couple of days.

COLUMBIA GAS

Columbia Gas was scheduled to come in yesterday to sign up for electric, but they didn't. We asked for a \$100,000 deposit. This was based on the closest load we had of that size, which was Tennessee Gas, at 750 KVA. When we receive a correct loading sheet from Columbia, we can re-calculate their load. After one year of actual history, we can recalculate their deposit.

We have asked for \$50,000 in Aid to Construction, due to a lot of upfront work, including an interstate crossing survey and outside engineering,

They will have a pumping station and an office staffing five employees at all times. They want to place poles and guywires outside their fence. She suggested that they move their fence back twenty to twenty-five feet so poles and wire would be on their property. It was also suggested that they go underground with this project. She has held off signing an engagement letter with Jim Bridges on this project until Columbia Gas applies for service and pays a deposit.

Director Dupuy questioned why they want the poles outside their fence. President Fraley said it was because they don't want anyone inside, so we can set poles outside and there is not a problem with that.

SMART METER NEWSPAPER

Director Martin emailed President Fraley a copy of a clipping out of the Fleming Shopper in regards to AMR type meters. Fleming Mason has two consumers who tried to refuse the AMI metering. Fleming County Gazette interviewed Fleming Mason in regard to this.

Whitley Hill reported on two statues referenced in the Fleming Shopper ad, one regarding hazardous waste and the other concerning collection of private information through smart meters. Neither of the referenced statutes have anything to do with the AMR meters.

Brian Poling said if we changed a consumer back to the old type meter, we would have to read the meter every month. We can't see the PSC allowing this.

MOUNTAIN MATERIAL

We are having an issue with Mountain Material on getting their loading sheet. President Fraley asked for a \$36,000 security deposit, based on credit history, in cash or by letter of credit.

██████████ /
SECURITY ISSUES

We had issues with ██████████ in Rowan County. Legal Counsel Scott mailed a letter to him, and a warrant has been issued on him for terroristic threatening. He sent Jeffrey an email this morning stating our billing people has the personality of a 'wounded tiger'. We have photos of him. A retired state trooper came in and looked at everything and did some safety demonstrations for us. We are going to put cameras on the front door so the Billing Representatives can see who is coming in. There will be no more than one consumer per station at any one time and we are putting up audio and video signs stating "this area under surveillance". If anyone comes to their desk and threatens them, they have been directed to use the silent alarm buttons and call the law. We are working with Silent Gard on more security.

██████████ /
SECURITY ISSUES
(CONTINUED)

There are locks on the gates and you cannot enter unless you have key swipe to get in. There are more security cameras in the front area of the building. President Fraley has talked to the Ashland and Morehead State Police and Carter County Sheriff. She has plans to talk to the Grayson Chief of Police.

WORKERS COMPENSATION

Last year when we got our worker's compensation bill, it was a lot less than it was in 2014 and the Board voted on February 16, 2015 to give a fifty dollar incentive to each employees. Due to Don Combs leaving, storm, and family sickness, this did not get paid, so we owe the employees \$50 from last year. This year the Workers Comp premium went down again. However the difference would have been so low she recommended no incentive payment.

LOSS TIME ACCIDENT

We had no lost time accidents in 2015, so employees are entitled to a day's pay, per board policy. President Fraley suggested paying for the safety day along with the \$50 from last year around the first of March.

W A KENDALL /
SMITH TREE COMPANY

President Fraley stated that W A Kendall proposed to her and Mike Martin a two (2%) increase on 'labor only' to go directly to their employees. This would amount to approximately \$343 a week and \$17,000 annually. This would also go to the Smith Tree Service employees, effective February 1, 2016.

A motion to give the right of way crews a 2% increase for 'labor only' for both W. A .Kendall and Smith Tree Service crews, effective February 1, 2016 was made by Director Martin, seconded by Director Dupuy and unanimously agreed upon.

SCHOLARSHIP MONEY

We are working on the scholarship money provided by EKPC for KCTCS. The money made from the sale of lineman's license plates is \$8,024.89 this year. Somerset, Florence and Ashland KCTCS schools will receive \$2,674.96.

██████████

President Fraley reported that ██████████ applied for electric to residence, about 2,900 feet, near the mushroom mine on the West end of the county. He has not been able to get the money to have the lines built. He was referred to the Farmers Home Administration at Morehead, but they do not have any more money for this type of assistance. President Fraley will notify him with a letter telling him there is no money available and if he would like to pay it we would build it. Legal Counsel Scott did advise at the December Board Meeting of ██████████ reputation / temperament.

CFC'S VOTING DELEGATES
FOR 2016 ANNUAL MEETING

Director Trent will serve as the voting delegate to CFC's National Meeting in February.

SAFETY IMPROVEMNET
PLAN

The Safety Improvement Plan was tabled until the February Board Meeting.

ACRE CERTIFICATE

GRECC received a Certificate from ACRE for 100% Management enrollment.

NRECA DIRECTOR GOLD

Jimmy Whitt was awarded a NRECA Director Certificate of Gold Credential.

LEGAL COUNSEL'S REPORT

Legal Counsel Brandon Music stood in for Legal Counsel Scott and reported on the following handout:

LEGAL COUNSEL'S REPORT
(CONTINUED)

- Bylaw and time line of annual meeting.
- Letter from Ina Fletcher, daughter of deceased co-op member, Ramey Fletcher.
- Reviewed emails from Park Priest in regards to Carter Caves State Park request for electric.
- Reviewed December minutes and phone conference with Carol Ann and Priscilla.
- Reviewed email regarding Julie Lewis and voice message from [REDACTED]. Legal Counsel Scott advised them to go to the County Attorney to get a criminal complaint filed and he understands that has been issued.
- Reviewed Blake Gilley letter regarding Mountain Enterprises' Asphalt Plant. A request was made for a \$27,000 deposit from Mt. Enterprise Asphalt.
- Reviewed consumer violation letters from President Fraley.
- Mailed letter to [REDACTED] advising of possible membership termination.
- Received KY Power's Brief on the Sand Gap Estates issue that was filed. After we get their brief and now stands to move to the Court of Appeals. He thinks it is doubtful that the court would overturn Franklin Circuit Court decision.

KAEC DIRECTOR'S
REPORT

Director reported there was no KAEC Board Meeting this month.
He reminded the Board of the Legislative Reception on February 2, 2016 at the Holiday Inn Capital Plaza (Caucus Room) in Frankfort.

EKPC DIRECTOR'S REPORT

Director Arrington reported there was not a meeting this month and that he attended a mandatory CFC workshop. He had the CFC Form 7 and the Asset and Liability Report if anyone would like to see it.

HERALD LEADER ARTICLE

The Herald Leader ran a letter to the editor from Larry Shelt of Morehead who wrote an article about rates. The letter was about using Kentucky mined coal.

President Fraley just received an update from Licking Valley, Fleming Mason, Jackson and Big Sandy. There are no outages, all expect a foot of snow and Big Sandy has some ice.

THANK YOU NOTES

GRECC received thank you notes from S.U.R.E, Lewis County Educational Foundation, Foundation for the Tri-State's Carter County Community Fund, and the Lawrence County, Kentucky, Genealogical and Historical Society.

DONATIONS

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

Greenup Cheerleaders – Nationals Competition	\$100
Rudy Fest – sponsorship and ad	\$275
East Carter High School Archery – sponsorship	\$100

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

BOARD POLICIES
504 AND 530

Consideration or approval of Board Polices 504 and 530 are tabled until the February Board Meeting.

MEETING ATTENDANCE

Robert Brown and Scott Speaks attended an engineering training in Illinois this week.

NO CONFLICT OF INTEREST STATEMENT	The No Conflict of Interest Statement was tabled and will be handed out to each Director at the February 2016 Board Meeting.
BOARD MEETING DATE	The next board meeting will be held on Friday, February 26, 2016.
ADDITIONAL BUSINESS	Other business discussed was:
PRESIDENT AND CEO APPRAISAL	Chairman Trent said he talked to Legal Counsel Scott in regards to President Fraley's appraisal, which is due. An evaluation on the President and CEO will be mailed to each Director prior to the next board meeting. These appraisals are to be returned to Legal Counsel Scott before the February Board Meeting. President Fraley will mail her year-end report and goals to the Directors prior to the February Board Meeting.
DIRECTORS CONFERENCE	There will be a Directors Conference held in Austin TX on April 2 and 3 rd .
KY LIVING	The Kentucky Living magazine had a Best in Kentucky contest and a GRECC member's daughter won the contest. Whitney Pennington won an iPad and will be presented with the iPad at a GRECC Board Meeting.
CLIFFORD 'KIPPY' JAMES	Clifford 'Kippy' James went on short term disability August 2015 and long term in November 2015. Board policy states he can be replaced in ninety (90) days. The union has replaced his officer position and understands his position will most likely be posted. When and if he is able to come back to work and capable of doing the job available at that time he would be able to fill such position. Kippy's position will be posted.
ROBERT BROWN / CAITLIN HUTCHINSON	Robert Brown will be moving into the mapping position soon. Caitlin Hutchinson will be assisting with purchasing and paying bills in addition to posting cash.
PEGGY SKAGGS	Peggy Skaggs will go to IT, as a lot of her billing work ties in with IT now.
NANCY MADDEN	Nancy Madden will absorb Jeanie Virgin's work when Jeanie retires and Jeanie's position will be eliminated.
ADJOURN	Chairman Trent adjourned the meeting at 10:38 a.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On February 26, 2016 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 Dupuy, seconded by Director Rice and unanimously agreed to approve the minutes from the January 2016 Board Meeting.
MANAGER OF TECHNICAL SERVICES	<p>Brian Poling, Manager of Technical Services gave his report as follows:</p> <p>Robert Brown has officially moved into the Geographical Information Systems (GIS) Technician's position. They visited with Bluegrass Energy to review their GIS program for ideas and tips as well as a free map app, which Robert has been training with. They also attended a GIS oriented training. Robert and Scott Speaks attended 2 one week staking schools in Illinois for line design and staking. The staking aspect would help Robert understand how to apply the engineers work to the maps.</p>
FUTURA CONTRACT	A contract was signed with Futura for our GIS and staking products. Robert and Brian are working on the request for a proposal document. The timeline to get it mailed is the first of April.
SCOTT MCGUIRE	Scott McGuire was introduced to the Board. He was hired for metering. He lives in Grayson and was laid off from Armco. He has a bachelor's degree from the University of Kentucky and worked 10 years at Armco after working for QX.net (an internet provider in the Lexington area).
GIS AND IPADS	<p>We are installing hardware that will allow service orders to be distributed to the maintenance personnel via iPads. The process will be more timely and accurate and will change the way we deal with delinquent accounts. Plans are to have it up and running in April. The use of iPads is a future benefit of the GIS project. Our objective is to provide an up-to-date copy of the maps to the field personnel.</p> <p>Brian showed a sample of Bluegrass's mapping. Director Whitt asked what the life of a transformer was. President Fraley said 30 years is average, but some transformers are functional for up to 50 years. Director Whitt asked if transformers are ever changed out based on load. Often a transformer will be changed out when a service is up rated or a trailer or another home goes in at that location. We rarely have an overload. Watson Church wanted bigger transformers so that they could turn everything on at the same time. President Fraley said they have 3 transformers and could be classified as small commercial, because of their demand. Commercial is 50 kVA or more and the rates are higher due to demand charge. Watson Church has been warned of this.</p>
MANAGER OF FINANCE AND ACCOUNTING REPORT	Bradley Cherry, Manager of Finance and Accounting presented the Financial and Statistical Report for December 2015. Mr. Cherry reported on the following:

FINANCIAL & STATISTICAL REPORT FOR DECEMBER Kilowatt hour sales for the month of December (12/01-12/31) were 8.20% under budget. Purchases for the time period of (12/1-12/31) were 16.63% under budget. Line loss for the last twelve months was 5.76%. Year to date margins were \$1,013,267 compared to the budgeted amount of \$591,443.

FORM 7 Form 7 shows sales were \$119,603 less and purchased power \$427,715 less. Maintenance expenses were \$380,639 less due to money allocated from FEMA.

FEMA FEMA monies of \$336,000 were allocated for the storms and \$53,000 was extra for the March storm, which was booked into 2015. \$281,000 for the July storm was booked in December, as Alan Zumstein recommended. With the reimbursements, our margins were over one million dollars.

CHARGE OFFS - MEMBER SERVICES The charge off total for the year 2015 was \$105,000 plus compared to \$179,000 for the year ending 2014. The difference of \$74,765 was based on accrual write-offs.

T.I.E.R The monthly O.T.I.E.R is 15.85 and the rolling twelve month O.T.I.E.R was 2.12. The FEMA reimbursement increased our margins. T.I.E.R would have been 1.52 if we had not received the FEMA reimbursement.

EKPC DONATIONS President Fraley said EKPC gave Grayson, Jackson, Big Sandy, Cumberland and Licking Valley \$150,000 for scholarships to KCTCS in their area. These Cooperatives also received \$5,000 to be distributed to Christmas charities in their service territories.

CAPITAL CREDITS We issued fourteen capital credits checks totaling \$12,792.32. We have seventeen outstanding capital credit applications, three received and fourteen incomplete.

2016 FINANCIAL BUDGET Bradley handed out the 2016 Financial Budget showing updates to match what we did this year, including the \$500,000 storm budget. We made T.I.E.R. of 1.90, with 2.31 budgeted for 2015. If there was not a storm T.I.E.R. would have been 1.70. President Fraley pointed out hardly anyone in the state would be meeting T.I.E.R.

CUMBERLAND VALLEY President Fraley reviewed with the Board some of the details of the Cumberland Valley Rate Case. Cumberland Valley asked for \$15 in service charges and the PSC only allowed them \$8.50. The Commission was not happy with wage increases, which included a retired employee's wages. They believe it is an inherent problem for the CEO to negotiate pay raises with the union, and then along with the board of directors direct the same increase for employees and the President and CEO. Cumberland Valley compared wages statewide and the PSC complained because the wages were not compared to area wages.

Before September President Fraley will have someone to give us similar wage projections on business, construction, clerical and staff comparisons. That will be on file and the board could take that into consideration.

FEDERATED BUSINESS
INSURANCE

We received a premium back from Federated Insurance for next year which will start in April. Our premium will decrease \$540, our all-risk blanket went down \$600, our umbrella is up \$6, and the directors and other stayed the same. Last year it was \$99,071 and the cost this year is \$98,531, as proposed.

Motion was made to accept the Federated Insurance for business in the amount of \$98,531 by Director Dupuy, seconded by Director Whitt and unanimously agreed upon.

CYBER INSURANCE

The cyber insurance policy with Federated Insurance will give us \$500,000 coverage and is the most that we can do without Federated coming in and doing additional testing. The premium is \$3,060.

A motion was made to accept the cyber insurance policy as presented in the amount of \$3,060 by Director Rice, second Director Dupuy and unanimously agreed upon.

CFC MEETING

The 2016 CFC Forum is June 5-8 in Seattle, Washington.

INTERSHIP CLASSES

Bradley will be attending the first internship class in September or October.

RUS WORK ORDERS

RUS work orders for the months July, August and September 2015 were presented to the board of directors for approval:

July 2015	Work Order No. 1224	\$141,121.57
	Work Order No. 1225	\$ 4,438.66
August 2015	Work Order No. 1226	\$270,532.60
	Work Order No. 1227	\$ 8,838.32
September 2015	Work Order No. 1228	\$224,978.50
	Work Order No. 1229	\$ 8,191.06
	Total	\$657,920.71

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

APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR DECEMBER 2015

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

MANAGER OF MARKETING
& MEMBER SERVICES

Manager of Marketing & Member Services Report – Kim Bush presented her report as follows:

LIHEAP

Total LIHEAP received for 2015-2016 was \$208,747.20 compared to the total of \$226,370.99 in 2014-2015. Only Crisis money is available. If on Prepay, members receive \$200 and Debt Management can be taken out of it.

PRE-PAY

Pre-Pay currently has 486 active accounts and 5 inactive accounts. The average balance on Pre-Pay accounts is \$58.74 credit and average kWh usage is 49 daily. The total number of payments in 30 days is 2,031.

DEBT MANAGEMENT	Debt Management has 30 active accounts totaling \$5,551.14 with 8% of active PrePay having Debt Management.
WRITE-OFF'S	Write-off for February 2016 was \$2,843.04 compared to \$3,238.23 in February 2015.
ENERGY EFFICIENCY	Tina Preece stays busy with energy audits and high bill complaints. She had 3 energy audits; 6 heat pumps; 4 button up; 3 HVAC duct seal; 2 button up's. Energy Star rebates total since May 2015 is \$13,850. The Energy Star appliances were: 23 energy star heap pumps, 3 air conditioners; 38 washers; 34 dishwashers; 8 freezers; 1 water heater; 1 manufactured home and 1 refrigerator. Consumers can file their own rebates online. There were 22 refrigerators recycled.
HOUSE\$MART	The House\$mart program is currently suspended. Grant funding money covering part of the out-of-pocket costs was depleted last year. MACED and EKPC are still working on how to cover cost without passing on to the members in need of this program.
CARES	A new tariff, CARES, was filed through EKPC. This program will help to offer funding to Low Income Homes that utilize the weatherization program through Northeast, Gateway and Licking Valley CAPs. Most homes would qualify for money toward a new high efficiency heat pump.
ANNOUNCEMENTS	<p>The Frankfort Youth Tours for high school juniors is in April. They will be eligible for Washington Youth Tour. Anyone who knows a junior that would like to attend should contact Julie Lewis.</p> <p>The Board will have lunch with our Scholarship winners in March.</p> <p>Constant Contact is an email service we use to advertise and communicate with our members via email. Currently we have over 2,500 members emailing EKPC to Julie. The cost is \$35 a month and EKPC cost shares with us.</p> <p>The Annual Meeting is Thursday, May 12th. The buckets have been ordered.</p>
WHITNEY PENNINGTON	Whitney Pennington, Sandy Hook resident and MSU Freshman, completed an online survey about places she likes in Kentucky for Kentucky Living Magazine. Her name was drawn and she won an iPad for the contest. Chairman Trent and President Fraley presented her with the iPad. She is the daughter of Charles Ray and Angie Pennington.
SCHOLARSHIPS	We had 41 scholarship applications and 4 not completed. Most scholarships were from Rowan County this year. Surrounding areas of Paintsville, Russell, Boyd County, home school and non-traditional applied for a scholarship. There was 330 points possible. The top ten scored 300 and above and the top one scored 310 with the lowest score being in the upper 200s. Smart applicants.
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 January 2016:

January 04 —Kyle Clevenger, Manager of Operations, reviewed a safety investigation on Chris Mosier and read from the Safety Manual, General Rules...108 Warnings, 109 Intoxicating Beverages and Drugs, and 110 Housekeeping. He reminded everyone to change out their rubber gloves. Everyone was also reminded to change out the batteries in their volt meters and watches next week at safety meeting.

January 07 —Carol Fraley, President and CEO, turned the meeting over to Clarence Greene for the KAEC monthly safety meeting. His topic was Speak Up/Listen Up. He showed videos and discussed how important it is to speak up when you see a possible safety threat and also important to listen when someone does speak up.

January 19 —Mike Martin, Assistant Mgr. of Operations, turned the meeting over to Jeff Stevens, a retired State Policeman. His topic was on pop up shooters and went over examples and tips on what to do when confronted with dangerous situations. The first was to get somewhere safe and then call 911. Nancy handed out information on the online safety courses required for 2016. The monthly safety give-a-way was handed out. Kyle reminded everyone to change out their sleeves and batteries.

January 25 —Andrea McCleese, Technical Services Supervisor, read from the Safety Manual, 113-Wireless Electronic Devices, 115-Training, 115.1 – 115.4. Carol Fraley went over notes from a meter reading survey and also talked about a new mapping system that will begin soon. Robert had handouts of a revised version of the NESC Table. Kyle and Carol Ann explained situations where a member would need to be inspected again.

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 one hundred fourteen (114) new work orders for the month of January and worked zero (0) hours of overtime.

OVERTIME HOURS

The Maintenance Department worked two hundred seventeen (217) hours of overtime during the month of January 2016. Engineering worked seven (7) hours of overtime.

DELINQUENT NOTICES

The Maintenance & Construction Departments collected on fifty-five (55) delinquent accounts and disconnected eight (8) accounts in February 2016.

CONTRACT CREWS

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

Tony Seagraves – Stark Conversion, Elliott County and New Construction
Chris Tackett – Bruin, Elliott County
Kevin Hamm – State Route 519 (State Job), Rowan 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 1,407 trees, and cut 45,690 feet of brush/line. The crews are working in the following areas:

RIGHT-OF-WAY CREWS
(CONTINUED)

- 2 cutting crew in Carter, Lewis and Greenup Counties
- 1 cutting crew in Elliott and Lawrence Counties
- 3 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

Smith Tree Service has one circuit crew in Carter County and is working on State Route 504 now.

ENGINEERING REPORT

The Engineering Department released one hundred sixty-eight (168) prints consisting of 1,125 feet of primary line and 2,080 feet of service wire. They currently have one (1) new service to be staked and one (1) to be drawn. They have approximately twelve (12) miscellaneous jobs to be staked or drawn.

SAFETY IMPROVEMENT

President Fraley read her 2016 Safety Improvement goals, as listed below:

SAFETY IMPROVEMENT PLAN 2016

1. FRONT LINE SUPERVISOR ENGAGEMENT

We consider employees who initially meet our members to be our “front line.” This includes our Customer Service Representatives, Cashier/CSR, Crew Foremen, and Engineers.

- A. We want to make sure that all Cooperative employees have a good working knowledge of policies and procedures and can explain them to our members when necessary. If an employee does not have the answer, he/or she should be prepared to direct the member to the correct employee for additional information.
- B. Update the current Administrative Guidelines to reflect and explain the methods/protocol that we use in different situations such as line extensions, required inspections, and line retirements and make sure they are fair and consistent.
- C. Involve the Board of Directors and make sure they understand that the participation of the Board and all employees is essential to the success of our safety program.

2. CREW VISITS

- A. We want to involve all Staff in unannounced crew visits and we want to document those visits and what was found.
- B. We want to make sure that all employees know that unannounced crew visits are constructive in nature and not to “catch” employees doing anything wrong. All Staff should be trained to conduct a crew visit and to be able to make it a learning experience, even if corrective action was necessary.
- C. The Secretary to the Operations Supervisor will keep a record of all crew visits.

3. JOB BRIEFINGS

- A. Job briefings are necessary to the success of the job. Tailgate conferences shall be held before the commencement of any job and shall be documented on any job order.

SAFETY IMPROVEMENT
(CONTINUED)

- B. Any individual working alone shall take time before starting a job, to consider the safety issues and difficulties that could occur. The individual shall also consider whether additional help is needed before he starts the job. If an individual employee has any doubt about his or her ability to handle a job by himself, he shall immediately call a supervisor to discuss the situation and additional help shall be sent as needed.

These will be presented to all employees

BUCKET TRUCK

We received the new bucket truck and have it in service this week.

JUSTIN STANIFORD

Justin Staniford has been promoted to 2nd year apprentice lineman.

COLUMBIA GAS

We had a meeting with Mike Spencer of Columbia Gas and Steven Burgess on Monday, February 29th along with President Fraley, Jim Bridges, Brian Poling, Kyle Clevenger, Mike Martin, Scott Speaks and Joe Sargent.

Columbia Gas mailed a \$50,000 aid to construction check, so we will be charging time.

APPROVAL OF NEW
MEMBERSHIPS &
RETIREMENT OF
EXISTING MEMBERSHIPS

Motion was made by Director Dupuy, seconded by Director Martin and unanimously agreed to approve fifty-eight (58) new memberships and retirement of ninety-five (95) existing memberships for January 2016.

BAD DEBT WRITE-OFFS

Motion was made by Director Martin, seconded by Director Bentley and unanimously agreed to charge off \$ 1,752.56 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 \$255.01, Director's business expenses of \$15,479.88 and Attorney's business expense of \$528.93.

PRESIDENT'S REPORT

President Fraley reported on the following:

ELLIOTTVILLE SUBSTATION

We read 2,200 meters on the Elliottville Substation and had 169 retirements. Thirteen accounts have been reclassified and several bird houses, night lights and satellites removed. We have read 7,414 meters total.

MAZIE SUBSTATION

We plan on reading the Mazie Substation next and the Sandy Hook Prison.

JIM JACOBUS

Jim Jacobus has asked to come up and observe the annual meeting. They think is one of the expenses the Commission is targeting, so they want to look at our model. A date will be set up with them on Monday.

SECURITY

We have taken an in depth look at improving our security. People who come into the building can be seen at the screening points in billing, engineering and at the front counter. All gates are kept locked. We have had a retired police officer to come in and talk about safety; instructed the Customer Service Representatives to use the button under their desk for any threats; talked to the police and sheriff who are driving by more often; and placed signs at all desks stating video in use.

██████████ We have not heard of a court date on ██████████. He has been charged \$400 for overtime to his home.

GENESIS

Genesis Rehabilitation Center is being built beside Kmart.

EKPC SCHOLARSHIP

President Fraley talked to ACTC, as requested by the Board last month. She read the proposed form. It would be used for students attending ACTC and would be selected by the scholarship committee. The scholarship would be given to students living on GRECC lines in Carter, Elliott, Lawrence, Lewis, Greenup and Rowan Counties and the student must have a 2.5 grade point average. The student must pay part of the tuition necessary for the student to attend, and must abide by all rules necessary to go to college. This is for the lineman program.

Motion was made to table the ACTC scholarship proposal until the March Board Meeting by Director Dupuy, seconded by Director Rice and unanimously agreed upon.

YEAR END - REPORT

President Fraley read her 2015 Year - End Report to the Board as follows:

2015 Year – End Report

1. COMPLETED A 10 YEAR FINANCIAL FORECAST 2014-2023
2. COMPLETED A BUDGET FOR 2015
3. COMPLETED A NEW FEBRUARY LOAN APPLICATION IN THE AMOUNT OF \$20,000,000 (\$1,325,000 WORK PLAN AND \$675,000 MAPPING)
4. STOPPED TAKING PAYMENTS AT LOCAL BANKS
5. COMPLETED ROUTE 7, MALONETON AND PICKED UP SAWMILL
6. COMPLETED MONTGOMERY
7. THREE PHASED BRUIN AND RT 409
8. HIRED JUSTIN STANIFORD
9. IT UPGRADES, NEW STORAGE, WEB AND CONFERENCE CALL CAPABILITIES
10. KY FIBER OPTIC PROJECT, COMPLETED CONTRACT AND PRELIMINARY ATTACHMENT WORK
11. SETTLED EKPC LAWSUIT
12. STOPPED TAKING CREDIT CARD PAYMENTS IN HOUSE
13. HELD THE FIRST LINEMAN'S APPRECIATION DAY IN APRIL 2015
14. CHANGED TO HUMANA HEALTH CARE COVERAGE FOR RETIRED EMPLOYEES
15. HELD A VERY SUCCESSFUL ANNUAL MEETING WITH OVER 1,300 REGISTERED MEMBERS
16. SUCCESSFULLY NEGOTIATED WITH FEMA FOR STORM DAMAGE REIMBURSEMENT
17. STAYED CURRENT WITH DECEASED ESTATES CAPITAL CREDITS
18. AMENDED THE 401K PENSION PLAN
19. NO RATE INCREASE
20. MADE T.I.E.R.
21. CHANGED TO LED SECURITY LIGHTS
22. IMPLEMENTED A PROGRAM TO RECONCILE METERS READING ZERO
23. IMPLEMENTED A PROGRAM TO SYSTEMATICALLY REMOVE IDLE METERS AND REINTRODUCE TO INVENTORY OR SCRAP
24. NO LOST TIME ACCIDENTS, LOWEST WORKERS COMP PREMIUM AMONG THE COOPS IN THE STATE
25. IMPLEMENTED A PROGRAM TO SYSTEMATICALLY REMOVE PRE-PAY METERS AND REINTRODUCE TO INVENTORY
26. READ ELLIOTTVILLE (2200 METERS) AND AIRPORT ROAD (859 METERS) SUBSTATIONS

- YEAR-END REPORT (CONTINUED)
27. PROMOTED BRADLEY CHERRY TO MANAGER OF FINANCE AND ACCOUNTING
 28. PROMOTED ROBERT BROWN TO DIRECTOR OF PURCHASING AND STORES
 29. PROMOTED CATIE HUTCHINSON TO DIVISION SECRETARY, FINANCE AND ACCOUNTING
 30. PROMOTED SHERRY BUCKLER TO MANAGER OF ACCOUNTING AND HUMAN RESOURCES
 31. STARTED THE 65TH GRECC CELEBRATION

PEGGY SKAGGS Peggy Skaggs was promoted to Division Assistant Technical Services.

RODNEY HITCH Rodney Hitch was here last week. He was shown Mountain Enterprise Asphalt Plant, Columbia Gas, Genesis Rehabilitation and the site for the new John Clark truck plaza.

VALLEY VIEW SUBDIVISION EKPC has mapped our territory on the official PSC maps. There are 17 consumers on these maps clearly in our territory in the Valley View Subdivision.

CRC We received a \$500 check from CRC for 2015 fiscal year dividends.

CFC We received the official voting delegate form.

BILL DELONG Bill DeLong is off work due to shoulder surgery.

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

CARTER CAVES STATE PARK A letter was received from Park Priest. He has talked to the attorney for the [REDACTED] family and he didn't think they would pursue this action. He said we should proceed with hooking up the bath house at the camp ground.

CUMBERLAND VALLEY Legal Counsel suggested that our minutes should reflect the names of voting delegates and state in the minutes the general session they will attend along with the meeting. President Fraley said we will continue to do so, being even more specific.

EXECUTIVE SESSION President Fraley and Priscilla Sparks, Executive Assistant, were excused from the board room at 12:00 p.m. for the Board to go into Executive Session for the consideration of President and CEO's contract renewal and compensation, as well as her job evaluation.

The Board came out of executive session 12:08 p.m. with Legal Counsel Scott noting that the Board agreed unanimously to giving President Fraley a three year contract with an annual percentage raise the same as the GRECC employees.

KAEC DIRECTOR'S REPORT Director Whitt reported that the KAEC meeting was held in Frankfort on February 2nd with the Legislative Reception in the evening. Items discussed were:

Manufacturing transition update and the sale of the UUS warehouse.
All employees will receive a severance package.

Legislative Committee report and Legislative update was given with talking points for the reception discussed as: Net Metering (no bill yet), Municipal Joint Action (SB79) opposed as is, Big Rivers co-ops are neutral on the

KAEC DIRECTOR'S REPROT
(CONTINUED)

issue; Eminent Domain Legislation (HB 168) opposed as is; Senate Bill 291 in regards to 911 fees was opposed (Clark County government voted to cause Clark RECC to pick up the 911 fee); and the HB 295 strengthens the penalty on assault of utility workers.

The President reported on the NRECA Annual Meeting in New Orleans in February and the UUS Reception held. The KAEC Annual Meeting location for 2018-2019 will be held at the Louisville Marriott Downtown. In the new business report, it was agreed to retire the \$286,000 in CD accounts; Julie Mayton, discussed the 2015 wage surveys which are due March 14th; and Jim Jacobus of Inter County Energy discussed the 911 Service Fee being proposed.

EKPC DIRECTOR'S REPORT

Director Arrington reported the following:

Don Mosier was voted on and designated as Tony Campbell's alternate director to ACES Power Market Meeting Board Manager.

Paul Hawkins is retiring as EKPC Chairman, but he will still be on ACES board.

Financial Report – cost to member systems \$66.79/mWh; better than budget, saving member system \$25.4 million in 2015.

Margins are \$36.7 million and on budget for the year; total assets increased by \$59 million; \$3,305 million in 2015, included acquiring the Bluegrass Generating assets;

Liquidity – maintained high level;

Equity ratio is 15.9;

The employee opinion survey was reviewed;

Don Mosier gave an update on Cooper 1 and 2; the Cooper tie-in shows it is on budget and on schedule;

Mike McNalley discussed the capacity benefit of power plant clean air and reported the supreme court struck down the CPP; a final rule for CO2 emissions from new, modified and reconstructed electric utility generating units (EGUs) (the Section 111 (b) rule).

Director Arrington serves on the Strategic Issues Committee and President Fraley serves on the Audit Committee at EKPC.

THANK YOU

GRECC received thank you notes from Rowan County Christmas, Youth Leadership and Project Merry Christmas. We received a letter from Alice Book recognizing Tina Preece for her assistance and recommendation on type of heat and an energy audit on her home.

DONATIONS

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

East Carter Lady Raider Softball – field sign renewed – sponsorship	\$100
Carter County Shrine Club – bluegrass show sponsorship	\$250
Greenup County Fire Fighters Assoc. – annual fire school	\$100
Blaine Elementary – 8 th grade field trip	\$250
Magic 12u Travel Ball – Greenup softball team	\$100

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

MEETING ATTENDANCE

There were no upcoming meetings presented.

BOARD POLICIES 504 and 530	President Fraley presented to the Board for approval changes to the following Board Policies: Board Policy 504 – Sick Leave, Disability and Workers’ Compensation and Board Policy 530 – Cell Phone Policy A motion was made to accept the changes to Board Policies 504 and 530 as presented by Director Whitt, seconded by Director Bentley and unanimously agreed upon.
DIRECTORS CONFLICT OF INTEREST DISCLOSURES	The Conflict of Interest Disclosures were tabled until the March Board Meeting.
BOARD MEETING DATE	The next board meeting will be scheduled later once a date is agreed upon, due to the office being closed on Good Friday.
ADDITIONAL BUSINESS	There was no additional business brought before the board.
ADJOURN	Chairman Trent adjourned the meeting at 12:38 a.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On March 28, 2016 at 9:11 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 Bentley, seconded by Director Martin and unanimously agreed to approve the minutes from the February 2016 Board Meeting.
MANAGER OF TECHNICAL SERVICES	<p>Brian Poling reported on the following:</p> <p>Another meeting is scheduled with Leidos on the GIS project to finalize date. A pre-bid meeting will be held for those interested in an RFP. Recommendations will be brought to the June Board Meeting. The selected contractor will inventory in our test area, to be completed in four months. Data will be analyzed and if acceptable, the remainder of the system will be inventoried.</p> <p>Futura will install our software and convert the database, along with training on the GIS and staking software training.</p> <p>Andrea is training the maintenance men on the use of their new iPads today. They will have a couple of weeks to learn how to use them before SEDC comes to train them on the new mobile software.</p> <p>We currently have 6 iPads for the Maintenance Men and 2 backups. Everything will be on line. Robert is working on the mapping.</p>
OFFICE FINANCIAL REPORT	Bradley Cherry, Manager of Finance and Accounting presented the Financial & Statistical Report for January 2016. Mr. Cherry reported on the following:
FINANCIAL & STATISTICAL REPORT FOR JANUARY	Kilowatt hour sales for the month of January (01/21-02/20) were 7.79 % under budget. Purchases for the month of January (1/1-1/31) were 3.53% under budget. Line loss for the last twelve months was 6.50 %. Year to date margins were \$234,785 compared to the budgeted amount of \$639,433.
T.I.E.R.	January's operating T.I.E.R. for the month was 4.02. The average rolling twelve month T.I.E.R. was 1.62.
FORM 7	Revenue for January 2016 was \$458,078 less. Purchased power for January 2016 was \$84,738 less and right-of-way was \$44,147 more.
DEGREE DAYS	<p>Bradley went over the Financial Report in detail and explained how the degree days affect our billing. The degree days analysis shows in 2016 the average temperature was 34.4 compared to last year's temperature of 27.8. January's Heating Degree Days were 949 compared to last year's 1,153. This is a good explanation of our profit margins and drop in revenue for the month.</p> <p>Line loss for the month was 4.82% when matched up to EKP day to day compared to the booked 8.35%. These figures are about normal.</p>

GENERAL REVENUE SUMMARY	<p>The general revenue summary report was:</p> <p>15,291 billed and 12,017 of those are residential; \$3.454 million dollars in revenue for the month; \$293,500 dollars for environmental surcharge and; \$118,832 dollars credit back for fuel charges.</p>
2015 BUDGET HIGHLIGHTS	<p>Bradley discussed the 2015 budget highlights.</p>
CAPITAL CREDITS	<p>Twelve capital credits applications will be paid this week and that will have us caught up through March.</p>
STORM UPDATE	<p>We have received most of the expenses from the February storm. We estimate the total cost of the February storm will be between \$110,000 and \$125,000.</p> <p>A report of the February storm has been submitted to the Commission by President Fraley and when an actual total cost has been received she will report to the Board and send a final report to the Commission.</p>
APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR JANUARY 2016	<p>Motion was made by Director Rice, seconded by Director Dupuy and unanimously agreed to approve the Financial and Statistical report for January 2016, as presented, for informational purposes only.</p>
BRADLEY CHERRY	<p>President Fraley reported to the Board that Bradley Cherry has been accepted in the 2016-2017 MIP Group III Enrollment and confirmation has been received for November 2016, January 2017 and March 2017.</p>
OPERATIONS REPORT	<p>Kyle Clevenger, Manager of Operations gave the Operations Report with Mike Martin, Assistant Manager of Operations. Mr. Clevenger reported on the following:</p>
EMPLOYEE/LOST TIME ACCIDENT	<p>There were no lost time accidents to report this month.</p>
SAFETY REPORT	<p>The following safety meetings were held during February 2016:</p> <p>February 10—Priscilla Sparks, Executive Assistant, turned the meeting over to David White for the KAEC monthly safety meeting. Copies of the Federated Insurance’s near miss-reports were passed around for review and he finished the meeting with outside grounds testing. Certificates of Completion for the Safety Coordinators Conference were presented to Priscilla Sparks and Nancy Madden by President and CEO Fraley. We had the monthly safety give-away</p> <p>February 15—Robert Brown, Director of Purchasing and Stores, talked about the GIS (geographic information system) Mapping and how the information would show up on the maps.</p> <p>February 23—Bradley Cherry, Mgr. of Finance and Accounting, turned the meeting over to Mike Haire from NRECA for a Retirement Planning Seminar. Our new employee, Scott McGuire, was introduced. Carol Fraley read a thank you letter from a consumer and then reminded everyone to be careful and to stay alert.</p>

SAFETY REPORT
(CONTINUED) February 29—Kim Bush, Mgr. of Marketing and Member Services, read from the Safety Manual pages 105-108 General Office Safety, Video Display Terminals, Warehouse Operations, and Shipping and Receiving.

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 The Construction Department built one hundred nine (109) new work orders for the month of February and worked zero (0) hours of overtime.

OVERTIME HOURS The Maintenance Department worked three hundred six (306) hours of overtime during the month of February 2016.

DELINQUENT NOTICES The Maintenance and Construction Departments collected on one hundred four (104) delinquent accounts and disconnected twenty-four (24) accounts in March.

CONTRACT CREWS Three Pike Electric crews have been working in the following areas:

Tony Seagraves – Stark Conversion, Elliott County and New Construction (currently on the last part of the conversion, followed by retirement)
Chris Tackett – Bruin, Elliott County
Kevin Hamm – State Route 519 State Job, Rowan 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. Crews trimmed 608 trees, cut 666 trees, and cut 25,495 feet of brush/line. The crews are working in the following areas:

2 cutting crew in Carter, Lewis and Greenup Counties
1 cutting crew in Elliott and Lawrence Counties
3 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

Smith Tree Service has a circuit crew in Carter County and a cutting crew in in Elliott County on the Elliottville Feeder.

ENGINEERING REPORT The Engineering Department released one hundred twenty-four (124) prints consisting of 25,090 feet of primary line and 1,755 feet of service wire. They currently have two (2) new services to be staked and two (2) to be drawn. They have sixteen (16) miscellaneous jobs to be staked or drawn.

LARGE JOBS President Fraley asked Scott Speaks, Engineer, to attend the meeting with Mike Martin and Kyle to give an update on the large jobs in process.

COLUMBIA GAS Columbia Gas’s representative, Mike Spencer met with us in regards to the property behind the east bound rest area. An engagement letter has been signed with Jim Bridges of Distribution Service Solutions to help supervise every aspect of this project, including highway crossings, interstate surveys and primary metering on the outside of their fence. Legal Counsel Scott has looked at Columbia Gas’s deeds and an easement that was signed which ended on their property. Scott handed out a map showing the site and where

COLUMBIA GAS
(CONTINUED)

the office building would be. It will be served from EKPC's Green Valley line. Kyle stated we have an existing single-phase across the interstate, which will be upgraded to a three-phase line. There are two residences in this area. The work involves purchasing and installing a 1000 kva transformer owned by Columbia, primary metering, right-of-way, and 5-6 spans of wire from EKP's Green Valley line. The state has a new supervisor in Department of Transportation with a utility background. Jim Bridges will be here tomorrow working with us on road crossings, aid to construction cost, supervise the study on the road crossings along with Scott, Kyle and Mike, and work with EKP. Jim will also be signing off on the project as Professional Engineer. Columbia wants to test everything at the end of 2016 and it is a very detailed drawn out process.

Columbia Gas has paid \$50,000 in aid to construction which will cover any pre-construction costs. Columbia sent a proposal for a surety bond last week and President Fraley sent it to Legal Counsel Scott who made some changes. The Columbia Gas right-of-way easements have been recorded at the courthouse.

MOUNTAIN ENTERPRISE

We are tripling Mountain Enterprise's load. Kyle said we have energized one line. Scott said there would be two motors to test, a 200 and 300 hp motors. We plan to have them running within 3 weeks. They have paid a \$36,000 deposit.

GENESIS

The Genesis Recovery Center will be going out of the contractor's name into the business name around August 1st and will be paying about a \$5,000 deposit. It is a 100 bed facility with each room having a private kitchenette.

JOHN W CLARK OIL

There has not been any updates on the John W. Clark Oil Truck Stop at Pleasant Valley.

JERRY & DEBBIE GROCERY

Jerry & Debbie's Grocery is under new management. President Fraley asked them for a \$2,600 deposit. They paid \$1,300 deposit for one account and \$500 deposit on the other. They will pay the remainder plus their first bill next month.

SAVE-A-LOT

We have a request for electric service from Save-A-Lot in Elliott County. It will be located near the Laurel Gorge Inn in Elliott County. Their load is a three-phase, but will be heating with propane.

DOLLAR GENERAL STORE

The Dollar General Store in Sandy Hook is relocating due to hill slip. The new locations will be next to David Brickey's business. This load will be all electric.

BLACK & VEACH

Kyle reported Black & Veach had a section staked for the dark fiber project, but they have 32 issues they need to correct. Black & Veach are currently staking a section from Morehead to Sandy Hook. President Fraley said we will ask for a deposit to aid to construction before work commences.

MANAGER OF MARKETING
AND MEMBER SERVICES

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

LIHEAP

LIHEAP payments were down this year. We received \$219,590.87 this year from November 2015 to today, compared to \$226,370.99 last year. The state has extended the deadline through April 29th. NEKADC is out of money, but

LIHEAP (CONTINUED) Licking Valley and Gateway still have money. She doesn't know if they will do 30 day extensions, but plans on calling Northeast to find out.

PRE-PAY ACCOUNTS As of Tuesday we have 494 Active Pre-Pay accounts and 3 inactive. The average balance is a \$60 credit. In the last 30 days, we have received 1,683 payments totaling \$ 71,556.35. The average payment is \$42.52. Director Trent asked how they were notified when they are about to run out of money. Kim explained they are notified every morning about 9:00 a.m. by email, text message or telephone. We must have a working telephone number in order to contact them. We don't disconnect on Fridays or holidays.

ENERGY AUDITS Tina did 15 energy audits this month. There were ten Energy audits, four Button-Up audits and one Touchstone Energy Home audit. She also did an energy audit on a sick elderly couple (Palmer's), who were having trouble paying their bill and didn't qualify for any type of heating assistance. We were not able to help them. The Greenup County Sheriff Department was notified to see if they or someone could help the couple.

DEBT MANAGEMENT We have 30 active accounts with Debt Management. The total amount is \$4,796.63. Six percent of active accounts have Debt Management. Next month Kim will be reporting on what she mailed to the PSC this month.

GRECC ANNUAL MEEETING May 12th is our Annual Meeting. Kim showed the bucket that will be used at the annual meeting this year. Every 65th member will receive a candy jar in commemoration of our 65th anniversary. GRECC aprons will be in the buckets, along with light bulbs and other gifts.

HONOR FLIGHT The Honor Flight is scheduled for August 27th. Scott Speaks and Billy Ray Wilson will act as guardians. We are sponsoring two WWII Veterans from the Lexington area. Our County Judge Executive will get us an updated list of WWII veterans in the area. Rocky Adkins and Heather French both have signed up to be guardian.

Motion was made to accept the 2016 Annual Meeting Budget as presented by Director Rice, seconded by Director Dupuy and unanimously agreed upon.

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS Motion was made by Director Martin, seconded by Director Rice and unanimously agreed to approve sixty-eight (68) new memberships and retirement of eighty-eight (88) existing memberships for February 2016.

BAD DEBT WRITE-OFFS Motion was made by Director Martin, seconded by Director Whitt and unanimously agreed to charge off \$2,134.53 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 Rice and unanimously agreed to approve the President's business expense of \$12.73, Director's business expenses of \$6,721.84 and Attorney's business expense of \$.00.

PRESIDENT'S REPORT President Fraley reported on the following:

LINEMAN APPREICIATION The National Lineman's Appreciation Day will be observed Monday, April 11th.

- LINEMAN PROGRAM /
EKPC SCHOLARSHIP MONEY President Fraley presented to the Board the Scholarship Agreement from KCTCS for thirty thousand dollars donated by EKPC to GRECC. To be eligible, students must enroll in the lineman's program, the student or his parents must have a primary residence on our lines, must have a 2.5 GPA and demonstrated potential for academic success and require financial assistance.
- Director Arrington made a motion to accept the Scholarship Agreement from KCTCS as presented to the Board, seconded by Director Martin and unanimously agreed upon.
- A thank you note will be mailed to East Kentucky Power for their donation to this worthy cause.
- CARTER CAVES STATE PARK Chris Perry, Manager at Carter Caves State Park is requesting wire retirement from the old bath house (area where there is potential for a lawsuit). Federated Attorney, Park Priest, has talked to the [REDACTED] Family's attorney, Will Wilhoit in regards to this matter.
- SCHOLARSHIP WINNERS President Fraley read the list of scholarship winners, who were:
- | | |
|---------------------------------|-----------------------------------|
| Joseph Blevins – Carter County | Thaddeus Clay – Carter County |
| Darren Gifford – Carter County | Samantha Carter – Elliott County |
| Makayla Rose – Elliott County | Emma Ison – Greenup County |
| William Martin – Greenup County | Brooke Griffith – Lawrence County |
| Adam Duff – Rowan County | Clarissa Gearner – Rowan County |
- SEDC PATRONAGE REFUND We received an SEDC patronage refund check in the amount of \$2,316.50.
- KAEC REFUND We received from KAEC \$5,005.76 from old debenture they had retired.
- FEDERATED INSURANCE We received from Federated Insurance a check in the amount of \$4,246 for equity distribution's year 2008 at 25%.
- OFFICE CHANGES President Fraley reported changes she has made in the office with the employees. The changes are:
- Peggy Skaggs moved out of Billing Department to the IT Department; Nancy Madden is training to do Jeanie Virgin's job, as Jeanie will be retiring in January. President Fraley has no plans to replace anyone in Billing; Julie has moved downstairs and she and Tina will be helping with Billing; Robert Brown is in Mapping; and new employee, Scott McGuire, is doing very well.
- LEGAL COUNSEL'S REPORT Legal Counsel Scott reported on the following:
- PRESIDENT AND CEO The President and CEO contract is ready to sign, retroactive. Chairman Trent and Director Martin both need to sign, as well as President Fraley.
- SMITHFIELD A letter was mailed to Smithfield after meeting with President Fraley and her staff. President Fraley said Jeff Salyer wants to talk one on one and the only thing she knows to tell them is they are responsible for the cost of replacing the transformers, which cost around \$26,000. We recommend that they need to have a spare on site in case a transformer goes bad.
- DELINQUENCIES He reviewed delinquencies received from GRECC.

██████████	President Fraley asked if Mr. Scott had seen the court date on ██████████ and he hasn't. GRECC will have to be there when a court date is assigned.
KAEC DIRECTOR'S REPORT	Director Whitt reported the following on the KAEC Board Meeting this month:
HOUSE BILL 186	We oppose Bill 186: Fundamental goal is school energy cost reduction Accomplished by eliminating demand charges for all schools Encourage Board to express concerns, educate representatives, and educate senators
OPERATIONS COMMITTEE	The Operations Committee elected Mark Stallons to replace Ted. When the Operations Committee meets, the decisions are already made by the committee before the Board meets.
KENTUCKY LIVING	The Kentucky Living Magazine has been there longer than 65 years and will be selling tasteful ads for alcohol.
EKPC DIRECTOR'S REPORT	Director Arrington reported the following on the EKPC Board Meeting this month:
SAFETY UPDATE	EKPC had its safest year ever in 2015.
PLANT BUSINESS	EKPC's 1.27 rate was less than half of the industries 2015 rate of 2.63.
SPURLOCK	The Board amended the 2016-2018 Three-Year Construction Work Plan to include additional capital projects important to the maintenance and performance of Spurlock.
SMITH UNIT 1	The Board heard a report about the continuing efforts to market the assets of previously canceled on Smith Unit 1.
FINANCIAL REPORT	In the monthly financial report, Mike McNalley, CFO reported that January's net margin was \$17.4 million - \$3.9 more than budgeted. McNalley said the average cost to member system was \$65.65 per megawatt hour was slightly over budget, but still low. All key financial metrics are sound.
CLEAN POWER PLAN	The Board received update on the Clean Power Plan's court challenge. The Supreme Court decision to stay the EPA's Clean Power Plan (CPP), General Counsel David Smart explained that the CPP is being legally challenged on multiple grounds. CPP failed to consider harms unique to certain states, including the negative impact on rural electric cooperatives and their low-income members. Smart said oral arguments in the CPP case was re-scheduled for June 2 in the 9 th US Circuit Court of Appeals, in Washington, DC.
OTHER BUSINESS	The EKPC Board approved updates to the policies covering fraud risk assessment, conflict of interest and benefits.

OTHER BUSINESS
(CONTINUED) The EKPC Board approved an update to revolving credit facility, increasing the amount from \$500 million to \$600 million and extending the term by 5 years, with an option for two more years.

BLUEGRASS STATION President Fraley said they had some difficulty getting power out of the Bluegrass Station recently purchased by EKPC.

PAUL HAWKINS Farmers RECC rotates their representative to EKPC every 3 years. However, Paul Hawkins is going to stay on the Board of EKP as the Representative to the ACRE Board.

EKPC'S DIRECTOR SEAT President Fraley said it was time to fill our EKPC Board seat, due to the background check and the requirements of the Bylaws of EKPC. A motion was made by Director Martin, seconded by Director Bentley, to have Director Arrington continue to represent Grayson RECC on the East Kentucky Power Cooperative's Board. Motion carried unanimously.

THANK YOU'S We received a thank you note from Read Across America Day.

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

Lewis County Football – donation	\$100
Grayson Little League – sponsorship for golf scramble	\$100
4-J-C – 4 th of July fireworks donation	\$100
Elliott County 4-H Council – sponsor child to 4-H Camp	\$185
Grayson Area Chamber of Commerce – Art in the Park donation	\$150
Greenup County Genealogy – donation for genealogy conference	\$50
Miss America Pageant – Grayson scholarship pageant	\$50
Lewis County High School – sponsorship – annual golf scramble	\$100
Grayson Meals on Wheels – 2016 donation	\$100

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

MEETING ATTENDANCE Upcoming meeting attendance requests were for:

Director Dupuy – 2016 NRECA Summer School for Directors, Myrtle Beach, SC, July 15-20, 2016; Courses 963.1 and 964.1.
Legal Counsel Scott – Legal Seminar / Conference – will get information

CONFLICT OF INTEREST Conflict of Interest statements were handed out, signed by all Directors and witnessed.

BOARD MEETING DATES The April Board Meeting will be held Friday, April 29th
The May Board Meeting will be held Friday, May 27th.
The September Board Meeting will be schedule for Monday, September 26th.

ADDITIONAL BUSINESS There was no additional business.

ADJOURN Chairman Trent adjourned the meeting at 11:45 a.m.

Roger L. Trent, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott

On April 29, 2016 at 8:11 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 March 2016 Board Meeting.
OFFICE & FINANCIAL REPORT	Bradley Cherry, Manager of Finance and Accounting gave the Financial & Statistical Report for February 2016. The following was reported:
FINANCIAL & STATISTICAL REPORT FOR FEBRUARY	Kilowatt hour sales for the month of February (02/21-03/20) were 20.09% under budget. Purchases for the time period of 02/21-03/30 were 8.50% under 2016 budget. Line loss for the last twelve months was 15.43%. Year to date margins were (\$86,708) compared to the budgeted amount of \$445,844.
FUEL ADJUSTMENT	Fuel adjustment was (0.003494) for February 2016.
ENERGY SURCHARGE	The Energy Surcharge was 8.31%.
DEGREE DAYS	There was 445 degree days; 440 heating degree days and 5 cooling degree days.
T.I.E.R.	February Operating T.I.E.R was (3.26) and the rolling twelve month OTIER was 1.46. At a glance, the year to date OTIER is 0.44. Bradley stated that although it was still early in the year, if margins went according to budget, OTIER requirements for the year would not be met. However, they would still be in compliance with loan agreements as the average of 2 of the previous 3 years would meet all requirements. Degree days for the month were 445. Compared to last years' total number of degree days of 747, this was a decrease of over 300 degree days. Much of this was credited to warmer weather, where the average temperature was 11.7 degrees higher in 2016 compared to 2015 (50.0 compared to 38.3 degrees). This difference heavily influences the decrease in kWh sales and revenue for the month. The environmental surcharge for the month was 8.31% and the fuel adjustment was a credit of .003494 per kWh.
CONSUMER BILLS BY COUNTY/PERCENTAGE	Bradley reported bills mailed in February by county as: Carter 4,538 (30%), Elliott 3,661 (24%), Greenup 4,300 (28%), Lawrence 790 (5%), Lewis 309 (2%), and Rowan 1,748 (11%). He went back to 2015.
FEMA UPDATE	GRECC received a check from FEMA in the amount of \$273,579.14 for reimbursement of expenditures associated with disaster CFDA 97.036 Public Assistance Program FEMA-DR-4239-KY
CAPITAL CREDITS	Capital credits paid this month was \$17,740.38

APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR FEBRUARY 2016

Motion was made by Director Martin, seconded by Director Dupuy and unanimously agreed to approve the Financial and Statistical report for February 2016 as presented for informational purposes only.

President Fraley gave a rate increase history report. The last cost of service study that preceded our rate adjustment filing cost \$80,000. We received our last rate increase in 2009. East Kentucky Power filed a rate increase shortly after that and was subsequently approved for \$49.3 million dollars. Grayson's rates raised 5.27 percent and 4 percent of that went directly to our members.

Since our O.T.I.E.R. is so low, so early in the year, she and Bradley recommended that we keep a careful eye on our financials and see if we might need to notify the PSC of our intention to file for a rate increase in the near future. We hope this would not be necessary before 2017 and would require another cost of service study. The Board will take this into consideration.

EKPC DIRECTOR

Director Arrington read EKP financial report for last month. Equity and margins are EKP's focus.

RUS WORK ORDERS

Motion was made by Director Dupuy, seconded by Director Rice and unanimously agreed to approve the following 219 RUS Work Orders for the months of October, November and December 2015 in the amount of \$960,399.21:

October 2015	Work Order No. 1230	\$453,265.42
	Work Order No. 1231	\$5,710.75
November 2015	Work Order No. 1232	\$167,741.08
	Work Order No. 1233	\$5,977.52
December 2015	Work Order No. 1234	\$296,974.35
	Work Order No. 1235	\$30,730.09
Total		\$960,399.21

MANAGER OF MARKETING
AND MEMBER SERVICES

Kim Bush, Manager of Marketing and Member Services, reported on the following:

LIHEAP

We received \$223,272.21 from LIHEAP. This amount was lower than last year.

PREPAY ACCOUNTS

We have 509 active Pre-Pay accounts with an average balance of (\$48.38). Total Payment Amount - \$64,585.96 Total Payments in 30 Days - 1,784 Average Payment Amount - \$36.20

DEBT MANAGEMENT

We have 40 active Debt Management accounts with a total amount of \$8,198.86. Eight percent of active accounts have Debt Management.

ENERGY AUDITS

Tina Preece completed the following audits: 11 Energy audits, 2 Touchstone Energy audits and 2 Energy Star Appliance - Heat Pump audits.

SCHOOL PROGRAMS

Career Day was held at Greenup County High School on March 15th.

FRANKFORT YOUTH TOUR High school juniors attended the Frankfort Youth Tour on April 27th. Two will be representing Grayson RECC on the Washington Youth Tour in June.

ANNUAL MEETING The Annual Meeting is Thursday, May 12th. Some booths set will be Kentucky Living, Honor Flight and Simple Savers.

PEGGY WELLS Peggy Wells is back to work after a medical leave and is doing well.

WSAZ TV Kim will be on WSAZ on May 4th to talk about the Simple Savers Program and the Annual Meeting.

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 2016:

SAFETY MEETING

March 08—Sherry Buckler, Mgr. of Accounting & Human Resources, turned the meeting over to Carol Fraley who discussed “You are responsible for your safety and the safety around you”. She congratulated all employees for the seven year clear safety record and passed out the safety checks with the work comp included for 2015. We had the monthly safety give-a-way. Carol Ann reminded everyone to be safe during collections and Kyle Clevenger thanked everyone for the good job during the recent storm last week.

March 14—Kyle Clevenger, Manager of Operations, read from the Safety Manual pages 122 – 124, Vehicle Maintenance 504.1 to 504.7. He reviewed a vehicle accident involving Bryan Rogers. Carol Ann requested names of recipients that she needs to send thank you cards to for the recent storm and mentioned our consumer that appreciated the sticker on the maintenance truck that states “In God We Trust.

March 23—Carol Fraley, President and CEO, turned the meeting over to David White for KAEC’s monthly safety meeting. He reviewed the Federated near miss report and showed video’s on truck chocks, parking and the circle of safety with Safety Manual references 503.5 & 503.6. After the meeting he did a crew visit/ride along with Mike Blevins. Carol Ann presented Robert Brown with a certificate for ArcGIS 1:, 16 hours training completed. Kyle Clevenger reminded everyone to be careful.

March 28—Mike Martin, Assistant Manager of Operations, read from the Safety Manual 507.2 Flexible Protective Equipment pages 147 & 148. Roger Kitchen asked everyone to change out their gloves and check their sleeves.

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 The Construction Department built one hundred thirty-nine (139) work orders. Fourteen (14) services were added and seventy-two (72) services

CONSTRUCTION (CONTINUED)	retired, for the month of March. Construction did not work any overtime this month.
OVERTIME HOURS	The Maintenance Department worked eight hundred twenty-four (824) hours of overtime and the Engineering Department worked zero (0) hour overtime during the month of March 2016.
DELINQUENT NOTICES	The Maintenance & Construction Departments collected on two hundred forty-one (241) delinquent accounts and disconnected thirty-nine (39) accounts in April.
ENGINEERING REPORT	The Engineering Department released sixty-six (66) prints consisting of 2,430 feet primary line, 1,275 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 eleven (11) miscellaneous jobs to be staked or drawn.
CONTRACT CREWS	We have three (3) Pike crews working: Tony Seagraves – Stark Conversion, Elliott County and New Construction Chris Tackett – Bruin, Elliott County Kevin Hamm – RT 519 State Job and almost complete in Rowan County Hamm’s crew will begin changing out poles and then may be released.
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 639 trees, cut 636 trees, cut 41,170 feet of brush/line and sprayed 30 spans of line. The crews are working in the following areas: 2 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 2 bucket truck crew in Rowan County 1 tractor crew in Rowan County 1 Spray crew in Carter County 1 Smith Tree Service, circuit crew in Carter County
NO LOST TIME ACCIDENT AWARD – FEDERATED INSURANCE	Federated Rural Electric Insurance Exchange recognized Grayson Rural Electric Cooperative for their outstanding achievement of an accident-free record of 442,132 employee-hours since December 20, 2009. This was the only one in Kentucky. Federated Insurance’s only noted recommendation was in the area of OCR Maintenance, which we are working on.
APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS	Motion was made by Director Martin, seconded by Director Bentley and unanimously agreed to approve ninety-seven (97) new memberships and retire eighty-seven (87) existing memberships for March 2016.

BAD DEBT WRITE-OFFS	Motion was made by Director Dupuy, seconded by Director Rice and unanimously agreed to charge off \$3,509.66 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 \$347.68, Director's business expenses of \$6,197.18 and Attorney's business expense of \$7.84.
PRESIDENT'S REPORT	President Fraley reported on the following:
SCHOLARSHIP MONEY	Everything is ready for the vocational school for scholarships.
IPADS	The paperless system with the iPads is going good. We plan to read our next substation using the tablets.
HAROLD DUPUY	A Certificate of Gold for completion of courses and a lapel pin was presented to Harold Dupuy.
PSC STORM REPORT	President Fraley notified Steve Kingsolver with PSC of a summary of the storm on Saturday, April 2, 2016. Another letter will be submitted with the final cost.
FEMA REIMBURSEMENT	GRECC received a check from FEMA in the amount of \$273,579.14 for reimbursement of expenditures associated with disaster CFDA 97.036 Public Assistance Program FEMA-DR-4239-KY .
CFC	GRECC received from CFC the Annual Benefits of Ownership Statement. \$486,926 in patronage capital has been retired to GRECC to date.
EKPC ANNUAL MEETING VOTING DELEGATES	The upcoming EKPC Annual Meeting is scheduled for Tuesday, June 14, 2016 at EKPC Headquarters, in Winchester, Kentucky. Director Dupuy will serve as the Representative and Chairman Trent will serve as the Alternative Representative for GRECC.
LEGAL COUNSEL REPORT	Legal Counsel Scott reported on the following:
TIME WARNER CABLE	We received a check from Time Warner Cable.
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 gave the East Kentucky Power Cooperative report. Recommendations were made for the retirement of the Dale Station. It may become indefinite storage. Michelle Carpenter reported that Ernest & Young finished 2015 audit and it was accepted. The average cost to member systems was \$66.50 last month. GRECC employees sent \$300 to Dustin 'Cody' Kidd who was injured. David Smart explained the potential outcomes and options which could result from legal challenges to the EPA's Clean Power Plan.

DONATIONS

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

King's Daughters Health Foundation – 2016 Rocky Adkins	
Golf tournament – one hole sponsor	\$250
Elliott County Conservation District – 4 th Grade Field Day	\$50
East Carter FFA – 4-H Camp – sponsorship	\$175
Christmas in July 5k Run – sponsorship	\$100
Greenup County 4-H Counsel – KY Youth Service – sponsorship	\$175
AAU Basketball – traveling basketball team	\$125
American Cancer Society – Elliott Co. Relay for Life – donation (in memory of Juanita Rice)	\$250

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

MEETING ATTENDANCE

A MilSoft Meeting will be held in Arlington, Texas. Brian Poling, Andrea McCleese and Steve Bush will attend.

Director Martin made a motion to approve the MilSoft Meeting and attendees, seconded by Director Bentley and unanimously agreed upon.

GRECC ORGANIZATIONAL MEETING

The Organizational Meeting of the Board of Directors will be held on Thursday, May 12th following the business meeting at the GRECC Annual Meeting. The regular monthly May Board Meeting will be held May 27th.

ADDITIONAL BUSINESS

There was no additional business.

ADJOURN

There being no additional business to come before the Board, Chairman Trent adjourned the meeting at 9:51 a.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

Minutes of the Executive Session of the April 29, 2016 GRECC Board Meeting

On April 29, 2016 Grayson Rural Electric Cooperative Corporation held an executive session following the regular board meeting.

EXECUTIVE SESSION

Chairman Trent made a motion to go into Executive Session at 9:52 a.m.

Chairman Trent addressed his desire to resign as Chairman of the Board.

Motion was made by Director Trent to come out of Executive Session at 9:55 a.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On May 12, 2016, 6:33 p.m., the Directors of Grayson Rural Electric Cooperative Corporation held an Organizational 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 and Whitley Hill, Legal Counsels; and Priscilla Spark, Executive Assistant.

INVOCATION	Director Whitt gave the invocation.
ELECTION OF OFFICERS	Chairman Trent announced that the first order of business was the election of officers for the ensuing year. He then turned the meeting over to Legal Counsel Music to conduct the election of officers.
CHAIRMAN	Mr. Music announced the distribution of ballots for the office of Chairman. Director Arrington made a motion to elect the following slate of officers by acclamation: Harold Dupuy, Chairman; Jim Bentley, Vice Chairman; and Eddie Martin, Secretary/Treasurer. The motion was seconded by Director Trent. The question was called and this slate of officers was unanimously elected.
KAEC DIRECTOR	Director Martin made a motion to elect Director Whitt to represent Grayson RECC on the KAEC Board. Motion was seconded by Director Trent and unanimously approved.
COMMITTEE MEETINGS	Incoming Chairman Dupuy will appoint the Planning & Review Committee and the Negotiating Committee at the May Board Meeting.
ADJOURNMENT	Motion was made by Director Whitt and seconded by Director Rice to adjourn the meeting at 6:39 p.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

MAPPING PROGRAM
(CONTINUED)

GRECC will check the quality of the contractor's work on a circuit by circuit basis.

Project requires the contractor to be technically capable of collecting and assimilating the collected data by substation into GRECC's Geodatabase Schema.

All work will begin at GRECC's substations with the start point being the substation breaker and will continue till the end of the line.

All poles must be tagged labeled and underground facilities will have stickers.

Ninety-eight percent accuracy in the delivered GIS feature attribute data with verifications of quality checks during the field work supervision and data post processing.

Once selected, adherence to time line and inventory of remaining distribution line.

Ten percentage retainage on each invoice until approved by the Mapping Coordinator.

DAVEY, INC

Davey, Inc. is a division of Davey Tree Expert Company. Their office is in Alpharetta, Georgia, close to Atlanta, with a field office in Kent, Ohio. They have completed projects from the inspection of 10,000 poles to joint use inventory project of 1.5 million poles over three years, and a total of 150 successfully completed field inventory projects over the last 30 years.

The financial portion of their bid is as follows:

<u>GPS Point</u>	<u>Unit Price</u>	<u>Est. Total Units</u>	<u>Price</u>
Poles with Tags	\$8.09	40,000	\$323,600
Underground Facilities	\$8.09	1,000	\$8,090
Active/inactive meters	\$6.98	18,000	\$125,640
Meter Photographs	\$0.48	15,500	\$7,440
Photos of Structures			
		Total	\$464,770

The photographs are an optional charge.

Grayson R.E.C.C. employees solicited RFP's from: Osmose Utility Service, Davey Resource Group, Global Mapping Solution, and GIS Landmark. We received one proposal from Davey, Inc. Several other companies were interested, but were committed to other Cooperatives until the end of 2017.

President Fraley, Brian Poling and Robert Brown recommended Davey, based on the following:

Their bid was well below the amount set budgeted in our work plan.

They have an excellent reputation and come highly recommended.

Their work force is readily available and they are somewhat familiar with our territory.

They have sufficient experience in this type of work.

The Committee recommends that the Board approve the bid of \$464,770 from Davey, Inc., allowing the committee the right to negotiate an additional price for photographs of all pole structures. Additional photos of all pole structures could increase the bid somewhat.

DAVEY'S
(CONTINUED) Motion was made by Director Martin, seconded by Director Bentley, and unanimously agreed to accept the proposal from Davey, Inc., including the negotiation by the Committee for an additional price for photos of each pole.

MANAGER OF FINANCE AND ACCOUNTING REPORT Bradley Cherry, Manager of Finance and Accounting, presented the Financial & Statistical Report for March 2016. Mr. Cherry reported on the following:

FINANCIAL & STATISTICAL REPORT FOR MARCH 2016 Kilowatt hour sales for the month of March (03/21-04/20) were 2.74% under budget. Purchases for the time period of (3/1-29) were 17.01% under budget. Line loss for the last twelve months was 9.58 %. The actual monthly margins were a negative \$91,495 and the actual years to date margins were a negative \$178,203.

T.I.E.R. The operating tier (O.T.I.E.R) for the month was a negative. Year to date is a positive .22.

BILLING INFORMATION Billing information for the month was:

Fuel adjustment was a 0.006631 credit
Environmental surcharge was 6.17%
355 Degree days – heating degree days – 337 and cooling degree days – 18

1ST QUARTER FINANCIALS Mr. Cherry reviewed the first quarter financial reports with the board. The first 3 months show the actual year to date gross margins were \$2,695,154 compared to budgeted \$2,991,940 margins, a difference of (\$296,786).

The first quarter sales and purchases were reviewed. As our service territory is largely residential and with milder weather our sales were down affecting our margins.

FINANCIAL & STATISTICAL REPORT Motion was made by Director Martin, and seconded by Director Whitt, to approve the financial report for March 2016, for informational purposes only.

CFC LINE OF CREDIT - CERTIFICATE OF RESOLUTIONS AND INCUMBENCY Bradley reported to the Board our Line of Credit with CFC expires in June. Our renewal would be for a 4.2 million dollar line agreement. The Certificate of Resolutions and Incumbency was presented as:

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CFC LINE OF CREDIT – CERTIFICATE OF
RESOLUTIONS AND INCUMBENCY (CONTINUED)

CERTIFICATE OF RESOLUTIONS AND INCUMBENCY

I, Billy E. "Eddie" Martin, do hereby certify that (i) I am the Secretary of GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION (hereinafter called the "Cooperative"); (ii) the following are true and correct copies of resolutions duly adopted by the board of directors of the Cooperative at a meeting held on May 26, 2016; (iii) the meeting was duly and regularly called and held in accordance with the articles and bylaws of the Cooperative; (iv) the Cooperative is duly incorporated, validly existing and in good standing under the laws of the state of its incorporation and there is no pending or contemplated proceeding for the merger, consolidation, sale of assets or business or dissolution of the Cooperative; (v) none of the following resolutions has been rescinded or modified as of this date; and (vi) the persons authorized below have been duly elected or appointed to their respective positions:

RESOLVED, that the Cooperative apply to establish a line of credit and authorize borrowing from National Rural Utilities Cooperative Finance Corporation ("CFC") in an amount which shall not at any one time exceed \$4,200,000.00 (the "Line of Credit Amount"), subject to the provisions of a Line of Credit Agreement, in such form as the persons authorized herein may negotiate with CFC (the "Line of Credit Agreement"); and,

RESOLVED, that if such application is approved by CFC the individuals listed below are hereby authorized to negotiate, to execute and to deliver to CFC the following documents:

- a) the Line of Credit Agreement with CFC; and
- b) as many counterparts as may be required of a security agreement with CFC as secured party, in such form as may be negotiated with CFC.

RESOLVED, that each of the following individuals is hereby authorized in the name and on behalf of the Cooperative to negotiate, to execute and to deliver all such other documents and instruments as may be necessary or appropriate, to make all payments, to execute any future amendments to said Line of Credit Agreement as such individual may deem appropriate within the Line of Credit Amount so authorized, and to do all such other acts as in the opinion of such authorized individual acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions:

CFC INCUMB
KY061-R-5110(BURDICM)
207464-1

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ALAN ZUMESTEIN, CPA Mr. Cherry presented to the Board the bids an Auditor for year-end May 31 2016. Alan Zumstein gave us a proposal of \$9,750 and Greg Caudill sent a proposal for \$13,000.

A motion was made to engage Mr. Zumstein to perform the audit for \$9,750 by Director Bentley, seconded by Director Martin and unanimously agreed upon.

BOARD POLICIES President Fraley stated two Board Policies need to be adopted and one Board Policy amended due to language required by the Kentucky Public Service Commission and recommended by the KAEC Information Technology Committee. Copies were sent to the Directors prior to the Board Meeting of:

Board Policy 117 Information and Cyber Security Policy/Identity Theft Protection (Employee Policy 528) – adopted;
Board Policy 531 Appropriate Use of Email and Internet System – adopted;
Board Policy 528 Information and Cyber Security/Identity Theft Prevention Policy – revised.

BOARD POLICY 117 GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION
BOARD POLICY 117

INFORMATION AND CYBER SECURITY POLICY/IDENTITY THEFT PROTECTION
(Employee Policy 528)

OBJECTIVE: The goal of this policy is to recognize the need to protect our Cooperative members and employees and both the Cooperative member and data systems from growing information and cyber security threats.

SCOPE: The Cooperative will make every effort to safeguard Cooperative records and personal information to insure compliance with the Information and Cyber Security/Identity Theft Prevention Policy, all directors, employees, contractors, consultants, temporary and other workers at the Cooperative must become familiar with and comply with this policy.

1. Directors must be familiar with Board Policy 117 and consider this policy part of the Cooperative's work rules.
2. This policy applies to Cooperative data sets and technology equipment that is owned, operated or leased by Grayson R.E.C.C. The Information and Cyber Security Policy applies to all technology and information assets that must be protected and identified. All equipment, software, and storage medium used to process, store, and transmit information will be protected by appropriate controls, as identified by the Information and Cyber Security Committee.
3. Sensitive, protected, and/or privileged information and technology systems will be safeguarded against any unauthorized access;
4. Confidentiality of sensitive, protected and/or privileged information will be assured;
5. Integrity of information will be maintained;
6. Availability of information for business purposes will be maintained;
7. Legislative and regulatory requirements will be met;
8. Business continuity and disaster recovery plans will be developed, maintained and tested, as needed.
9. Any actual or suspected information security breaches will be reported to the Manager of Technical Services for thorough investigation and shall be logged.

RESPONSIBILITY: The Board Planning and Review Committee will be responsible for making sure the Board establishes and continues oversight for the Information and Cyber Security/Identity Theft Committee. The committee shall consist of one Director, The Manager of Technical Services, The Technical Services Supervisor, the Manager of Marketing Member Services and one employee. Cooperative Legal Counsel shall serve as advisor to this committee.

Any exceptions to this policy must be approved by the Information Cyber Security/Identity Theft Committee. The Manager of Technical Services shall serve as the Privacy Officer for the Cooperative. The President and CEO will be responsible for daily response to the Committee, as necessary.

Harold Dupuy, Chairman

Billy E. "Eddie" Martin, Secretary

Adopted: _____
Minute Book Page: _____

A motion was made to accept Board Policy 117 Information and Cyber Security Policy/Identity Theft Protection (Employee Policy 528) by Director Martin, seconded by Director Bentley and unanimously agreed upon.

BOARD POLICY 531 GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION
BOARD POLICY NO. 531

APPROPRIATE USE OF EMAIL AND INTERNET SYSTEM

OBJECTIVE: To establish the proper guidelines for appropriate use of email and the Internet by Grayson R.E.C.C. Employees to prevent the Company and/or its employees from illegal or damaging actions by individuals, either knowingly or unknowingly.

POLICY: This policy will detail the rules of conduct for email sent from a Grayson R.E.C.C. Email address or for Internet activity through the Cooperative's servers, and applies to all employees, contractors, consultants, temporary and other workers, including all personnel affiliated with third parties. For Internal Procedures, refer to Administrative Guidelines. This policy is made part of the Cooperative's work rules and violation is subject to disciplinary action.

SCOPE: Grayson R.E.C.C. provides internet and email access to facilitate the conduct of company business. Occasional and incidental personal internet or email use is permitted if it does not interfere with the work of personnel, the Company's ability to perform its mission, does not directly interfere with Grayson R.E.C.C.'s business operations, IT facilities or electronic mail services, and meet s the conditions outline in official company directives. For internal procedures, all employees should reference Administrative Guidelines, Appropriate Use of Email and Internet systems.

Responsibility: It shall be the responsibility of the Manager of Technical Services to assure compliance with this policy. All contractors, consultants, temporary and other workers at Grayson R.E.C.C. shall be given a copy of pertinent information from this policy, reviewed with them by the Manager of Technical Services or his designee. It shall be the responsibility of the President and CEO to see that the Information and Cyber Security/Identity Theft Protection Committee adheres to the responsibilities of this policy and the Administrative Guidelines.

Harold Dupuy, Chairman

Billy E. "Eddie" Martin, Secretary

Adopted: _____
Minute Book Page: _____

A motion was made to adopt Board Policy 531 Appropriate Use of Email and Internet System by Director Whitt, seconded by Director Martin and unanimously agreed upon.

BOARD POLICY 528 GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION
BOARD POLICY NO. 528

SUBJECT: INFORMATION AND CYBER SECURITY/ IDENTITY THEFT PREVENTION POLICY

I. OBJECTIVE

The goal of this policy is to recognize the need to protect our Cooperative, our members and employees and both Cooperative member and data systems from growing information and cyber security threats. The Cooperative will make every effort to safeguard cooperative records and personal information. Grayson RECC recognizes its responsibility to protect personal information within the workplace.

This policy will help ensure that Grayson R.E.C.C.'s technology is and will be protected against all internal, external, deliberate and accidental threats. Grayson R.E.C.C. will make every effort to protect this information, in all its forms, written, spoken, recorded electronically or printed, and protect it from accidental or intentional unauthorized modification or destruction throughout its life cycle. This policy is established

and shall be administered to protect Cooperative technology systems and data, member financial and protected information, and Cooperative data acquisition and control systems across our scope of work.

II. POLICY

A. An Information and Cyber Security/ Identity Theft Prevention Committee (ITC) will be established to provide constant scrutiny and oversight. The committee will include one Director, appointed by the Board Chairman, the Manager of Technical Services, the Technical Services Supervisor, the Manager of Marketing & Member Services and one employee. The committee shall keep vigilant watch on current practices and procedures, and shall assess the Company’s need for new and updated policies and procedures. Cooperative Legal Counsel shall serve as advisor to this Committee.

The Manager of Technical Services shall serve as the Privacy Officer and shall report to the President and CEO and the Board of Directors regarding the needs and outcomes of the identity theft prevention program.

III. SCOPE

All employees, contractors, consultants, temporary and other workers at Grayson R.E.C.C. must adhere to this policy and all procedures authorized and approved under this policy. This applies to Cooperative data sets and technology equipment that is owned, operated, or leased by the Cooperative and the equipment, software, and storage mediums used to process, store, and transmit information. For internal procedures, all employees should reference Administrative Guidelines, Information and Cyber Security/Identity Theft Prevention. Contractors, consultants, temporary and other workers at Grayson R.E.C.C. shall be given a copy of pertinent information from this policy, reviewed with them by the Manager of Technical Services or his designee.

i. RESPONSIBILITY

It shall be the responsibility of the President and CEO to see that the Information and Cyber Security/Identity Theft Protection committee adheres to the responsibilities of this policy and the Administrative Guidelines. The ITC shall report to the Board of Directors annually or when any change is necessary. , and shall be represented by the Director appointed to that committee and the Manager of Technical Services.

GRECC BOARD POLICY 528
PAGE 2

Harold Dupuy, Chairman

Billy E. (Eddie Martin), Secretary/Treasurer

Date Adopted: 10/23/08
Minute Book Page: 4142-4154
Date Revised: 08/26/11
Minute Book Page: 4472-4473
Date Revised:
Minute Book Page:

A motion was made to accept Board Policy 528 Information and Cyber Security/Identity Theft Prevention Policy by Director Martin, seconded by Director Bentley and unanimously agreed upon.

OPERATIONS REPORT
AND SAFETY 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 April:

April 06—Andrea McCleese, Technical Services Supervisor, discussed a near miss from a Federated report involving a situation where a tailgate

SAFETY REPORT
(CONTINUED)

session had not been done. She talked about collection fees and showed a video where a drone was used to take lines across a river. We had the monthly safety give-a-way. Kyle reminded everyone to test and ground. Nancy had everyone to replace their hard hats.

April 13—Brian Poling, Mgr. of Operations, turned the meeting over to David White for KAEC's monthly safety meeting. His topic was Transformers 101 with Safety Manual references 507.8, hand-outs and a quiz. He mentioned an injury involving a lineman from EKPC. A tool/truck inspection followed at the warehouse and a crew safety inspection at job site.

April 20—Priscilla Sparks, Executive Assistant, turned the meeting over to Henry Sturgill from the Little Sandy Health Department to talk about ticks and mosquitos, types of clothes to wear in wooded areas, how to remove ticks, symptoms of lime disease.

April 25—Robert Brown, Geographical Information System Technician, presented a power point from the Safety Manual, section 503.4 Vehicle Operations and section 113 Wireless Electronic Devices. Carol Ann presented Kyle Clevenger and Mike Reynolds certificates of completion of Tri-State Superintendents & Foremen's Conference.

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 one hundred fourteen (114) new work orders for the month of June and worked zero (0) hours of overtime.

OVERTIME HOURS

The Maintenance Department worked six hundred twenty-two (622) hours of overtime in April. The Engineering Department worked zero (0) overtime hours in April.

DELINQUENT NOTICES

The Maintenance & Construction Departments collected on eighty-four (84) delinquent accounts and disconnected twenty-seven (27) accounts in May.

CONTRACT CREWS

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

Tony Seagraves – Stark Conversion, Elliott County and new construction
Chris Tackett – Bruin, Elliott County
Kevin Hamm – State Route 519, Rowan 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 745 trees, cut 666 trees, cut 26,015 feet of brush/line and sprayed 67 spans of line. The crews are working in the following areas:

2 cutting crews 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
2 bucket truck crews in Rowan County
1 tractor crew in Rowan County
1 spray crew in Carter County
Smith Tree Service - circuit crew on Elliott County on Skaggs Flat

- ENGINEERING REPORT The Engineering Department released one hundred five (105) prints consisting of 2,340 feet of primary line and 1,745 feet of service wire. We currently have four (4) new services to be staked and four (4) to be drawn. There are ten (10) miscellaneous jobs to be staked or drawn.
- AIR COMPRESSOR Our new air compressor came in three weeks ago. We will be putting up the old compressor up for sale. When the ditch witch trailer comes in the old trailer will be up for sale. If anyone is interested, they should contact President Fraley within the next week.
- WILLIAM 'BILL' DELONG Bill DeLong will be retiring on disability due to a shoulder problem.
- RYAN RICE We have hired Ryan Rice in Construction. Mr. Rice is a first class lineman from the Iron Hill area.
- MIKE REYNOLDS Mike Reynolds will be replacing Bill DeLong as Elliott County Maintenance Leadman.
- CONSTRUCTION LEADMAN The Construction Leadman's position will be posted on Tuesday.
- Motion was made by Director Rice, seconded by Director Martin to accept the operations and safety report. Motion carried unanimously.
- APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve ninety-seven (97) new memberships and retirement of ninety-three (93) existing memberships for the month of April.
- BAD DEBT WRITE-OFFS Motion was made by Director Martin, seconded by Director Trent and unanimously agreed to charge off \$6,822.88 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 Trent, seconded by Director Rice and unanimously agreed to approve the President's business expense of \$68.48, Director's business expenses of \$6,361.03 and Attorney's business expense of \$19.17.
- RUS WORKORDERS Motion was made by Director Whitt, seconded by Director Trent and unanimously agreed to approve the following 219 RUS Work Orders for the months of January, February and March 2016 in the amount of \$595,474.29:
- | | | |
|---------------|---------------------|---------------------|
| January 2016 | Work Order No. 1236 | \$121,672.62 |
| | Work Order No. 1237 | \$ 3,137.63 |
| February 2016 | Work Order No. 1238 | \$209,456.21 |
| | Work Order No. 1239 | \$ 10,880.37 |
| March 2016 | Work Order No. 1240 | \$236,630.33 |
| | Work Order No. 1241 | <u>\$ 13,697.13</u> |
| | Total | \$595,474.29 |
- PRESIDENT'S REPORT President Fraley reported on the following:
- COMPARISON OF READINGS Andrea McCleese prepared a comparison of member classifications for 2007 and 2014. At the end of 2014, Leon, Carter City, Pelfrey and Pactolus were

COMPARISON OF READINGS
(CONTINUED)

read and reclassified. Since that time, 3 more stations have been read, but not rolled in to the statistics at this time. A significant change in our system structure was noted.

PSC

President Fraley will be at EKPC on Monday for a Manager's Meeting. EK plans to construct a solar plant with 32,400 panels, behind the Headquarters Building, adjacent to I-64. A Certificate of Necessity has been filed with the PSC. The design reflects heat. This project will be financed with renewable energy bonds and government financing. Members, companies, and individuals can buy blocks of solar power. You don't get the power, but you can say you own green energy.

Licking Valley has come up against opposition for their new metering program in their proposed rate increase. The PSC wants every Cooperative to file a CPCN and this is not practical or cost effective. Also, Cooperatives cannot participate in EKPC Demand Side Management Programs without the new Metering technology.

The Cooperatives plan to attend the hearing for Licking Valley concerning this matter. East Kentucky will send a letter and support the Cooperatives in this matter. The Managers salaries and Directors expenses are being scrutinized by the PSC.

President Fraley said in view of our financial situation, we are looking for savings in non-traditional areas. We are carefully checking all demand charges on big loads. We are charging for trips we make for collections and trying to be very aware of every trip we make. We are also looking at tariffs for upgrades and revenue.

President Fraley plans to start a review of all Board Policies this summer.

Bradley is doing a comparison with GRECC and AEP. GRECC was cheaper than AEP on 750 kWh or less.

██████████ was in and insisted his big metal building, ██████████, was a barn. President Fraley compromised and called his service Commercial Agriculture.

LEGAL COUNSEL'S REPORT

Legal Counsel Scott reported on the following:

SAND GAP

Mr. Scott reported no oral arguments on Sand Gap. Three judges will be reviewing this case.

A Member was in and signed up for electric near the mushroom mines in Carter County. It is our territory, but about 4,000 feet from the nearest line. They are directly across the road from AEP territory, about 400 feet. President Fraley called AEP to offer an exchange deal and we have not heard from them. There are several homes on Beckwith Branch that are in our territory and served by AEP. We would consider trading those homes and the one at the mushroom mines for the seven at Sand Gap. We would insist the maps be approved and changed at the PSC. A line to the home at the mushroom mines would cost several thousand dollars. The house is already under roof.

CCSP – [REDACTED] We received a letter from a new law firm representing the [REDACTED] in the case at Carter Caves State Park when a child was supposedly hurt. We sent the letter to Park Priest, Federated Insurance. The [REDACTED] are no longer represented by Will Wilhoit.

KAEC DIRECTOR'S REPORT Director Whitt reported the following on the KAEC May Board Meeting:

The May Board Meeting was held to discuss selling of KAEC's buildings. The Board may choose to lease a building. They have to pay real estate taxes and insurance. Someone made a 3.2 million dollar offer. For the first time in several years a profit of \$87,000 was reported. Compensation will have to be paid to some of the contract employees who worked in the manufacturing plant.

EKPC DIRECTOR'S REPORT Director Arrington reported

Tony Campbell's appraisal is scheduled for tomorrow. Dale Station is being retired and the equipment is for sale. Mike McNalley reported on the year to date average cost to member system was \$64.63 per megawatts -\$1.01 less than budget. Denver York, NERC Senior Compliance Manager, updated the Board on Reliability Standards Compliance Program, performance and current issues. n(CREBS) New Clean Renewable Energy Bonds

THANK YOU LETTER GRECC received thank you letters from Greenup County 4H Agent Youth Seminar, Grayson Meals on Wheel and the Honor Flight for inviting them to attend the GRECC Annual Meeting.

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

Elliott County 4-H – trap shot	\$150
Gwenda Adkins – BRW memory sign	\$200
Raceland – Worthington Touchdown Club- renewal sign	\$150
Lewis Co. Extension –KY Youth Seminar	\$175
East Carter Tennis Team	\$50
Lewis County High School Golf	\$100
AAU – Director Whitt to check on	

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

MEETING ATTENDANCE No attendance plans were reported.

BOARD MEETING DATE The June Board Meeting will be held on Friday the 24th.

ADDITIONAL BUSINESS The commission made a ruling that we have a cyber policy in place to protect our members' information.

2016-2017 COMMITTEES Chairman designated the Directors to the following committees:

2016-2017 Planning and Review Committee:
Director Martin, Chair
Director Trent

2016-2017 COMMITTEES
(CONTINUED)

Director Rice
Chairman Dupuy, ex-officio

2016-2017 Negotiating Committee
Director Whitt, Chair
Director Arrington
Director Bentley
Chairman Dupuy, ex-officio

ADJOURN

Chairman Dupuy adjourned the meeting at 11:32 a.m.

Harold L. Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On June 24, 2016, 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 Dupuy 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 May Board Meeting.
MANAGER OF TECHINCAL SERVICES	Brian Poling, Manager of Technical Services reported on the following:
GIS / FUTURA TRAINING	<p>Brian and Robert Brown have finished training with Futura for the Graphical Information Systems. Futura has also created a direct link to SEDC, so the customer's location can be viewed straight from our billing system.</p> <p>Andrea McCleese and Brian are working on the staking hardware. Scott Speaks and Joe Sargent will be training with Futura's staking software. They will begin using Windows tablets in the field for staking. They will also have a Bluetooth antenna that gives them a location within 1 meter.</p>
DAVEY'S INC	GRECC has completed all contracts with Davey's Inc. and will be setting a kick-off date up in three weeks.
LICKING VALLEY RECC	<p>President Fraley informed the Board that Licking Valley had received a letter from the Attorney General opposing their inclusion of future electronic metering costs in their rate case. The Attorney General notes there is no return on the investment in future electronic metering. It was noted that Landis + Gyr will not be supporting the current meters in the future and no repair parts are available from them. Licking Valley would also not be able to participate in DSM and Energy Savings Programs through EKPC unless they have the proper metering equipment. The Attorney General wants Licking Valley to find someone that will maintain and repair the existing meters.</p> <p>Chris Perry, President of KAEC, plans to visit with the Attorney General as a neutral party concerning this issue. EKPC also plans to write a letter in support of Licking Valley and any other Cooperative that faces this issue.</p>
MANAGER OF FINANCE AND ACCOUNTING	Bradley Cherry, Manager of Finance and Accounting, presented the Financial and Statistical Report for April 2016.
FINANCIAL & STATISTICAL REPORT FOR APRIL 2016	<p>Kilowatt hour sales for the month of April (4/21-5/20) were (5.36%) under budget. Purchases for the time period of (4/01-4/30) were 1.96% over budget. Line loss for the last twelve months was 13.73%. The April margins were (\$292,438) compared to the year to date margins are (\$470,641).</p> <p>Sales were approximately 3.5% less. The fuel adjustment was (0.007619). The environmental surcharge (ESC) was 7.87%. There were 191 degree days – 141 heating degree days and 59 cooling degree days.</p>

APRIL T.I.E.R. The monthly operating T.I.E.R. for April was (2.856) with the rolling 12 month O.T.I.E.R. at (1.06).

PHYSICAL INVENTORY For the period May 1, 2015 to April 30, 2016, the average material and supplies physical inventory was \$424,672.38. The adjustment amount was 1.46%. President Fraley was very pleased with the inventory. Roger Kitchen, Willis Barker, and Caitlin Hutchinson filled in for Kippy James for several months before he retired, in addition to their other job duties. Robert Brown served as advisor. We also have had several small storms since the beginning of the year, and two work plan jobs have utilized a job trailer.

Since Roger Kitchen was selected to serve as the new Warehouseman, several measures to continue to improve our supply plan and turnover, as well as our inventory. A new bar coding system is one of those improvements.

Physical Count

Amount over	\$ 18,717.66
Amount under	<u>\$(24,935.27)</u>
Difference	\$ (6,217.61)

Inventory Totals

Beginning balance	\$ 197,270.71
Purchases	\$ 829,882.11
Sales	\$ (6,715.18)
Adjustments	\$ 2,510.45
Physical count adj's	\$ (6,217.61)
Construction	<u>\$(774,274.56)</u>
Ending balance	\$ 242,455.92

Bradley and Sherry Buckler have worked with Roger and Caitlin on our procedures to pay fiscal year inventory and invoices. Roger, Caitlin, Robert and Willis are to be commended for taking on additional duties and the successful inventory is a result of their hard work.

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

CAPITAL CREDITS In June we paid out 17 capital credits in the amount of \$20,550.88. There are 22 outstanding applications and 13 incomplete. Year to date totals paid are 60 capital credits totaling \$59,774.10.

APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR APRIL 2016 Motion was made by Director Whitt, seconded by Director Martin and unanimously agreed to approve the Financial and Statistical report for April 2016, as presented, for informational purposes only.

SMART GROUP CASE All Smart Group information has been filed with the PSC. Every two years we do a cyber security presentation to make sure we are protected.

FEMA We received a packet from FEMA. When FEMA comes in and does the final inspection we will receive 10% of each FEMA job. The packet also included a change of agent request which is required to be completed. Bradley Cherry is willing to stay on as the assigned agent to do FEMA paperwork.

FEMA (CONTINUED) A motion was made to keep Bradley Cherry as the assigned agent for FEMA by Director Martin, seconded by Director Rice and unanimously agreed upon.

NRTC We received a patronage check from NRTC in the amount of \$93.62 for partial payment of capital credits. Our current patronage capital balance is \$10,175.47.

CHARTER COMMUNICATIONS GRECC received a dividend payment in the amount of \$1,380.53 from
DIVIDEND CHECK Charter Communications.

Field representative, Brian Stavish with CFC came and talked to President Fraley and Bradley and offered Grayson RECC an opportunity to refinance our RUS loans at a substantial savings. We plan to investigate this offer and bring it back to the Board for their review.

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

ADDITIONAL DEPOSITS LETTERS She mailed 26 additional deposit letters in June. It was delayed this year because LIHEAP was extended to April 29th instead of March 31st.

ANNUAL MEETING SUMMARY The Annual Meeting summary should be ready by the July or August board meeting. There are still outstanding invoices for some of the expenses.

PREPAY ACCOUNTS PrePay Summary: 520 active PrePay accounts; 4 inactive accounts; average balance on accounts - \$45.96 credit; average kwh usage—31 a day; total number of payments in 30 days—1,965; average payment - \$33.40; and total payment amount - \$65,635.75.

DEBT MANAGEMENT Debt Management Summary: 112 active accounts totaling \$12,362.04. In the past 30 days total payments collected ws \$1,376.51. 22% of active accounts have Debt Management.

Under \$100=6	\$100-\$199=10	\$200-\$299=9
\$300-\$399=8	\$400-\$499=5	over \$500=4

ENERGY EFFICIENCY Energy Efficiency and Audits: Energy Audit – 2; Heat Pump Audit – 2; Touchstone Energy Home Audit – 2; Commercial Lighting Complete – 3; Commercial Lighting In Progress – 2; HVAC Duct Seal – 2; Button-Up – 3. Appliance Recycling: Freezer – 1; 2 Refrigerators – 2
Energy Star Appliance Rebates: Clothes Washer – 2; Dishwasher – 1; Refrigerator – 4

COMMUNITY/SCHOOL PROGRAMS School and community programs:
Lewis County Elementary Safety – 180 students
Washington Youth Tour – 2 students, Morgan Kitchen from West Carter High School and Hayley Boyd from Rowan County

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
ACCIDENT

There were no lost time accidents to report this month.

SAFETY REPORT

The following safety meetings were held during May:

May 09—Kim Bush, Mgr. of Marketing & Member Services, gave out job schedules for annual meeting and discussed the activities that would be set up for the meeting. Kyle Clevenger reviewed a safety investigation involving Mike Blevins. We had the monthly safety give-a-way.

May 16—Bradley Cherry, Mgr. of Finance & Accounting, informed every one of the problem with the Credit Union debit card fraud. Carol Fraley talked about how good everything went at Annual Meeting. Andrea discussed online collections.

May 27—Kyle Clevenger, Manager of Operations, was in charge of the meeting. King's Daughters attended for the Health Fair. They checked blood pressure, cholesterol, blood sugar & oxygen and also did EKG's.

May 31—Carol Fraley, President and CEO, talked about substation meter readings and when more substations may be read. She also discussed the last board meeting and said that Harold Dupuy is the new Chairman. She talked about updating Board Policies and appropriate use of e-mail/internet and cyber security. Mr. Dupuy talked to everyone about his responsibility as a director and his experiences with safety as supervisor on a job.

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-six (96) new work orders for the month of May and worked fourteen (14) hours of overtime.

OVERTIME HOURS

Maintenance Department worked four hundred ninety-four (494) hours of overtime during the month of May.

DELINQUENT NOTICES

The Maintenance & Construction Departments collected on two hundred four (204) delinquent accounts and disconnected twenty-seven (27) 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
Chris Tackett – Bruin, Elliott County
Kevin Hamm – Route 519 State Job, Rowan 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. Crews trimmed 667 trees, cut 364 trees, cut 28,320 feet of brush/line and sprayed 208 spans of line. The crews are working in the following areas:

1 cutting crew in Carter, Lewis and Greenup Counties
2 cutting crews in Rowan County
1 bucket truck crew in Carter, Lewis and Greenup Counties
1 bucket truck crew in Rowan County

RIGHT-OF-WAY CREWS
(CONTINUED)

1 bucket truck crew in Elliott County
1 tractor crew in Rowan County
3 spray crews in Elliott County

1 Smith Tree Service circuit crew in Elliott County on RT 504

ENGINEERING REPORT

The Engineering Department released ninety (90) prints consisting of 6,620 feet of primary line and 2,490 feet of service wire. We currently have three (3) new services to be staked and two (2) to be drawn. We have approximately nine (9) miscellaneous jobs to be staked or drawn.

ACCIDENT

Bryan Rogers and Tony Brewer were involved in a reportable accident. Bryan injured his hand by holding on to the boom cradle and accidentally setting the boom down on his hand. They were reinstalling neutrals that had been cut down and stolen. It was about 2:30 pm on a Friday afternoon on Ison Creek in Lawrence County and it was extremely hot. Fortunately, Mr. Rogers hand was only bruised and he was able to return to work with a doctor's release. We called Federated and they said this was not considered a loss time accident.

EQUIPMENT SALES

Kyle reported that we will be selling an old air compressor and ditch witch trailer. No board member was interested in it.

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS

Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve one hundred one (101) new memberships and retirement of eighty-four (84) existing memberships for May 2016.

BAD DEBT WRITE-OFFS

Motion was made by Director Martin, seconded by Director Trent and unanimously agreed to charge off \$5,549.30, 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 Rice and unanimously agreed to approve the President's business expense of \$46.53, Director's business expenses of \$6,036.43 and Attorney's business expense of \$0.00.

PRESIDENT'S REPORT

President Fraley reported that Michael Schmitt of Paintsville was appointed Director of the PSC by Governor Bevin.

BOARD MEETING DATES

Due to several conflicts, our board meeting dates have been changed as follows, for the remainder of the year:

July 22, Friday
August 26, Friday
September 26, Monday and Brownstown would like to do a fish fry, also.
October 21, Friday
November 21, Monday
December 21, Wednesday

CLEANING DAY

President Fraley proposed an office cleaning day on Monday, October 10. The Board agreed to the closure of the office.

RODNEY HITCH

Rodney Hitch, EKPC Economic Development Director, would like to come up and talk about economic development. He also has new map and

RODNEY HITCH
(CONTINUED)

industrial apps he would like to make everyone aware of. We are looking at the October Board Meeting.

MIKE MCNALLY

Mike McNalley, EKPC, will be asked to come to a board meeting and talk about PJM.

██████████

██████████ wants to build a house in our territory near the mushroom mine at Lawton. A proposal was made to AEP to trade the location of her house for the house in Sand Gap and they refused. ██████████ would have to pay for over 4,000 feet of line if we serve her. AEP is directly across the road and about 150 feet away.

CONSTRUCTION DEPARTMENT
JOB CHANGES

Due to Bill DeLong's retirement the following changes has been made in the Construction Department:

Mike Reynolds, replaced Bill DeLong as Maintenance Man in Elliott County
Herbie Steagall replaced Mike Reynolds as a Construction Crew Leader
Chris Mosier replaced Herbie Steagall as Maintenance Man in southern Carter County
Jamey Withrow replaced Chris Mosier as a Construction Crew Leader
Ryan Rice was hired as a first class lineman.

NRECA 2016 REGIONAL
VOTING DELEGATES

The NRECA Voting Delegate for the 2016 Regional Meeting is Harold Dupuy and the Alternate Delegate is Roger Trent. The Regions 2 & 3 Meeting will be held in Myrtle Beach, South Carolina, October, 2016.

COBANK

Grayson RECC received a notification for anyone wishing to run for the CoBank board. There was no response.

LEGAL COUNSEL'S REPORT

Legal Counsel Scott reported on the following:

SAND GAP CASE

Waiting for court of appeals to make a decision on the Sand Gap case.

INDEPENDENT
CONTRACTORS

Wrote contracts for Pam Kitchen, who cleans our building and Will Harris who cares for our lawn and grounds.

KAEC DIRECTOR'S REPORT

Director Whitt asked President Fraley to give the KAEC Board of Directors report, as he did not attend the June meeting. President Fraley reported:

Allen Armand was seated as an EKPC representative.

There will be a CFC training in Louisville in January. Some of our board should attend.

ACORN – an organization started in Mississippi, is looking into the lack of board diversity and the makeup of local cooperative boards of directors, including nepotism.

Mike Williams, NRECA representative, said annual meetings are changing to meet members' needs. He reported no dues increase in 2017. There can be up to a 3% increase in the medical this year.

Chris Perry discussed options available to the KAEC Board regarding current offices and warehouse space. There are several options. This will

KAEC DIRECTOR'S REPORT (CONTINUED) continue to be studied by KAEC personnel and more information presented at the September Board Meeting.

Revenue from the sale of manufacturing equipment is being applied to long term debt.

EKPC DIRECTOR'S REPORT Director Arrington gave the EKPC Board Report:

Joe Spalding from Inter County is the new Chairman.
Alan Armand was elected Vice-Chairman and Mike Adams was re-elected as Secretary/Treasurer.
Rodney Hitch, Economic Development Director, updated EKPC on the new app called Power Map. The Power Map provides location and economic data.
Mike McNalley said the average cost to member systems year to date was approximately \$63.67.
Boris Haynes was seated as the new director from South Kentucky RECC.
EKPC is building a 30 MW Solar project behind headquarters. Panels will be owned by members and will cost \$420 each. They cannot be resold.
The member-owner will get credit for the energy produced for 25 years and get a tax credit.

THANK YOU LETTERS GRECC received a thank you note from Clarissa Gearner for the scholarship she received.

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

Grayson Area Chamber of Commerce – Chamber Cup Golf Scramble	\$200
Lewis County Educational Foundation – sponsor Back to School Fair	\$100
WCHS Football – renew fence sign ad	\$100
Lewis County Football – field advertising sign –sponsor	\$150
Elliott Co. Family Resource/Youth Serv. Cntr. –Back to School Redi-Fest	\$100
Rocky Adkins Library – summer reading program sponsor	\$100
Greenup Old Fashion Days - festival	\$100

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

MEETING ATTENDANCE The NRECA Regions 2 & 3 Meeting is in Myrtle Beach, South Carolina. Directors Trent, Dupuy, Martin, Rice, Whitt, Arrington and Bentley, will attend. The date is October 26-27, 2016 with the pre-regional director's education on the 25th.

KAEC LINEMAN RODEO The KAEC Lineman Rodeo will be held September 29th and 30th at Shelbyville. All Directors plan to attend.

ADDITIONAL BUSINESS There was no additional business.

BOARD MEETING DATE The next board meeting will be held on Friday, July 22, 2016.

ADJOURN Chairman Dupuy adjourned the meeting at 11:55 a.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On July 22, 2016 at 8:56 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 Whitt, seconded by Director Trent and unanimously agreed to approve the minutes from the June Board Meeting for informational purposes only.
- MANAGER OF TECHNICAL SERVICES Brian Poling, Manger of Technical Services and Robert Brown, GIS Technician reported on the following:
- MAPPING The past month has been all about mapping. Joe, Scott, Robert, Andrea and Brian spent last week in training on the new Futura Staking software. We successfully switched to Futura Monday. Joe and Scott are learning how to use the staking software.
- DAVEY'S RESOURCE GROUP We have been working closely with Davey Resource Group. They will arrive on the 2nd of August. Carol Ann mailed letters to the county Judge Executives, the Sheriff's departments and the 911 centers in Carter, Greenup and Lewis Counties, so they are aware of Davey's presence. We will be sending out phone calls in the areas Davey will be working on a weekly basis so land owners are aware.
- Data is entered in the field. The information is "dumped" into our system and Robert Brown filters and checks it for accuracy. Mapping will be updated overnight so everyone can access it. Mike Martin gets instant notification on right-of-way problems. Poles will be numbered as they go. President Fraley has written a letter of identification that Davey's employees will carry with them, and their vehicles will all have magnetic signs on their trucks and ATVs.
- President Fraley said her September magazine article will be about the mapping program, explaining the advantages to our members. The new mapping project will give us an accurate description of the equipment located on each pole, the number of poles, the GPS coordinates, size and model of the transformers, fuses and regulators and which meters are fed from that particular transformer. We will begin at Pactolus, move north through Warnock, Low Gap, and Argentum. We will then pick up the Carter City substation and will move to Rowan County in the colder months. The second phase will start south at Leon and finish the system. This could take around two years to complete.
- MANAGER OF FINANCE AND ACCOUNTING REPORT Bradley Cherry, Manager of Finance and Accounting, presented the Financial & Statistical Report for May 2016. Mr. Cherry reported on the following:
- FINANCIAL & STATISTICAL REPORT FOR MAY 2016 Kilowatt hour sales for the month of May (5/21-6/20) were (.61%) under budget. Purchases for the time period of 5/1-30/16 were (4.31%) under budget. Line loss for the last twelve months was 10.36%. Year to date margins are (\$461,053) compared to the budgeted amount of (\$144,737).

FINANCIAL & STATISTICAL
REPORT FOR MAY 2016
(CONTINUED)

Mr. Cherry went over the May financial report thoroughly, reporting the following:

The fuel adjustment for July was (0.007341).
The environmental surcharge was 9.73%
There were 245 degree days with 6 heating degree days and 239 cooling degree days.

T.I.E.R.

May's T.I.E.R. was 1.13 and the rolling monthly O.T.I.E.R was 1.24.
The monthly O.T.I.E.R. decrease was due to May 2015's O.T.I.E.R being .05 due to FEMA money.
Director Whitt asked how long that would put us off for a rate increase and President Fraley said we are watching on a month to month basis. Our year end reports next March will show the final results.

BILLS BY COUNTY

The bills by county are: Carter 4,522 (30%), Greenup 4,310 (28%), Elliott 3,675 (24%) Rowan 1,784 (11%), Lawrence 804 (5%) and Lewis 304 (2%).

President Fraley said that EKP was not approved by the Commission to pay a \$70 incentive on each LED security light we install. She expects EKPC to refile.

LINE LOSS

Bradley showed a comparison of line loss, normalized to EKPC's billing cycle. This answered several questions the Board had regarding how line loss was calculated.

CAPITAL CREDITS

Fourteen capital credit applications were paid in July in the amount of \$16,445.96. The number paid in 2016 is 74 to date, totaling \$76,220.06. We have fifteen outstanding incomplete capital credit applications.

HUMANA INSURANCE –
POST 65

Mr. Cherry presented the Humana Insurance plan for our 35 post retirement employees/spouses (over 65). Last year the cost was \$316.85 and increased to \$318.24 or an increase of \$1.39 per person on prescription drug coverage renewal. This covers the part Medicare doesn't cover, Part D.

Motion was made to approve the renewal of the Humana Insurance plan for retired employees on Part D by Director Martin, second by Director Whitt and unanimously agreed upon.

Other insurance rates will be considered in August, with action to be taken in September.

FEDERATED INSURANCE

Tony Hermesch, Federated Insurance, reported that over the past eight years our modifier has went from a max of 1.66 to a low of .76 for the year 2016. The decrease in the experience mod from 2015 to 2016 results in a \$16,640 decrease in premiums from the previous year. Mr. Hermesch looked at our umbrella policy and suggested we may want to consider changes to the umbrella policy of \$4 million to a state average limit of \$9-\$10 million. Our Directors and CEO umbrella is currently \$7 million and the average is \$4 million - \$5 million.

President Fraley explained we adopted the director umbrella coverage last year upon advice from KAEC and Federated. The majority of Kentucky Cooperatives evidently went with a higher premium policy than was first recommended.

CFC Mr. Cherry asked that the consideration of CFC refinancing presentation to be tabled until August until he gets more feedback and talks to Mr. Alan Zumstein.

WAGE AND SALARY COMMITTEE President Fraley asked that a Wage and Salary Committee Meeting be scheduled for August 19th at 9:00 a.m. before the 26th Board Meeting. Director Martin is Chairman, and Directors Trent and Rice are on the Committee with Chairman Dupuy as the ex-officio member.

APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR MAY 2016 Motion was made by Director Bentley, seconded by Director Trent and unanimously agreed to approve the Financial and Statistical report for May 2016 as presented, for informational purposes only.

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

CONNECTION CARD She passed out new Coop Connection cards and a list where the cards can be used.

PSC REPORT The yearly PSC Disconnection and Reconnection Report for July 2015 – June 30, 2016 was filed. She reported 362 members were disconnected and 169 members were reconnected. The highest off service bill collected was \$1,988.64 and the lowest was \$70.57. PrePay continues to make a big difference in these amounts.

PREPAY SUMMARY
526 Active PrePay Accounts 14 Inactive Accounts
Average Balance on accounts \$43.81 credit
Average kwh Usage -35 a day
Total Number of Payments in 30 days - 2,257
Average Payment - \$32.30
Total Payment Amount - \$72,903.30

DEBT MANAGEMENT
There are 44 active Pre Pay accounts with Debt Management.
Total amount in Debt Management is \$12,491.41
8% of active accounts have Debt Management

Under \$100=6 \$100-\$199=13 \$200-\$299=11
\$300-\$399=6 \$400-\$499=4 over \$500=4

ENERGY AUDITS
Tina did nine energy audits, three heat pump audits, two commercial lighting retrofits are in progress, two HVAC duct seal audits and two refrigerator appliance rebates have been filed.

West Carter and East Carter Middle Schools had approximately 150 students for the safety presentation at Carter Caves State Park.

ANNOUNCEMENTS
EKPC filed their wholesale tariff for their 30 megawatt Cooperative Solar project. The cost to participants will be \$460 per panel. It should be completed in mid 2017.

SCHOOL/COMMUNITY PROGRAMS
Julie Lewis and Peggy Wells will attend the Blaine Redi-Fest.
Donated school supplies for 200 students in Greenup County.
Carter County Fair, Kids in the Races, is Tuesday, August 9th at 6 p.m.
Greenup County Fair, Kids in the Races, is Friday, September 2nd at 6 p.m.
The Lineman Rodeo is September 29-30.

SCHOOL/COMMUNITY
PROGRAMS (CONTINUED)

The Planning and Energy Efficiency Preparedness event is October 13th.
The Service Awards Dinner is Friday, December 9th at 6:00 p.m. at Olive Hill Historical Society.
Kim and Andrea worked on a radio announcement informing of Pactolus Substation Mapping program.

OPERATIONS REPORT

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

EMPLOYEE/LOST TIME
ACCIDENT

There was one lost time accidents to report this month.

JUSTIN STANIFORD

President Fraley described the accident and said that a Safety Stand Down was held July 1. On July 5th she, Kyle Clevenger, Mike Martin and Roger Kitchen, Union Representative, met with each member of Jamie Withrow's crew individually. After making each one aware of their negligence regarding this accident, she told them that a copy of the accident report and her notes will be placed in each of their files. They would also be penalized for their part in causing the accident with the loss of their Safety Incentive Pay for 2016. President Fraley gave them a stern warning that this lack of responsibility for themselves and others would not be tolerated.

As of this week we have 400 plus safety hours without a lost time accident.

PIKE ELECTRIC

Mr. Clevenger said he let one crew go to Arkansas to help with storm work.

SAFETY REPORT

The following safety meetings were held during June:

June 7 – Mike Martin, Asst. Mgr. of Operations, turned the meeting over to Carol Fraley, President and CEO, who talked about Administrative Guidelines. She went over line extension requirements, deposits, large power contracts and school and sales taxes. Scott Speaks reminded everyone to watch for swimming pools being installed under electric lines. Bob Layman was on premises to check fire extinguishers.

June 15 – Andrea McCleese, Technical Services Supervisor, turned the meeting over to Kendall Bush for the KAEC monthly safety meeting. His topic was Back Safety and Ergonomics; What is Ergonomics; and Ways to Prevent Injuries. We had the monthly safety give-a-way.

June 20 – Brian Poling, Mgr. of Technical Services, turned the meeting over to Steve Bush, First Class Meterman. His topic was the new disconnect meters, the differences in the new and old meters, three-phase meters and turtle meters. Carol Fraley talked about additional deposits and asked everyone to watch for swimming pools being installed under power lines.

June 27 – Priscilla Sparks, Executive Assistant, turned the meeting over to Carol Fraley, President and CEO who went over some of the Administrative Guidelines, pages 9-19. The topics were: hiring procedure, appropriate office attire, personal leave days, scholarships, appropriate use of email and internet, password policy, identity theft prevention, donations of sick leave and vacation, safety incentive drawing, use of ATV's, line extension policy, underground services & underground policy for padmount transformers, aid to construction cost and relocation for convenience of member.

SAFETY REPORT (CONTINUED)	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-seven (87) new work orders for the month of June and worked zero (0) hours of overtime.
OVERTIME HOURS	The Maintenance Department worked five hundred ninety-four (594) hours of overtime in June. The Engineering Department worked four (4) overtime hours in June.
DELINQUENT NOTICES	The Maintenance and Construction Departments collected on two hundred forty-seven (247) delinquent accounts and disconnected twenty-nine (29) accounts in July.
CONTRACT CREWS	The three (3) Pike crews have been working in the following areas: Tony Seagraves— Stark Conversion, Elliott County and new construction Chris Tackett— Shultz, Greenup County Bobby Watson—pole replacements, various counties
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 647 trees, cut 361 trees, cut 26,685 feet of brush/line and sprayed 321 spans of line. The crews are working in the following areas: 1 cutting crew in Carter, Lewis and Greenup Counties 2 cutting crews in Rowan County 1 bucket truck crew in Carter, Lewis and Greenup Counties 1 bucket truck crew in Rowan County 1 bucket truck crew in Elliott County 1 tractor crew in Carter County 3 spray crews in Elliott County 1 Smith Tree Service – circuit crew in Elliott County
ENGINEERING REPORT	The Engineering Department released eighty-eight (88) prints consisting of 17,765 feet of primary line and 1,745 feet of service wire. We currently have six (6) new services to be staked and six (6) to be drawn. There are twenty-one (21) miscellaneous jobs to be staked or drawn.
APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS	Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve one hundred eight (108) new memberships and retirement of ninety-one (91) existing memberships for June 2016.
BAD DEBT WRITE-OFFS	Motion was made by Director Whitt, seconded by Director Trent and unanimously agreed to charge off \$6,615.99 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 Whitt, seconded by Director Trent and unanimously agreed to approve the President's business expense of \$.00, Director's business expenses of \$6,609.31 and Attorney's business expense of \$16.45.
PRESIDENT'S REPORT	President Fraley reported on the following:

EKPC REPRESENTATIVES Mike McNalley and Tony Campbell will be here for the September Board Meeting. Mike will be talking about PJM and answering any questions.

Rodney Hitch will be attending the October Board Meeting and would like to show an economic development video and a drone presentation of the Industrial Park. He will be also be speaking at the October 11, Grayson Area Chamber of Commerce Meeting for coop month.

KAEC REPRESENTATIVES KAEC will be here in October 13th for volunteer fire department training. The safety program training will be over the hill and we will provide a dinner with it. We will be opening it up EMTs and emergency management center in Sandy Hook. A letter will be mailed to the surrounding agencies.

EAST KENTUCKY POWER East Kentucky Power filed a Notice of Application Seeking Issuance of a Certificate of Public Convenience and Necessity, Approval of Certain Assumption of Evidence of Indebtedness and Establishment of a Community Solar Tariff on July 21, 2016.

CITY OF VANCEBURG The Electric Plant Board of the City of Vanceburg mailed a check for their residual of \$3,226.88. They have 16 new members and lost 2 members out of it for the period of July 1, 2015 – June 30, 2016. The Nelson plant portion of the check was for \$452.07. Last year the Nelson portion of the check was \$1,600+ and this year it was over \$2,000. The check they sent last year was for \$2,500.39. It was increased by \$726.49. A list of the members is mailed with the check.

PSC CASE NO. 2016-00056 The Tariff Filing of East KY Power Coop to Implement a New Demand-Side Management Program, Order dated December 30, 2015 was denied by the Public Service Commission on June 30, 2016. The order asked for DSM-11 to offer incentives to EKPC's 16 member-owner coops to install LED outdoor lights for end-use coop members.

NRECA 2016 REGIONAL MEETING VOTING DELEGATE The NRECA 2016 Regional Meeting Voting Delegate is currently and will be Director Trent with Director Bentley as Alternate Voting Delegate. This is October 25-27 in Myrtle Beach, South Carolina.

KENNETH ARRINGTON Director Arrington received from NRECA a Director Gold Certificate and a lapel pin for completing this course of study.

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

COLLECTION LETTER Twenty one collection letters were mailed.

ALAN ZUMSTEIN A letter was mailed to Alan Zumstein, CPA, in regards to GRECC's audit.

██████████ ██████████ applied for electric service to a house on Lawton Road by the old mushroom mines. The distance to run an electric line was 5,000'. We agreed for KY Power – AEP to pick up service to this residence. Legal Counsel Scott said the terms of the agreement need to be in writing. President Fraley said she received an email from AEP-KP.

PSC / VALLEY VIEW / AEP-KP Legal Counsel Scott felt the Public Service Commission is wrong in regards to the territory boundaries for Valley View. We will pursue this issue. Chairman Dupuy asked if we have received anything in writing on Sand Gap. Legal Counsel Scott said their map has a 100' buffer on the Sand Gap.

KAEC DIRECTOR'S REPORT Director Whitt reported there was not meeting at KAEC this month.

EKPC DIRECTOR'S REPORT Director Arrington showed a video on drones and a video on EKPC's 75 years of service.

THANK YOU LETTER GRECC received thank you letters from:
Thaddeus Clay – scholarship winner.
Community Hospice – donation in memory of Deborah Combs.
Elliott County Cooperative Extension Agent, Gwenda – 4-H camp donation.

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

Eastern KY Striders – USA Track & Field competition	\$50
East Carter High School Volleyball Boosters – golf scramble	\$50
GCHS Touchdown Club – sponsorship – field sign	\$45
Elliott County Youth Livestock – 4-H – KC will attend	\$500
Trooper Island Golf Tournament – sponsor camp	\$100
Carter County Youth Livestock – CF attends	\$500
Greenup County Youth Livestock – sponsorship	\$500
Carter County Special Olympics – sponsorship	\$250
Lewis County Band Boosters – sponsorship	\$100

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

MEETING ATTENDANCE President Fraley told the Board that KAEC is offering Management Certificates and Supervisory Certificates. She plans to send James 'Jamey' Withrow.

BOARD POLICIES TO BE REVIEWED President Fraley presented Board Policy 509, Safety Incentive, for consideration:

BOARD POLICY 509 GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION
BOARD POLICY NO. 509

SUBJECT: SAFETY INCENTIVE

I. To establish a policy for the employees of GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION whereby they may earn a paid Safety Incentive on the condition that they, individually do not suffer from or contribute to or cause a Lost-Time Accident or Disabling Injury during the time period of January 1st through December 31st of each calendar year.

II. POLICY

- A. All employees shall participate in the Safety Incentive Program.
- B. The period of participation shall be from January 1st through December 31st of the calendar year.
- C. In order to earn the Safety Incentive, employees must not:
 - 1. Experience a lost-time accident or disabling injury during the designated time period.
 - 2. Cause or contribute to an accident or disabling accident or injury as a result of violation of a Company rule or policy.
- D. Accidents or injuries suffered by employees on personal time shall not cause the loss of the Safety Incentive.
- E. When a Safety Incentive is earned, it shall be awarded by March 1st of the following year.

BOARD POLICY 509
(CONTINUED)

- F. The Safety Incentive shall be equivalent to no less than eight (8) hours of pay per employee at their current rate. (This is in keeping with the current policy and does not violate the Union Contract.)
- G. Any employee who violates this policy will not be eligible for any other safety incentive for the remainder of the year.

The Board may determine an additional incentive based on accident experience for the preceding year and savings to the Cooperative. Staff will present information on any additional incentive to the Board each year at the January Board Meeting, and make a recommendation for their consideration.

III. RESPONSIBILITY

It shall be the responsibility of the President and CEO, Manager of Finance and Accounting and the Safety Supervisor to see that this policy is adhered to.

It shall be the responsibility of each and every employee to strive for an accident free year.

GRECC BOARD POLICY 509
PAGE 2

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

Date Adopted: 02/21/86
Minute Book Page: 1554-1555
Date Revised: 01/26/90
Minute Book Page: 1910-1911
Date Revised: 01/24/97
Minute Book Page: 2856
Date Reviewed: 02/26/04
Minute Book Page: 3584-3585
Date Revised: 12/21/09
Minute Book Page: 4267-4268
Date Reaffirmed: 07/22/11
Minute Book Page: 4445-4446
Date Revised: 07/22/16
Minute Book Page:

Following discussion, motion was made by Director Martin seconded by Director Whitt and unanimously agreed to amend Board Policy 509 as presented.

BOARD MEETING DATE The August Board Meeting will be held on Friday, August 26th.

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

ADJOURN Chairman Trent adjourned the meeting at 12:02 p.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On August 26, 2016 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 Trent and unanimously agreed to approve the minutes from the July Board Meeting for informational purposes only.
MANAGER OF TECHNICAL SERVICES	Brian Poling, Manager of Technical Services and Andrea McCleese reported on the new mapping.
DAVEY RESOURCE GROUP	<p>Brian is receiving the Davey Resource Group report on safety, field staff working and their contact information, items for discussion, delivery schedule for the week, circuit status reporting where they are and going. This week 762 were mapped and in the week and half into the project 1,731 has been mapped. Pactolus circuits 3 and 4 are finished and they are working on circuit 2.</p> <p>Daily the DRG syncs with GRECC and reports a live update of the mapping. This gives the phasing and Brian can tag on any pole, structure or meter. Their data base will match up to the consumer's meter number and account number.</p>
ALAN ZUMSTEIN	<p>Alan Zumstein, CPA, presented the Management Letter and the results of the Audit for the Fiscal Year for June 1, 2015 through May 31, 2016. He stated the following:</p> <p>The Financial Statement was found to be in good order. Equity is 33% of our assets, but if you take East Kentucky Power's capital credits out it would be 20%. East Kentucky contributes to approximately 13-14% of our equity. Income statement shows energy (kWh) sales has decreased, like other Kentucky coops. Residential sales decreased 9% resulting in revenue loss of \$2.3 million. The effect of that is losing money. The operation expense is about the same as last year, but we generated less revenue to pay for those operating expenses. The Times Interest Earned Ratio (T.I.E.R.) is 1.1% this year compared to 1.8% last year. Material and inventory came out very well, with our warehouseman off.</p> <p>Overall the audit went well. Mr. Zumstein's detailed report was followed by offering to answers any questions the Board may have.</p> <p>Motion was made by Director Martin to accept the 2015-2016 Financial Audit as presented, seconded by Director Trent and unanimously agreed upon.</p>

FINANCIAL AND
STATISTICAL
REPORT FOR JUNE 2016

Bradley Cherry, Manager of Finance and Accounting, presented the Financial and Statistical Report for June 2016 as:

Kilowatt hour sales for the month (6/21-7/20) were 3.77% above budget. Purchases for the time period of (6/1-30) were .59% and on budget. Line loss for the last twelve months was 8.78%. Year to date margins were (\$466,551). Sales and purchases were less than anticipated.

T.I.E.R

T.I.E.R. was .93 for the month and the year to date T.I.E.R. was (1.04).

FUEL ADJUSTMENT

The Fuel Adjustment for the month was a credit of .005851.

ESC

The Environmental Surcharge was 10.56%.

DEGREE DAYS

There was 337 cooling degree days and 0 heating degree days. Compared to June 2015 we sold about 5.5% more than the last 3 years of 2.5%. Year to date sales are 6.18% under budget compared to 2015. Purchases were at .6% for the month. There was only one (1) kWh difference between last year and this year.

REVENUE SUMMARY

We had 76.2 degrees this year compared to 73.8 in 2015. Margins/T.I.E.R. for June was 5,498/.93 and year to date O.T.I.E.R. (1.04) and .15 less than 2015. The average T.I.E.R. over the last 3 years was 1.31. The rolling 12 month O.T.I.E.R. was 1.23 and will be adjusted in July. Year to date margins are about \$330,000 less than anticipated.

MAPPING EXPENSE

Mapping expenses are currently \$181,240 and we budgeted \$26,487 for this period. This amount includes all set up charges instead of having charges spread across the project. Next month, mapping expenses will go into a separate holding account and we plan to use work order dollars and draw down on the RUS loan fund spreading over five years. Robert's labor and benefits will be excluded. An adjustment in the amount of \$103,000 will be reported next month causing our margins to increase. Davey's Group expenses will also go into this holding account. By doing this O.T.I.E.R. raises to 1.34% and margins to (\$363,617).

RIGHT-OF-WAY EXPENSE

Director Dupuy noted the right-of-way expenses were higher than budgeted. Bradley said this was due to two months with a fifth week in them and early warm weather.

Line loss was matched to EKP's at 4.67% and year to date booked 8.78%.

CUSTOMERS BILLED

We billed 15,398 consumers, 15,358 last month and 15,379 last year.

QUARTERLY FINANCIALS

Mr. Cherry reviewed the second quarter financial report in detail. Residential sales were 8.58% under budget, general sales were 3.37% under budget, small commercial down 6.5%, large commercial down 4.5% and large industrial was up 6.19%. Total purchases were (6.80%). Line loss was .34%. Overtime hours for the year were 3,197 and a littler under budget. Degree days year to date were 1,873 and up about 5.5%. The load factor is good compared to the past 3 years.

QUARTERLY FINANCIALS (CONTINUED)	Sales were \$1.2 million under budget. Purchase power was \$849,000 making a difference \$400,000 down. Expenses stayed where we want them.
CAPITAL CREDITS	We have 37 outstanding applications that will be paid next month totaling about \$37,000 to \$48,000. We did not pay any in August, due to Mr. Cherry attending a benefit conference.
HEALTH BENEFITS	At the benefits conference we received good news on our medical and prescription plans. The high deductible plan will increase 1%. The PPO plan will decrease 4%. Our long term disability decreased 5% and life insurance decreased 1%, so we stayed relatively flat.
APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR JUNE 2016	Motion was made by Director Trent, seconded by Director Rice and unanimously agreed to approve the Financial and Statistical report for June 2016 as presented, for informational purposes only.
RUS DEBT REFINANCING	We tabled last month's CFC debt refinancing opportunity until Bradley and President Fraley could study it further. Interest rates are low and CFC is willing to take all of our RUS debt at a fixed rate of 3.35%. Over the course of 23 years, we would save interest of \$1.014 million by refinancing with CFC. All loans would be paid off in 2039. Any money for our next Work Plan would come from FFB. This process could take around 9 months. RUS is not lending money at this time.
BOARD RESOLUTION RE- QUESTING RUS DISCOUNTED PREPAYMENT	Mr. Cherry presented the following Board Resolution Requesting RUS Discounted Prepayment to the Board for their approval.

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BOARD RESOLUTION REQUESTING
RUS DISCOUNTED PREPAYMENT (CONTINUED)

Board Resolution Requesting RUS Discounted Prepayment

I, Billy E. "Eddie" Martin, do hereby certify that: I am the Secretary of Grayson Rural Electric Cooperative Corporation ("Applicant") and the following is a true and correct copy of excerpts from the minutes of a meeting of Applicant's Board of Directors held on August 26, 2016, as they appear in the Minutes Book of Applicant, including the resolution duly adopted thereat; the meeting was duly and regularly held in accordance with the bylaws of Applicant; and said resolution has not been rescinded or modified:

WHEREAS, the Board of Directors of Applicant has caused to be conducted a thorough review of the feasibility of prepayment of all of its Qualified Notes currently outstanding with the Rural Utilities Service (RUS), and

WHEREAS, the Board of Directors has, after full study and consideration, determined that it is in the best interest of Applicant and its membership, that it prepay all of its RUS notes, as set forth on the Schedule attached to this resolution, at a discounted present value at the earliest practicable date, as authorized in 7 CFR Part 1786, now, therefore, be it

RESOLVED, that the Board of Directors hereby requests that RUS enter into a prepayment agreement with the Applicant providing for the prepayment of all of its Qualified Notes and that it be communicated to the appropriate RUS Regional Director by the President of the Board of Directors, and

WHEREAS, the Board of Directors of Applicant, has determined that it will seek to prepay, at a discount, its existing RUS debt, and CFC financing is needed for the prepayment in the approximate amount of \$9,800,000.

NOW THEREFORE BE IT RESOLVED, that the Applicant make application to CFC for a commitment in the approximate amount of \$9,800,000 to be used to prepay RUS debt.

BE IT FURTHER RESOLVED, that the CFC financing requested herein include several different loan amounts, each loan having a maturity no longer than 30 years, as determined by the *General Manager* and provided to CFC in writing prior to the preparation of CFC loan and security documentation. The loans, which in the aggregate total the financing commitment request of \$9,800,000, will have separate CFC interest rate options which will be selected at the time of the advance by the *General Manager*.

BE IT ALSO RESOLVED, that Applicant hereby authorizes the release of information from RUS to CFC in connection with the system as it relates to this application.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of Applicant, this 26th day of August, 2016.


Secretary

(Corporate Seal)

A motion to consolidate the loans with CFC and adopt the CFC Resolution (Board Resolution Requesting RUS Discounted Prepayment) presented by Mr. Cherry was made by Director Whitt, seconded by Director Bentley and unanimously agreed upon.

SALES TAX AND
SCHOOL TAX

Bradley reported that sales tax on night lights and school tax have become an issue. After checking with other Cooperatives, it seems that no two Cooperatives treat Sales Tax and School Tax alike. We have consulted with Alan Zumstein to make sure we are in compliance. Our last sales tax audit in 2012 did not identify any problems with these two issues.

WAGE & SALARY PLAN

Chairman Dupuy called upon Eddie Martin, Chairman of the Wage and Salary Committee, for a report on the Consideration of the 2015-2021 Wage & Salary Adjustment for Non-Union Employees.

Director Martin discussed the Planning & Review Committee Meeting held August 19, 2016 and asked President Fraley and Bradley Cherry to explain the details.

President Fraley shared with the Board the current Organizational Chart and reporting responsibilities of each title. She also shared a copy of the current Wage and Salary Plan and where each employee stands within the plan with respect to their classification and current salary.

President Fraley said that the Wage and Salary Plan was compared to similar jobs listed on the KAEC Wage and Salary Plan. She and Mr. Cherry also look at wages for similar jobs in the area. Each grade is based on its level of responsibility. Our current cost of wages for inside employees is 1.30 million dollars. Jeannie Virgin plans to retire in January and Nancy Madden will take her position. Peggy Skaggs will assume Nancy Madden's duties and one position will be eliminated.

President Fraley and Mr. Cherry presented to the Board for their consideration, 1%, 2%, 3%, and 3.81% (union equivalent) increases including benefits. Each one percent of the current wage and salary plan costs \$17,557, including cost of additional benefits. The equivalent amount of the Union's 3.81% would cost \$66,892 (including benefits). Since one position would be eliminated, the actual cost of would be \$2,540 less than last year's increase. The proposed percentages are:

1%	\$17,557
2%	\$35,114
3%	\$52,671
3.81%	\$66,892 (The equivalent of the union raise for this year.)

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

Following thorough discussion, a motion to accept the Wage and Salary Plan for 2016-2017 with a 3.81% increase and a \$5,000 merit in reserve was made by Director Martin, seconded by Director Rice and unanimously agreed.

The wage and salary is administered over the course of September 1, 2016 to August 31, 2017. Increases approved by the Board are given on the last position anniversary date.

MANAGER OF MARKETING
& MEMBER SERVICES

Kim Bush, Manager of Marketing and Member Services gave her report.

ANNUAL MEETING BUDGET The Annual Meeting cost was \$22,000 and under budget this year. There were 1,312 registered.

CHRISTMAS BUDGET Mrs. Bush said she budgeted \$6,000 for the Service Award Dinner with the total overall budget for all Christmas expenses \$18,375. This would cover all expenses.

PREPAY SUMMARY We have 532 active PrePay Accounts with 4 inactive accounts. The average balance is (\$41.55), 2,633 payments received in 30 days averaging \$32.12 per payment with total payments received \$84,568.27 .

DEBT MANAGAEMENT We have 45 active accounts with Debt Management totaling \$10,723.23. Sixteen percent of active accounts have Debt Management. We have:

Under \$100 – 13	\$100-\$199 – 10	\$200-\$299 – 10
\$300-\$399 – 6	\$400-\$499 – 3	over \$500 – 3

ENERGY EFFICIENCY Tina’s audits included 10 Energy Audits, 2 Heat Pumps, 1 Touchstone Energy Home Audit, 2 Commercial Lighting Audits, 1 HVAC Duct Seal and 1 Button Up.

SCHOOL PROGRAMS Blaine Elementary School Readifest – 200 students; Peggy Wells and Julie. Carter County Fair Kid in the Race – 8 kids Economic Development Meeting with Brad Thomas and representative from State Economic Development – 15 signed up

ANNOUNCEMENTS August 27th, Chris Mosier and Scott Speaks, guardians for the Honors Flight. September 2nd, Greenup County Fair – Kids in the Fair September 15th, Carter County Farm Field Day at McGlone farm in Grayson. September 26th, fish fry with the Board. September 29-30, Lineman’s Rodeo, Shelby Energy. October 4th and 5th handouts on the front porch for October Coop Month. Monday, October 10, Columbus Day, the office will be closed for our annual cleaning day. We will also have Touchstone Energy Training. October 11th, GRECC hosting Grayson Chamber – GRECC’s 65th anniversary and cooperative month. October 13th, hosting the First Responders Training session with KAEC. December 9th, 6 p.m., Service Awards Dinner, old Olive Hill High School. Flu shots have not been scheduled.

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 05 – Robert Brown, Geographical Information System Technician, discussed Personal Protective Equipment and showed a power point regarding most equipment used. He also went over the new mapping and some new changes that will be coming in the near future.

SAFETY REPORT
(CONTINUED)

July 11 – Sherry Buckler, Mgr. of Accounting & Human Resources, turned the meeting over to President Fraley who handed out medical forms for employees to fill out that could help out in a medical emergency. She and Kyle Clevenger talked about line feeds that had been shifted. Robert Brown talked about mapping.

July 18 – Kim Bush, Mgr. of Marketing & Member Services, turned the meeting over to Brian Poling, Robert Brown and Andrea McCleese who talked about the new staking system, how the new staking sheet would look, pole tags, red line changes, and the work order flow. Kyle went over the Safety Investigation involving Justin Staniford. President Fraley awarded Bradley Cherry with certificates for completion of KRTA training, Programs 1 and 2. We had the monthly safety give-a-way.

July 26 – Bradley Cherry, Mgr. of Finance & Accounting, turned meeting over to Scott Speaks who talked about the new work order prints. David White conducted the monthly KAEC safety meeting. His topics were: Federated Summer Safety Newsletter, Rigging, EKPC accident review, and seat belt usage. He reviewed a fatality incident involving a right of way worker. His safety manual references were 503.11Rigging and 503.1-F General/Seat Belts.

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 ninety-eight (98) new work orders for the month of July and worked zero (0) hours of overtime.

DELINQUENT NOTICES

The Maintenance and Construction Departments collected sixty-six (66) delinquent accounts and disconnected twenty (20) accounts in August.

OVERTIME HOURS

The Maintenance Department worked six hundred thirty-six (636) hours of overtime. The Engineering Department worked ten (10) hours of overtime.

CONTRACT CREWS

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

Tony Seagraves – Stark Conversion, Elliott County and New Construction
Chris Tackett— Shultz, Greenup County
Bobby Watson—Pole replacements in various counties

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 798 trees, cut 544 trees, cut 38,735 feet of brush/line and sprayed 329 spans of line. The crews are working in the following areas:

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

1 Smith Tree Service, circuit crew in Elliott County

ENGINEERING REPORT The Engineering Department released one hundred thirty-seven (137) prints consisting of 4,198 feet of primary line and 2,574 feet of service wire.

They currently have four (4) new services to be staked and three (3) to be drawn. There are fifteen (15) miscellaneous jobs to be staked or drawn.

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve eighty-eight (88) new memberships and retirement of ninety (90) existing memberships for July 2016.

BAD DEBT WRITE-OFFS Motion was made by Director Martin, seconded by Director Rice and unanimously agreed to charge off \$2,879.55 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 Whitt and unanimously agreed to approve the President's business expense of \$204.78, Director's business expenses of \$7,194.79 and Attorney's business expense of \$9.87.

PRESIDENT'S REPORT President Fraley reported on the following:

FEDERATED INSURANCE We received a check from Federated Insurance in the amount of \$2, 473.00 for 2013-2015 overages on retention policy.

LUNCH Today we will be having lunch for Bill DeLong. He went on long term disability.

CLEANING DAY We will have cleaning day on October 10th. We have a leak on the back side of the office building roof.

65TH ANNIVERSARY We will observe the 65th anniversary of Grayson Rural Electric on October 13. Calendars will be handed out for Coop month.

LINE EXTENSIONS:
[REDACTED]

We have two issues on line extension. One is [REDACTED] who is building a house near the Mushroom Mines, 6,299 feet from our closest line. She is 300' from AEP. This would cost approximately \$84,000 (low cost) over and above cost.

[REDACTED]

The 2nd one is on Mocabee Creek. The site was originally served by AEP. The old house was torn down and a new house was built. When AEP was approached by the telephone company about clearance, they realized this was in GRECC territory. The job to [REDACTED] is approximately 3,000 feet and would cost approximately \$20,000-\$30,000.

These amounts would have to be paid by them, in advance. We have met with AEP Engineers to discuss these jobs.

Director Bentley asked how many meters were disputed in Sand Gap lawsuit and President Fraley told him we have one or two residences.

Director Martin asked if we could make a specific agreement with AEP and Director Trent asked if we could give only a one time permission to AEP.

LINE EXTENSIONS
(CONTINUED) Motion was made to have President Fraley work out an agreement in writing with AEP by Director Martin, seconded by Director Trent and unanimously agreed upon.

Each exception would have to be determined individually

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

ALL 4 HIM (HUDDLE HOUSE) Reviewed Surety bond on the Huddle House account in the name of All 4 Him.

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. President Fraley attended a Manager's meeting by phone. It was proposed by the Managers that EKPC should reach 20% equity and then determine how much might be returned to the Cooperatives. It would be up to each Cooperative as to how to pay back capital credits to their own members. This does not come under the jurisdiction of the Public Service Commission. The Managers would also like to see the Smith debt resolved.

THANK YOU NOTES We received a thank you note from the Lewis County Educational Foundation.

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

Grayson Area Chamber of Commerce – Funtober Fest sponsor	\$150
Friends of the Carter County Public Library - membership	\$100
Carter City Elementary School – fall festival	\$50
Raceland Cross Country – 5K Run – sponsor	\$50
Blaine Elementary School – autumn festival	\$100
Blaine High School Reunion – alumni scholarship	\$125
Greenup County Cheerleader – golf scramble	\$100
Isonville Elementary School – educational realm	\$100
Hurricane Relief Fund-for LA Elec Coop employees-Baton Rouge, LA (along with the employees donation of \$250)	\$250
Tygart Creek Elementary – sponsorship 5K run	\$50

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

MEETING ATTENDANCE The following upcoming meetings were presented for attendance this month:

Priscilla Sparks will be attending the Executive Assistant meeting next week.
Joe Sargent and Roger Kitchen will be attending a HAZ MAT Meeting.
Robert Brown, Anita Bellew and Andrea McCleese will be attending the second part of the Management Essential Certification.
Three Member Representatives will be attending Winter Hardship meeting in October in Louisville.
All Directors will be attending the Regions 2 & 3 Directors School and/or Meeting in Myrtle Beach, SC, October 25-27.
The KAEC Annual Meeting is November 14-15 in Louisville.

BOARD MEETING DATE The September Board Meeting will be held on Monday, September 26 at 9:00 a.m.

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

ADJOURN Chairman Dupuy adjourned the meeting at 12:20 p.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On September 26, 2016 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 Kim Bush, Manager of Marketing & Member Services.

- 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:
- DAVEY RESOURCE GROUP The Davey Resource Group has completed 4,528 GPS points as of September 17th. All GPS points on Pactolus have been completed and they have moved to the Low Gap Substation. Low Gap feeder 1 is completed and they are working on feeders 2 and 3.
- Davey had three employees working, but James Jordan was involved in an auto accident when his 4 wheeler was rear-ended by Angie Harlow of Iron Hill. Mr. Jordan was taken to St. Mary's Hospital with head injuries, receiving eight staples in the back of his head. A witness stated the accident was not Mr. Jordan's fault.
- EAST KY POWER COOP LOAD FORECAST We met with EKPC personnel and collaborated on the Load Forecast. For the first time in a few years, we were able to forecast some growth in our area by adding Columbia Gas, Pleasant Valley asphalt plant, Genesis Recovery Center, Dollar Store and future Save a Lot at Sandy Hook, and a planned Truck Plaza at Pleasant Valley.
- GENESIS DRUG REHAB CENTER Brian also reported on the new Genesis Drug Rehabilitation facility that will open this week.
- SCHOOL TAXES Andrea reported on whether school tax should be charged on security lights. It was recommended from the legal firm that represents KAEC that we should collect school tax on security lights. The amounts per county would range from \$30 to \$350. This question was raised during our yearly financial audit. Our last tax audit in 2012 did not question our method of paying school tax. We checked with several Cooperatives and there did not seem to be any consistency as to how school taxes were handled on security lights.
- The general consensus of the Board was to correct this matter immediately, upon recommendation of our Legal Counsel and KAEC's Legal Counsel. Andrea will work with SEDC to include school tax on security lights as soon as possible in the applicable counties. The increase will be added in the line item "School Tax."
- FINANCIAL REPORT Bradley Cherry, Manager of Finance and Accounting presented the Financial & Statistical Report for July 2016. Mr. Cherry reported on the following:

FINANCIAL & STATISTICAL REPORT FOR JULY 2016	Kilowatt hour sales for the month of July (7/21-8/20) were 11.87% over budget. Purchases for the time period of 7/1-31 were 6.2930% over budget. Line loss for the last twelve months was 7.40%. Margins for the month were \$217,283.75 and the year to date (\$249,267.19).
T.I.E.R	The monthly Operating T.I.E.R was 3.843 with the rolling 12 month O.T.I.E.R 1.56.
FUEL ADJUSTMENT	The fuel adjustment for the month was (0.004066).
ESC	The environmental surcharge was 10.86% for the month.
DEGREE DAYS	We had 459 cooling degree days and 0 heating degree days.
CAPITAL CREDITS	In September we paid 40 accounts totaling \$32,622.59 and we have 18 outstanding capital credit applications. This year we have paid 114 capital credit accounts totaling 108,842.65.
CFC REFINANCING	<p>Bradley has been working with CFC and RUS on our refinancing and has notified the PSC.</p> <p>Mr. Cherry presented two certifications to the Board to be signed. The resolutions were signed at last month's board meeting. These certificates state we are certified and eligible to pay our loans.</p> <p>The following Certification of Eligibility affirms the necessary criteria in accordance with the regulation outlined in 7 CFR 1786.155 and must be signed by Chairman Harold L. Dupuy.</p>

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CERTIFICATION OF
ELIGIBILITY

Grayson Rural Electric Cooperative Corporation

109 Bagby Park • Grayson, KY 41143-1292
Telephone 606-474-5136 • 1-800-562-3532 • Fax 606-474-5862

Certification of Eligibility

Grayson Rural Electric Cooperative Corporation (hereinafter called the "Cooperative") hereby affirms the following eligibility criteria in accordance with the regulations outlined in 7 CFR 1786.155:

1. The Cooperative is current on all payment obligations on outstanding loans made or guaranteed by RUS;
2. No material defaults exist under the Cooperative's RUS Loan Contract and Mortgage;
3. The Cooperative has expended all funds advanced pursuant to the RUS Loan Contract for the purposes for which such funds were advanced;
4. The Cooperative is current on all obligations under any wholesale power contract with

East Kentucky Power Cooperative, an RUS (*or non RUS*) financed power supply borrower.

Signature:



Harold Dupuy, Chairman

CERTIFICATION OF NO TAX
EXEMPT FINANCING

The following Certification of No Tax Exempt Financing affirms the prepayment of the RUS Qualified Notes that will be financed with loans from NRUCFC (CFC). Chairman Harold L. Dupuy and Secretary-Treasurer Billy E. "Eddie" Martin must sign this certificate.

Grayson Rural Electric Cooperative Corporation

109 Bagby Park • Grayson, KY 41143-1292
Telephone 606-474-5136 • 1-800-562-3532 • Fax 606-474-5862

CERTIFICATION OF NO TAX EXEMPT FINANCING

The prepayment of the RUS Qualified Notes will be financed with loans from National Rural Utilities Cooperative Finance Corporation (CFC). No tax exempt financing will be used in funding this prepayment.

Signature: Harold L. Dupuy
Harold Dupuy, Chairman

CERTIFICATION OF SECRETARY

I, Billy E. "Eddie" Martin, Secretary-Treasurer of Grayson Rural Electric Cooperative Corporation, do hereby certify that the above is a true and correct copy of a resolution adopted at the meeting of the Board of Directors of The Electric Cooperative, Inc. on August 26, 2016, at which a quorum was present and voted.

SEAL

Billy E. Martin
Billy E. "Eddie" Martin, Secretary-Treasurer

LONG TERM DISABILITY Next month a resolution to NRECA will be needed on our long term disability and what we contribute to our 401K. The Coop contributes a matching percentage on our long term disability. Open enrollment will be in November for everyone.

UUS PATRONAGE We received from UUS the 2015 patronage dividend allocation of 20%. The allocation was \$2,444.45 and the 20% was a check in the amount of \$488.89.

CRC We received from CRC a patronage allocation for fiscal year 2015 in the amount of \$1,615 with a check for the pro-rata portion of \$323.00. The current balance is \$5,213.80.

STATEWIDE PATRONAGE We received a check for 20% of the 2015 patronage dividend allocation of \$209.18 from KAEC in the amount of \$41.84.

APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR JULY 2016 Motion was made by Director Trent, seconded by Director Rice and unanimously agreed to approve the Financial and Statistical Report for July 2016, as presented for informational purposes only.

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

PREPAY SUMMARY We have 537 active PrePay Accounts with 7 inactive accounts. The average balance is (\$44.25) using about 34 kwh a day. In the past 30 days we have received 2,476 payments totaling \$85,062.95, averaging \$34.35 per payment.

DEBT MANAGEMENT We have 52 active accounts with Debt Management and we have collected \$2,701.24. Debt Management has an outstanding balance of \$17,010.80. 9.6 percent of active accounts have Debt Management. We have:

Under \$100 –16	\$100-\$199 – 9	\$200-\$299 – 12
\$300-\$399 –5	\$400-\$499 –6	over \$500 – 5

ENERGY EFFICIENCY Tina Preece has completed 2 Heat Pump Retrofits, 1 HowSmartKY Audit, 5 Energy Audits, 4 CARES heat pump upgrades, 2 Commercial Lighting upgrades, 1 HVAC Duct Seal, 1 Button-Up and 1 Touchstone Energy Audit.

Also, 3 appliances were recycled. Two (2) clothes washers, 3 dishwashers, 3 refrigerators, 2 Energy Star heat pumps and 1 water heater rebates have been processed online.

SCHOOL PROGRAMS September 2—Greenup County Fair, Kids in the Races, 30 participants, approximately 100 spectators
September 14—Carter County Farm Field Day at the McGlone Farm—300 people, safety demonstrations, door prize donation and energy efficiency information available.

ANNOUNCEMENTS Lineman’s Rodeo is September 29th & 30th at Shelby Energy
Energy Efficiency Preparedness Event will be held October 4th & 5th on the front porch. We will be giving out energy efficiency products and information on how to button up their homes this winter.
The office will be closed for cleaning on Monday, October 10th.

ANNOUNCEMENTS
(CONTINUED)

We will be hosting the Chamber of Commerce Meeting at GRECC and EKPC's Rodney Hitch will be speaking. He is the Economic Development Manager at EKPC.

First Responders Safety Training is Thursday, October 13th at 6 p.m. There will be demonstrations of the safety trailer and pole top rescue.

Our family event will be held on October 22, 2016 at Morehead State University's Star Theater.

The Service Awards Dinner is December 9th at 6pm at the old Olive Hill High School. Texas Roadhouse will be catering.

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 01—Kyle Clevenger, Mgr. of Operations, reminded everyone the new mapping program would be starting this week. He discussed several incidences reported by Federated, what caused them and how they may have been prevented. He reminded everyone it was hot and muggy, to take their time and be careful.

August 08—Carol Fraley, President and CEO, read from the Administrative Guidelines and discussed standard deposits, what is considered good credit, deposit refunds, line extensions and other topics. She also read two thank you notes from consumers. We had the monthly safety give-a-way.

August 15—Mike Martin, Asst. Mgr. of Operations, turned the meeting over to Linville Spangler from EKPC. He went over the 3 top causes of vehicle accidents; distracted driving, speeding and drunk driving. His topic was Lockout/Tagout and System Restoration, the ten steps of switching.

August 22—Andrea McCleese, Technical Services Supervisor, showed slides on 3 types of distractions which were visual, manual, and cognitive. She also read articles on 5 distractive work place hazards and workplace wireless electronic devices. Carol Ann handed out certificates of completion for Intermediate Skills Workshop to Justin Staniford and Tony Brewer.

August 30—Brian Poling, Mgr. of Technical Services, turned the meeting over to David White, KAEC Safety Instructor. His topic was "Ignaz Semmelweis vs "The Way We've Always Done It" and had multiple PPE references. He mentioned a lineman contact at South Kentucky, talked about complacency and used a crash review of flight 5191 as an example. Following the meeting he did a crew visit. Carol Fraley read letters from consumers expressing their appreciation of the Co-op and she reviewed last week's board meeting.

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.

KAEC CREW INSPECTION

David White emailed President Fraley in regards to his latest crew visit with Jamey Withrow and crew. The email read: 'Kyle, I am attaching my crew visit report for your records from Tuesday's check on Jamey's crew. I rarely

KAEC CREW INSPECTION (CONTINUED) check the “excellent” box on my report form, but I did with this one. The guys were working very well together and, most importantly, working safely during my visit. Good job! David G. White’

CONSTRUCTION Construction built ninety-two (92) new work orders, including 21 services added and 5 services retired, for the month of August and worked zero (0) hours of overtime.

OVERTIME HOURS The Maintenance Department worked two hundred sixty-nine (269) hours of overtime during the month of August. They worked two hundred seventeen (217) hours overtime on work orders. Construction and Engineering worked zero (0) hours of overtime during the month of August.

DELINQUENT NOTICES The Maintenance and Construction Departments collected on two hundred fifty-two (252) delinquent accounts, 214 cards was issued to be disconnected and thirty-eight (38) accounts were disconnected by remote meter in September. Field personnel disconnected an additional ten (10) meters for a total of 48 disconnects and twenty (20) accounts were reconnected on September 7th. September 8th eight (8) meters were disconnected. A total of four (4) meters were reconnected.

CONTRACT CREWS Two (2) Pike crews have been working in the following areas:

Tony Seagraves – Stark Conversion, Elliott County and new construction
Chris Tackett – Campbell Estates, Carter 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. Crews trimmed 807 trees, cut 463 trees, cut 28,675 feet of brush/line and sprayed 188.50 spans of line. The crews are working in the following areas:

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

The Smith Tree Service has a circuit crew working in Elliott County

ENGINEERING REPORT The Engineering Department released one hundred ten (110) prints consisting of 1,572 feet of primary line and 2,980 feet of service wire. We currently have two (2) new services to be staked, two (2) to be drawn and eleven (11) miscellaneous jobs to be staked or drawn.

NOTES FROM MEMBERS President Fraley shared a letter from Jim Webb, Olive Hill, recognizing a crew and how well they worked together and most importantly, said prayer before commencing work.

She also said Peggy Wells had received a thank you from consumers for making a special effort in getting their electric connected.

MAZIE SUBSTATION We will be reading the Mazie Substation October 18-19 with our new iPads.

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS Motion was made by Director Martin, seconded by Director Bentley and unanimously agreed to approve one hundred eighteen (118) new memberships and retirement of one hundred sixteen (116) existing memberships for August 2016.

BAD DEBT WRITE-OFFS Motion was made by Director Martin, seconded by Director Rice and unanimously agreed to charge off \$704.73 worth of bad debts and turn them over for collection.

APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY'S BUSINESS EXPENSE Motion was made by Director Trent , seconded by Director Martin and unanimously agreed to approve the President's business expense of \$232.07, Directors business expenses of \$12,556.87 and Attorney's business expense of \$6.58.

RUS WORK ORDERS Motion was made by Director Rice, seconded by Director Trent and unanimously agreed to approve the following 219 RUS Work Orders for the months of April, May, and June 2016 in the amount of \$1,312,695.75:

April 2016	Work Order No. 1242	\$825,646.77
	Work Order No. 1243	\$3,112.07
May 2016	Work Order No. 1244	\$194,606.80
	Work Order No. 1245	\$2,714.43
June 2016	Work Order No. 1246	\$277,827.82
	Work Order No. 1247	\$8,787.86
	Total	\$1,312,695.75

PRESIDENT'S REPORT President Fraley reported on the following:

She will be out of the office, the week of November 14th recovering from knee replacement surgery.

KAEC LINEMAN'S RODEO We will leave Wednesday afternoon for KAEC Lineman's Rodeo.

COLUMBIA GAS Columbia Gas is under pressure from a group of homeowners in the Valley View Subdivision area who fear the plant will be too loud. President Fraley will be attending a public meeting on October 4, 2016 where Columbia Gas can answer questions and visit with these homeowners.

BUDGET MEETING The staff will be having a 2017 budget meeting in October prior to the October Board Meeting.

EKPC RADIO SYSTEM Brian Poling signed an agreement with East Kentucky Power to integrate the new radio system. He is also working on the whole building generator.

ANNOUNCEMENTS The Christmas party is December 9th.

Licking Valley thought they were past the Attorney General on their rate increase case. However, the Attorney General has decided to try to intervene again.

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

He has prepared two agreements for [REDACTED] and [REDACTED] to allow them to receive service from AEP, due to the location of their homes. The agreement states that Kentucky Power will continue to serve [REDACTED] and will serve [REDACTED], but will not give Kentucky Power authority to serve any other customers in the area. Director Arrington made a motion, Director Whitt seconded and motion was carried to accept the two agreements, as presented by Legal Counsel Scott.

KAEC DIRECTOR'S REPORT

Director Whitt presented the following to the Board:

Jackson Energy seated a new board member.
SURE money was distributed to candidates.
Most of the meeting was concerning selling the property on Bishop Lane. They also talked about selling the property and possibly renting office space.

EKPC DIRECTOR'S REPORT

Director Arrington reported the following to the Board:

Strategic Issues Committee.
Board policies and procedures.
Major projects.
Financial report.
Hedge and fuel strategy.
Spurlock reopened executed.
Purchased 250,000 ton of coal in Southeastern Ohio.
Blacktop at Spurlock.

THANK YOU LETTERS

We received thank you notes from Special Olympics Kentucky and from the Community and Technical College Foundation of Ashland.

DONATIONS

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

Family Resource Center – 25 th Anniversary	\$100
Vanceburg Lions Club – 5 th Annual Heritage Fest	\$100
Carl W. McCoy – Olive Hill Nat'l Guard Armory	\$150
Carter Christian Academy – renovation of grounds	\$100

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

MEETING ATTENDANCE

Meetings presented for attendance this month:

The PSC Winter Cut-Off Training is October 12, 2016 at KAEC in Louisville. The employees attending are Kim Bush, Anita Bellew, Becca Bender and Janet Whitt.

Regions 2 and 3 Meeting, Myrtle Beach, South Carolina, October 25-27, 2016, all Directors will be attending.

KAEC Annual Meeting, Louisville, KY, November 13-15, 2016, Directors Trent, Rice, Dupuy, Whitt, Arrington, Bentley and staff Kim Bush and Priscilla Sparks.

MEETING ATTENDANCE (CONTINUED)	NRECA Director's Winter School, Nashville, TN, December 2-7, 2016, Directors Martin, Trent, Dupuy, Whitt and Bentley plan on attending.
VOTING DELEGATES TO CFC DISTRICT 3 MEETING	Director Whitt will serve as the Voting Delegate to CFC District 3 Meeting on October 26, 2016 in Myrtle Beach, South Carolina. There was no alternate delegate assigned.
VOTING DELEGATES TO FEDERATED RURAL ELECTRIC INSURANCE EXCHANGE	Director Bentley will serve as the Voting Delegate to Federated Rural Electric Insurance Exchange to be held October 26, 2016 in Myrtle Beach, South Carolina.
2016 KAEC ANNUAL MEETING VOTING DELEGATES AND 2017 BOARD MEMBERS	Chairman Dupuy will serve as the voting delegate to the 2016 KAEC Annual Meeting and Director Trent will serve as the alternate voting delegate. President Fraley and Director Whitt will serve as the 2017 KAEC Board Members.
NO LOST TIME ACCIDENT AWARD 2015	GRECC received from Federated Rural Electric Insurance Exchange a No Lost Time Accident Award certificate for 534,392 employee-hours since December 20, 2009 through December 31, 2015.
BOARD MEETING DATES	The October Board Meeting will be Friday, October 21, 2016.
ADDITIONAL BUSINESS	<p>Tony Campbell, President and CEO and Mike McNalley, Executive Vice President and COO of EKPC came to visit with the Board and answer any questions they might have.</p> <p>EKP purchased Bluegrass Power Plant in Oldham County. Its total capacity is approximately 594 megawatts (500 in the summer and 600 in the winter). And they will be part of the PJM portfolio this year.</p> <p>EKP challenges are environmental issues; they have closed the Dale plant and are moving the ash off the river to the Smith site.</p> <p>Carbon Combustion Residual (CCR) will affect Spurlock I and II and Cooper. It will cost approximately \$350 million to come up to the new regulations. Clean Power Plan (C02) is delayed, but will come possibly next year.</p> <p>In 2024-2026 EK may possibly build a new power plant.</p> <p>The solar farm the CEOs voted for is 8.5 megawatts, 30,000 panels, on 60 acres and will cost about \$18 million. Financing is with CFC's clean renewable energy bonds. The tariff is at the PSC awaiting approval. It is a higher cost kWh.</p> <p>PJM update – when energy market is low, we buy from PJM, if high we run our own units and sell into PJM. Capacity market will pay for Smith 1 and the remainder will be used to alleviate high environmental charges. We want to keep off the base rate increase as long as they can.</p> <p>The Smith Plant outstanding debt was explained in salvage value. Right now it is contained in rates.</p> <p>Capital Credits – EKP has two guiding factors on how to pay capital credits. One is the Bylaws – 20% equity and the second is RUS loan agreements – equity ratio above 20%. Currently EKP's equity ratio is at 15% and should go up. The Board is looking at paying around 18% but would need approval from RUS. This would be cash for capital credit that are retiring. Up to this point they have been assigned, but EKP is now looking at paying.</p>

ADJOURN

Chairman Dupuy adjourned the meeting at 12:22 p.m.

Harold L. Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On October 21, 2016 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 Dupuy 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 Trent, seconded by Director Whitt and unanimously agreed to approve the minutes from the September Board Meeting for informational purposes only.
MANAGER OF TECHNICAL SERVICES	<p>Andrea McCleese, Technical Services Supervisor gave the department report.</p> <p>The transfer switch for the new office generator has been received and the generator will be in the end of October. The existing generator will be installed in the construction office / warehouse building. The gas line has to be upgraded by the city prior to installation.</p> <p>Mapping Project - Davey Resource Group has 3 GIS collectors in the field. The Low Gap Substation is to be completed within the next 2 weeks. One of the workers has started on the Warnock Substation.</p> <p>The Mazie Substation meters were read this week for a Meter Reading Survey. At end of Thursday evening, 935 meters have been read. iPads have been used to gather information and submit to the office to analyze. There are approximately 1,000 to 1,100 meters, excluding the oil wells. They are not finding a lot of safety issues, but there are a lot of retirements.</p> <p>Scott Drake, EKPC, spoke at the KY SEDC Users' Group meeting about the Cooperative Solar project that East Kentucky is proposing to the PSC. EKPC is soliciting program changes to the coops' CIS vendor software to accommodate the solar credits on the bills of members who purchase panels. They expect PSC approval next month. The panels will cost approximately \$480 and a line item credit will be on your bill.</p> <p>The collector at Argentum Substation failed and was changed out yesterday. Andrea talked to Peggy and there is a potential to estimate bills on those meters this month. The collector accumulates the readings and transmits them to the office.</p>
FINANCIAL REPORT	Bradley Cherry, Manager of Finance and Accounting, presented the Financial & Statistical Report for August 2016, as follows:
FINANCIAL & STATISTICAL REPORT FOR AUGUST 2016	Kilowatt hour sales for the month of August (8/21-9/20) were 9.07 % over budget. Purchases for the time period of 8/1-31 were 14.58 % over budget. 14.5% more than in the past. Line loss for the last twelve months was 8.34%. We have a positive margin of over \$50,000. Year to date margins were (\$198,253.61) with the budgeted amount of (\$303,014.28),
T.I.E.R	The monthly O.T.I.E.R is 1.67 and the rolling 12 months average is 1.80 O.T.I.E.R.
ESC	The environmental surcharge was 9.11%.

DEGREE DAYS	There were 354 cooling degree days and 0 heating degree days for this period.
CAPITAL CREDITS	We paid seventeen (17) capital credits application this month in the amount of \$21,585.18. The total number of deceased estates paid to date is one hundred thirty-one (131) for a total of \$130,427.83. We have seventeen (17) incomplete applications at this time.
MIP	Bradley Cherry will be leaving November 6, 2016 to attend the Management Internship Program in Wisconsin for two weeks. Due to his absence, the Financial report will be condensed and no capital credits will be paid.
RIGHT-OF-WAY	President Fraley said the current Right- of-Way contracts are one year old and will be extended unless the Board would like to see new bids. We did budget for up to 1.5 % increase in labor and a slight increase for circuit cutting is planned for the 2017 budget.
PLANNING REVIEW COMMITTEE MEETING	The Planning and Review Committee will meet on December 8, 2016 at 8:00 a.m. for the 2017 Budget.
APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR AUGUST 2016	Motion was made by Director Martin, seconded by Director Rice and unanimously agreed to approve the Financial and Statistical report for August 2016 as presented, for informational purposes only.
401K RESOLUTION	Bradley Cherry presented the RESOLUTION AUTHORIZING THE AMENDMENT OF THE NRECA (the 401(k) Plan”) ADOPTION AGREEMENT “A” RUS# 18061-001; 18061-002. The contribution is based on our retirement rate. The employee pays a rate and the coop pays on that based on the rate.78 per \$100 down to .7416 This resolution allows Carol Ann to sign resolution documentation.

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401K RESOLUTION (CONTINUED)

**RESOLUTION
AUTHORIZING THE AMENDMENT OF THE
NRECA 401(k) PENSION PLAN
Adoption Agreement "A"
RUS#: 18061-001; 18061-002**

WHEREAS, Grayson Rural Electric Cooperative Corporation ("Grayson RECC") 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 RECC ("the Board") now desires to amend this plan pursuant to Section 18.2 of the 401(k) Plan document and does hereby authorize the amendment effective January 1, 2017, by executing the appropriate Adoption Agreements;

BE IT RESOLVED, that the amendment to the 401(k) Plan is as follows:

The Employer Base Contribution shall be changed from .7800% of the Participant's Base Compensation to .7416% of the Participant's Base Compensation. All other Plan provisions shall remain unchanged.

BE IT FURTHER RESOLVED, that the Board is aware that the amendment may cause certain employees to experience a reduction in benefits and accepts the responsibility for taking such action.

BE IT FURTHER RESOLVED, that the Board does hereby authorize and direct Carol Hall-Fraley, President & 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. ("Eddie") Martin, certify that I am Secretary of the Grayson RECC Board of Directors and that the above is a true excerpt from the minutes of a regular board meeting of the Board of Directors held on the 21st day of October, 2016, 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 21 day of October, 2016.

(Seal)


(Signature of Secretary)

Motion was made to accept the Resolution Authorizing the Amendment of the NRECA (the 401(k)Plan") Adoption Agreement "A" RUS# 18061-001; 18061-002 by Director Whitt, seconded by Director Trent and unanimously agreed upon.

CFC LOANS
Mr. Cherry reported we have filed and are waiting on the Commission to sign off on our efforts to decrease our interest rates by refinancing with CFC.

2017 NRECA BENEFIT AUDIT
We will be undergoing a required NRECA benefit audit in 2017. NRECA suggested we use Alan Zumstein as our auditor. Bradley and Sherry Buckler sat in on a phone conference in regards to this matter. The audit will cost \$1,800.
Chairman Dupuy accepted a motion from Director Trent, seconded by Director Rice to fulfill NRECA's audit requirements as presented. Motion was unanimously agreed upon.

OPERATIONS REPORT
Kyle Clevenger, Manager of Operations, gave the Operations Report & Safety Report. Mr. Clevenger reported on the following:
There were no lost time accidents to report this month.

SAFETY REPORT
The following safety meetings were held during September:
September 6 – Priscilla Sparks, Executive Assistant, turned the meeting over to President and CEO, Carol Fraley. She announced that David White from KAEC had marked “excellent” for overall safety rating on his last crew visit. She also went over Administrative Guidelines including reporting of an accident, use of company vehicles, access cards, monthly inspections, tool maintenance, cyber security, etc. It was first of the month safety give-a-way.
September 17 – Robert Brown, Geographical Information System (GIS) Technician, turned the meeting over to David White, KAEC safety program. The employees participated in an exercise with groups by drawing out an incident and worked together to solve the problem and find the safety rule in the safety manual. Hurt man rescue was performed in our training field after the meeting for group one. Kyle Clevenger reminded everyone to work safe and explained that East Kentucky's radio system will be down for repairs until further notice.
September 19 - Sherry Buckler, Mgr. of Accounting & Human Resources, turned the meeting over to Sheri Charles from the Credit Union. Ms. Charles discussed the Credit Union benefits available and stayed after the meeting to answer questions. Carol Ann talked about flu shots and reminded everyone to be careful. Nancy asked everyone to be sure to turn in their CDL letters.
September 27 – Kim Bush, Mgr. of Marketing and Member Services, was in charge of the meeting. Nurses from Dr. Gupta's office attended for annual influenza injections.
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 thirty-seven (137) new work orders for the month of September and worked zero (0) hour of overtime.

OVERTIME HOURS
The Maintenance Department worked two hundred thirty-seven (237) hours of overtime during the month of September. The Engineering Department worked three (3) hours of overtime.

DELINQUENT NOTICES The Maintenance and Construction Departments had two hundred seven (207) delinquent accounts and disconnected thirty-eight (38) accounts in October.

CONTRACT CREWS We have two (2) Pike crews working in the following areas:

 Tony Seagraves – Stark Conversion, Elliott Co. and new construction
 Chris Tackett – Campbell Estates, Carter 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 741 trees, cut 503 trees, cut 28,143 feet of brush/line and sprayed 178 spans of line. The crews are working in the following areas:

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

 Bobby Smith's crew is circuit cutting in Elliott County.

ENGINEERING REPORT The Engineering Department released ninety-four (94) prints consisting of 1,499 feet of primary line and 2,871 feet of service wire. We currently have two (2) new services to be staked and two (2) to be drawn. There are approximately nine (9) miscellaneous jobs to be staked or drawn.

THANK YOU LETTER
-LOUISIANA STATEWIDE Last month the Board voted to make a donation to Louisiana Statewide to help Cooperative employees who suffered flood damage. Grayson R.E.C.C. employees added an additional \$250. We received a thank you letter from them.

KAEC 2016 LINEMAN'S
RODEO The Lineman's Rodeo was at the Shelbyville Fair Grounds this year and was hosted by Shelby R.E.C.C. Our team did very well and place 7th overall out of 23 teams. The team consisted of Bryan Rogers, Shane McDavid and Steven Burton and they placed 1st in the most difficult completion, the mystery event. They also placed 5th in hurt man rescue; 11th in pole swap; and 12th in mystery 1. In the individual journeymen, Bryan Rogers placed 8th in skill climb; 13th in cut out and feed change; 25th in de-energizing a line; 27th in hurt man; and 23rd overall.

 In the apprentice, Justin Staniford placed 6th in hurt man; 6th in skills climb; 7th in cut out and feed change; 21st in de-energizing a line; and 8th in overall.

 Tony Brewer also completed as an apprentice and placed 4th in de-energizing line; 13th in hurt man; 20th in cut out and feed change; 23rd in skills climb; and 16th overall.

 Clark Energy won overall. The next event will be at Jackson Energy.

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

LIHEAP Kim and four Member Representatives went to the KAEC annual LIHEAP training in Louisville. November 1, 2016 will commence the LIHEAP program and it will last through March 31, 2017. Some of our consumers have pre-registered and we have their paperwork.

PrePays are allowed to receive funds from LIHEAP, but if they get a winter hardship, they cannot go back on prepaid. The amounts are \$126 and \$182 these agencies are working with this year. Northeast will pay up to \$400 on a delinquent bill in January.

PREPAY ACCOUNTS PrePay Summary: 599 active accounts; 6 inactive accounts; average balance on accounts (\$49.67); average kwh usage—26 a day; total number of payments 30 days—2,161; average payment - \$32.62; and total payment amount - \$70,502.05.

DEBT MANAGEMENT Debt Management Summary: 61 active accounts totaling \$19,889.02. In the past 30 days total payments collected was \$2,175.84. 10% of active accounts have Debt Management.

Under \$100=18	\$100-\$199=10	\$200-\$299=12
\$300-\$399=8	\$400-\$499=3	over \$500=10

ENERGY EFFICIENCY Energy Efficiency and Audits performed: Energy Audit – 4; Heat Pump Audit – 1; HowSmart Audits – 1; CARES – 1; Button-Up – 2; Billing Insights Audit - 2.

Appliance Recycling: Freezer – 1; 2 Refrigerators – 2

Energy Star Appliance Rebates: Clothes Washer – 1; Dishwasher – 1; Refrigerator – 2; Freezer – 3; Energy Star Heat Pump – 1.

COMMUNITY/SCHOOL PROGRAMS School and community programs held were:

Energy Efficiency Preparedness event – October 4 & 5

Hosted the Grayson Chamber of Commerce meeting for October. Rodney Hitch spoke to the group and also showed our Economic Development video. Rodney is the Economic Development Manager at EKPC.

Isonville Celebration – October 12

First Responders Safety Training—Thursday, October 13th at 6 p.m.

4-H Lamps at Isonville – October 14

Camp Webb- 500 kids – October 17 & 18

Career Day at McKell Elementary – October 21

ANNOUNCEMENTS Star Theater at MSU—Family Event—2:30 p.m. and dinner from 4:00 p.m. – 5:30 p.m.

Service Awards Dinner—Friday, December 9th at 6 p.m. at Olive Hill Historical Society

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS Motion was made by Director Martin, seconded by Director Trent and unanimously agreed to approve one hundred one (101) new memberships and retirement of one hundred seventeen (117) existing memberships for September 2016.

BAD DEBT WRITE-OFFS Motion was made by Director Rice, seconded by Director Bentley and unanimously agreed to charge off \$2,923.87 worth of bad debts and turn them over for collection.

APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY BUSINESS EXPENSES	Motion was made by Director Trent, seconded by Director Bentley and unanimously agreed to approve the President's business expense of \$120.32, Director's business expenses of \$6,999.57 and Attorney's business expense of \$.00.
PRESIDENT'S REPORT	President Fraley reported on the following:
EKPC BUDGET MEETING	President Fraley learned at the EKPC Budget Meeting that they are not going to reapply to the PSC to help the Cooperatives pay for LED security lighting.
MOUNTAIN MEETING	The Mountain Meeting met at Grayson RECC on Wednesday, October 12, 2016. They looked at opportunities for shared services. They may be able to have Winston Tan to do a wage and salary plan study for all of us at the same time. Licking Valley thought they had reached an understanding with the PSC regarding their metering issues, but the Attorney General has intervened again. Licking Valley is trying to get written clarification from Landis+Gyr to help explain their situation. All Landis+Gyr customers may have to help Licking Valley in this matter.
RCCU/VISA CARDS	Rural Cooperative Credit Union has requested all individuals with Visa cards to notified them when traveling, so a note can be placed on the cardholders account. A cell phone number is requested to be on record with each card account to make it easy for fraud monitoring service calls. A 'helpful hint' sheet was given to all present.
TONY BREWER	Tony Brewer has finished his third year lineman apprentice program and is going into the final year of the apprentice program.
HUDDLE HOUSE (FORMERLY B.E.R. ENTERPRISES)	The Huddle House in Grayson has paid up the account to date and put the business in the new owner's name, All 4 Him dba Huddle House LLC.
SHONEY'S	Shoney's delayed opening appears to be due to getting their liquor license.
DOLLAR GENERAL STORE	The Dollar General Store in Sandy Hook plans on opening in November.
COLUMBIA GAS	President Fraley said she attended the Columbia Gas meeting at the Art Gallery in Grayson on October 4 th . The meeting was in regards to complaints of citizens that did not want a gas line in their community. Grayson Rural Electric is working with Columbia Gas and we are still waiting on the approval to build a three phase line over Interstate 64. We already have a single phase line over the interstate.
COMPANY EMPLOYEES CLOTHING ALLOWANCE	President Fraley proposed to the Board a clothing allowance of \$250 for the non-union employees. After discussion, a motion was made by Director Whitt, and seconded by Director Martin, to give each non-union employee a \$250 clothing allowance. Motion carried unanimously.
PRESIDENT FRALEY SURGERY	President Fraley said she is scheduled for a knee replacement surgery on Friday, November 11, 2016. She plans on returning to work before the November Board meeting.

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

Twenty-one (21) collection letters were mailed this month.
He filed an application for refinancing through CFC.
He filed two separate applications with PSC for approval. They were for [REDACTED] on Hanshaw Road and [REDACTED] on Mocabee Creek.
President Fraley said Sherry McDavid of FIVCO has requested we participate in a conference call with some people who want to build some sort of attraction at the old mushroom mine at Lawton.
He has reviewed the Board Resolution on the 401k rate change.

KAEC DIRECTOR’S REPORT Director Whitt reported there was no KAEC Board Meeting this month.

EKPC DIRECTOR’S REPORT Director Arrington gave the EKPC report as follows:

MONTHLY FINANCIAL Mike McNalley, CFO, reported that August margins were slightly over budget, primarily because of O&M expenses performing better than planned. August Year-To-Date margin surpassed budget largely due to the decline in expected O&M expenses exceeding the decline in net sales due to less favorable weather. They are \$13.7 million ahead of margins.

EKPC LEGAL UPDATE EKPC Legal Counsel David Smart reported that oral arguments on the Clean Power Plan (CPP) were 6.5 hours on Sept 27th before 10 judges of the D. C. Circuit and 16 advocates representing EPA, petitioners and intervenors.

 The board discussed returning capital credits to members.

ENVIRONMENTAL Don Mosier discussed environmental regulations and capital decisions REGULATIONS regarding Spurlock Station Units 1 and 2. For the Board to make an informed decision, all reasonable alternatives require a review. One scenario is for EKP to ‘clean-close’ the ash pond. Steps are being made to present to the Strategic Issues Committee in February 2017; to the Board in March 2017 and back to the Board in April 2017 to be voted on.

POWER PRODUCTION Brad Young discussed EKPC Power Production Capital and Construction project management process, a well-designed project lifecycle, with sub-processes and tolls that support the project teams.

POWER SUPPLY MARKET David Crews updated the Board on the Power Supply Markets of natural gas, UPDATE coal, oil and electric power.

ACES ANALYSIS OF LGE/KU Tony Campbell discussed ACES’ analysis of the potential impact should JOINING PJM LGE/KU join in PJM. EK will need to develop a defensive strategy on transmission expansion cost in the western region of PJM to mitigate some of the risk of transmission cost allocation that might occur.

 Mr. McNalley reported that EKPC engaged Customized Energy Solutions to review the settlements process. In EKPC’s annual audit that includes accounting for PJM activities; no issues were identified by Ernst & Young.

 President Fraley said Fitch had upgraded EKP to AAA- from B starting from junk status 7 years ago. Standard and Poor’s Rating Services also noted them.

MISCELLANEOUS Mr. Arrington went on the new Bluegrass Station tour Monday. LG&E has their own substation. East Kentucky has a substation that comes with it in Oldham County with 60 acres.

THANK YOU We received thank you letters from Tygart Creek Elementary, King's Daughters Health Foundation for the Rocky Adkins Cure for Cancer Golf outing, Kentucky Community and Technical College System (KCTCS) for the Lineman's Scholarship Fund, Vanceburg Lions Club, and the Grayson Chamber of Commerce for Funtober Fest.

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

Lakeside Elementary School – playground equipment	\$200
Rowan County Regional Quilt Show – donation	\$100
Rowan County Christmas – donation	\$100
Greenup County Schools – sponsorship of books for classrooms	\$50
Olive Hill Meals on Wheel – donation	\$100
Watson Enterprise Baptist Church – sponsor 3K walk/5K run	\$50
Grayson Area Chamber of Commerce – sponsor 5K run/walk	\$50

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

CFC CFC sent a check in the amount of \$2,319.76. Our system's fiscal year 2016 patronage capital allocation was \$4,883.70 and retirement \$2,441.85.

COBANK DIRECTOR Robert Behr was elected to represent the South Region and will be placed on the CoBank Board of Directors for a four-year term commencing on January 1, 2017

KAEC / WIRE MEETINGS Directors that will be attending the KAEC Annual Meeting on November 14-15, 2016 in Louisville, KY are Harold Dupuy, Roger Trent, Jimmy Whitt, Kenneth Arrington and William 'Billy' T. Rice. Legal Counsel Scott will be attending the KAEC Attorney's Meeting on Sunday, November 13th and Monday, November 14th. Kimberly Bush and Priscilla Sparks are the employees that will be attending the KAEC Annual Meeting and W.I.R.E. Meeting.

ADDITIONAL BUSINESS There was no additional business.

BOARD MEETING DATES The November Board Meeting will be on Monday, November 21st.

ADJOURN Chairman Dupuy adjourned the meeting at 11:57 a.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On November 21, 2016 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 Dupuy 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 Bentley, seconded by Director Martin and unanimously agreed to approve the minutes from the October Board Meeting, for informational purposes only.
TECHNICAL SERVICES SUPERVISOR	Brian Poling, Technical Services Supervisor, reported on the following:
DAVEY'S RESOURCE GROUP	As of November 12 th , Davey's Resource Group has collected 10,008 GPS points has been collected. Pactolus and Low Gap Substations are completed and they are working on Warnock Substation.
PACTOLUS / LOW GAP	Robert had completed the quality control checks on Pactolus and Low Gap's data and sent the modifications to be made back to DRG. After corrections are made, data will be submitted to Futura who will upgrade our system with the new data.
AT&T CONTRACT	We signed a contract with AT&T to run a new fiber optic line to the office. This will allow increased internet speeds giving us unlimited capability and an increase of 5 times our current speeds.
OFF-SITE DATA STORAGE	The AT&T upgrade allows bandwidth for off-site storage. A Data Domain server was implemented creating a backup of all our servers. This backup is stored on a server in the Warehouse, and each night that server data is compressed and moved to Lexington. NetGain Technologies will be housing the backup.
NEW RADIO SYSTEM	ERSOCI, a Motorola company, is installing the new radio system through EKPC in our trucks and office. They will also train Cooperative personnel. Twelve to fourteen trucks have been converted. Towers are at Alt (off RT 504) and Zion Ridge. EKP maintains the towers and GRECC maintains the radio system. This was in the 2016 budget for \$60,000; actual cost was\$58,995.53. The building generator is scheduled for delivery in December. The switch gear came in the first of November. JMK will begin on the pad and we can follow with the gas line. The old generator will be installed over the hill.
2016 EKPC LOAD FORECAST RESOLUTION	Mr. Poling asked Priscilla Sparks to read the 2016 Load Forecast Study Resolution prepared by EKPC. The load forecast was discussed at the September Board Meeting, but failed to get the Resolution approved and signed by the Board. This will be mailed to Sally Witt with EKPC.

2016 EKPC LOAD FORECAST RESOLUTION
(CONTINUED)

Grayson Rural Electric Cooperative Corporation

109 Bagby Park • Grayson, KY 41143-1292
Telephone 606-474-5136 • 1-800-562-3532 • Fax 606-474-5862

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION


RESOLUTION

WHEREAS, the 2016 Load Forecast Study has been prepared by East Kentucky Power Cooperative (EKPC) using an end-use model, with full participation of Grayson Rural Electric Cooperative's President and Staff;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors approves the 2016 Load Forecast Study for use in the Four Year Work Plan, Financial Forecast and other studies, and as part of the EKPC Load Forecast Study.


Harold L. Dupuy, Board Chairman

November 21, 2016
Date

A Touchstone Energy Cooperative 

Motion was made by Director Whitt to accept the Resolution for the 2016 Load Forecast Study, as presented, seconded by Director Trent and unanimously agreed upon

FINANCIAL REPORT	Bradley Cherry, Manager of Finance and Accounting presented the Financial & Statistical Report for August 2016. Mr. Cherry reported on the following:
FINANCIAL & STATISTICAL REPORT FOR SEPTEMBER	Sales for the month of September (9/21-10/20) were 2.38% over budget. Purchases for the month of September (9/1-9/30) were 2.33% over budget. Line loss for the last 12 months was 9.20% Year to date margins were a deficit of (\$506,153) compared to the budgeted amount of (\$655,532).
FUEL ADJUSTMENT	The fuel adjustment factor for the month was (0.004478).
ESC	The energy surcharge cost was 7.50%.
DEGREE DAYS	There was 175 degree days; 58 heating degree days and 117 cooling degree days.
T.I.E.R.	T.I.E.R. for the month was a (3.064). Chairman Dupuy pointed out there was very little difference to the previous year. Mr. Cherry stated we project no growth without any major changes. In November, December and January a lot of growth margins will hit our books.
219 ANALYSIS	The 219 analysis page was discussed in detail. We are operating at no change in growth the past 2 years or so. Director Whitt asked what it was costing us to operate, as in operating cost compared to revenue cost. Mr. Cherry said our operating expenses were around one million dollars and our revenue was around two and one-half million dollars. Director Dupuy asked how substation construction was factor into our charges. President Fraley said EKPC plans and budgets substations in their work plan, the same way we budget for line construction. Cost for us to utilize the substation itself is rolled into use and billable demand. Some Cooperatives have idle substations, due to reductions in the coal and railway industries.
WORKPLAN JOBS	President Fraley reported on how our current Workplan stands at this time. Jobs completed are Argentum / ST RT 7, Timberlake Meadows, Airport Road / Dudley, another Airport Road job and Montgomery. Stark is just finishing up. We are ready to start the ST RT 173 job. A crew is finishing up on the Pactolus / Campbell Lane job and will be starting on the Iron Hill job. From there we will move to Alcorn in Greenup County. In 2017 the far end of Kee Hole in Greenup County (Lost Creek); Low Gap Circuit 2 / Alcorn; RT 201 S of Blaine and Cains Creek the following year. In 2018 work will include a new circuit on Prater Road, Pelfrey and Bailey Hollow.
2016 BUDGET MEETING	The Planning and Review Committee, Directors Trent, Martin, Rice and Chairman Dupuy will meet at GRECC on Wednesday, December 7, 2016 8:00 a.m.

APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR SEPTEMBER 2016

Motion was made by Director Rice, seconded by Director Trent and unanimously agreed to approve the Financial and Statistical report for September 2016 as presented, for informational purposes only.

RUS DEBT REFINANCING

Bradley brought the Board up to date on the RUS Debt refinancing issue by saying that we had received a letter from the Kentucky Public Service Commission, approving our refinancing and a commendation from the Commission for our efforts to save Members money.

Closing for the refinancing is scheduled for December 19, 2016. Legal Counsel said that some signature requirements were incorrect and would need to change. The Resolution would authorize Carol Hall Fraley to sign as President and Billy E. "Eddie" Martin to sign as Board Secretary.

Mr. Scott also made some suggestions for wording changes. Following those changes, a Waiver of Notice would need to be approved by the Board. Legal Counsel pointed out that this refinancing opportunity would not allow Grayson R.E.C.C. to borrow from RUS for 120 months. However, under conditions of the mortgage, we could borrow from CFC, CoBank or FFB.

Motion was made to accept the Waiver of Notice on the Loan as presented to the Board by Director Trent, seconded by Director Martin and unanimously agreed upon.

Legal Counsel wanted to make clear that the Board would be restricted from RUS financing for 120 months, after any discounted prepayments are made. Chairman Dupuy asked the Board if everyone understood this part of the refinancing and asked for an aye vote. All Directors were in agreement except Director Martin.

President Fraley explained that our work plan funds come from FFB and it had been some time since we accessed RUS funds. Mr. Scott asked when it became the trend to move away from RUS funding to other sources and if there were any policies that reflected that trend. President Fraley is not aware of any policies, but the trend has occurred as other financing opportunities became available, at better terms and interest rates.

At that point, the Board decided to revisit the entire option of re-financing all RUS financing with CFC funds. Director Martin said he was not comfortable with the loan agreement.

Director Arrington asked for a comparison of the loans. The RUS interest rates we are refinancing range from .26 to 4.95%. The CFC rate would be 3.57%, a savings of \$1 million dollars over the life of the loan. However, the agreement would include restrictions from RUS financing for 120 months. Several Kentucky Cooperatives either have refinanced or are in the process of refinancing. At this point, Director Martin made a motion to table the Resolution of Adoption of the Loan Agreement, seconded by Director Bentley.

In the interest of clarifying questions the Board might have, and at the suggestion of Mr. Scott, Mr. Cherry called Elaine MacDonald of CFC on the phone. She explained that RUS funding comes through SFB and we were already their customer. Page 16 of the loan agreement shows a notice

RUS DEBT REFINANCING
(CONTINUED)

requirement and not a consent agreement.

It was suggested that we call a Cooperative who has utilized the refinancing. Mr. Cherry called Joni Hazelrigg, CEO of Fleming Mason Energy. Mrs. Hazelrigg stated that Fleming Mason has refinanced two times, without any repercussions and their Board was pleased with the process.

After thorough discussion, Legal Counsel suggested that, at the direction of the Board, a motion and a second would be in order to adopt the entire process and issue all documents. The motion should contain the information we heard from Ms. MacDonald and Mrs. Hazelrigg concerning the benefits and disadvantages of entering into this transaction, weighing all the possibilities. Chairman Dupuy called for a vote on the motion to table the Resolution of Adoption of the Loan Agreement. Motion carried.

Further discussion ensued. Following that, a motion was made by Director Whitt to adopt the Resolution for Adoption of the Loan Agreement, upon thorough discussion and examination, and after discussion with Ms. MacDonald of CFC and Mrs. Hazelrigg of Fleming Mason Energy, and weighing all possibilities of the benefits and disadvantages of entering into said transaction. The motion was seconded by Director Trent. The vote was 6 to 1, with Director Martin voting No due to the RUS borrowing restrictions.

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WAIVER OF NOTICE – RUS

Prepayment
Supporting Docs
PRPYNS.RES

WAIVER OF NOTICE*

We, the directors of (hereinafter called the "Corporation") waive all notice of the time, place and purpose of a regular meeting of the board of directors and fix 109 Bagby Park Street, in Grayson, State of Kentucky, as the place, and the 21st day of November, 2016, at 9 o'clock, A.M., as the time for the holding of such a meeting for the purpose of acting upon:

- (1) The authorization of the prepayment by the Corporation to the Rural Utilities Service (hereinafter called "RUS") the discounted present value pursuant to 7 CFR Part 1786 of any Outstanding Note eligible for prepayment pursuant to the terms of Public Law No. 102-428 (hereinafter called "Notes");
 - (2) The acknowledgement by the Corporation that the Corporation, and its successors or assigns may not receive direct or insured loans from the Government pursuant to Titles I or III of the Rural Electrification Act (7 U.S.C. 904, 935) for 120 months after any discounted prepayments are made on the Corporation's Notes pursuant to the terms of Public Law No. 102-428.
 - (3) The authorization of the execution and delivery by Corporation of an agreement with RUS setting forth the terms and conditions for the Corporation's discounted prepayment of its outstanding Notes.
-

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WAIVER OF NOTICE - RUS
(CONTINUED)

Prepayment
Supporting Docs
PRPYNS.RES

IN WITNESS WHEREOF we have hereunto set our hands the
21st day of November, 2016.

Harold L. Dimpuy

Kenneth Baunton

Jimmy White

Beie Rice

Roger Trust

Billy E. MacIsaac

Jim Berry

being all of the directors of
Grayson Rural Electric Cooperative Corporation
without exception

- 3 -

CFC 2 LOAN EXTENSIONS –
2 YEARS

Bradley Cherry presented two extensions of 3% locked in for two years on two loans. This is a two year extension on what we borrowed from CFC for our prepayment as we did in 2012 at the same interest rate.

CFC TWO 2-YEAR LOANS	<p>Motion to accept the two two-year loans with CFC at the same interest rate of 3% was made by Director Trent, seconded by Director Rice and unanimously agreed upon.</p> <p>Next Bradley Cherry presented three loan extensions for three years with CFC.</p>
CFC THREE LOANS – 3 YEARS	<p>Motion was made to accept the three three-year loans with CFC by Director Martin, seconded by Director Bentley and unanimously agreed upon.</p> <p>Bradley thanked the Board for allowing him to attend the schooling in Missouri.</p>
MANAGER OF MARKETING AND MEMBER SERVICES	<p>Kim Bush gave the Manager of Marketing and Member Services report as follows:</p>
MEMBER SERVICES	<p>Three Member Service Representatives and Kim completed the Customer Service Excellence Training this past week at EKPC with Touchstone Energy.</p>
PREPAY SUMMARY	<p>We have 626 Active PrePay Accounts. We have taken in \$86,594.76 in the last 30 days. Consumers on prepay accounts cannot get a winter hardship.</p>
DEBT MANAGEMENT	<p>Debt Management is up 11%. We have 68 active debt management accounts. The total amount in Debt Management is \$20,292.67. Total payments collected for Debt Management in past 30 days was \$3,353.54.</p>
LIHEAP	<p>LIHEAP consumers can get winter hardship. We get a voucher from the organization paying and we put the dollar amount on that consumer's account. The organization will mail us a check when they get their money.</p>
ENERGY EFFICIENCY	<p>Tina has reported the following energy efficiency information: Energy Audits – 7 Heat Pump Audits – 2 CARES – 1 Commercial Lighting In Progress – 1 HVAC Duct Seal – 1 and Billing Insights – 1 Appliance Recycling – 2 Energy Star Appliance Rebates: Clothes Washer – 5 Dishwasher – 6 Refrigerator – 4</p>
SCHOOL / COMMUNITY	<p>Greenup County APES Program —75 students Greenup Reality Store —2 days —750 students Career Day — Carter County —2 days —400 students</p>
ANNOUNCEMENTS	<p>Service Awards Dinner — Friday, December 9th, 6 p.m. at Olive Hill Historical Society</p>
PROVOST	<p>President Fraley asked Kim to put John Dean on alert for Provost.</p>
ANNUAL MEETING	<p>At the December Board Meeting we will discuss if it is okay to have our own annual meeting instead of going through Statewide. GRECC can order buckets.</p>

OPERATIONS REPORT	Kyle Clevenger, 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	<p>The following safety meetings were held during October:</p> <p>October 3 – Bradley Cherry, Manager of Finance and Accounting, gave a power point with Cindy Irving: PIRC Investment & Retirement Planner, Certified Financial Planner. Carol Ann presented Roger Kitchen a Certificate of Completion of Haz-Mat Refresher. She gave updates on the Lineman Rodeo.</p> <p>October 13 – Kyle Clevenger, Manager of Operations, turned the meeting over to Clarence Greene for the KAEC monthly safety meeting. The meeting was in the evening with area 1st Responders, which included a pole top rescue and a demonstration with the hot trailer.</p> <p>October 17 – Carol Fraley, President and CEO, talked about getting ready to read the Mazie Substation. She also presented Joe Sargent with a Certificate of Completion for Haz-Mat Refresher course.</p> <p>October 24 – Mike Martin, Assistant Manager of Operations, read from the Safety Manual pages 176-177; 508 – Tree Trimming. Kyle reminded everyone to keep their mind on their job. Andrea gave an update on the meter reading program.</p> <p>October 31 – Andrea McCleese, Technical Services Supervisor, presented a power point on Bloodborne Pathogens. She had videos on Social Engineering, E-mail & Messaging, Physical Security, and explained a ransomware attack that occurred recently at another Kentucky Coop. Bradley Cherry went over employee benefits.</p> <p>Mr. Clevenger continues to mention the necessity of ground chains and that a line is not dead until it is grounded.</p>
CONSTRUCTION	Construction built one hundred one (101) new work orders for the month of October and worked zero (0) hours of overtime.
OVERTIME HOURS	The Maintenance Department worked two hundred seven (207) hours of overtime during the month of October. The Engineering Department worked two (2) hours of overtime during the month of October.
DELINQUENT NOTICES	The Maintenance & Construction Departments collected on ninety-nine (99) delinquent accounts and disconnected nineteen (19) accounts in November.
CONTRACT CREWS	<p>Our two (2) Pike crews have been working in the following areas:</p> <p>Tony Seagraves – Stark Conversion, Elliott County and new construction Chris Tackett – Campbell Estates, Carter County</p>
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 1,100 trees, cut 971 trees, cut

RIGHT-OF-WAY CREWS (CONTINUED)	<p>36,436 feet of brush/line and sprayed 160 spans of line. The crews are working in the following areas:</p> <ul style="list-style-type: none">1 cutting crew in Carter, Lewis and Greenup Counties3 cutting crews in Rowan and Elliott Counties1 bucket truck crew in Carter, Lewis and Greenup Counties1 bucket truck crew in Rowan County1 bucket truck crew in Elliott County1 tractor crew in Carter County2 spray crews in Greenup County <p>Smith Tree Service has one circuit crew in Elliott County on RT 504</p>
ENGINEERING REPORT	<p>The Engineering Department released ninety-one (91) prints consisting of 22,448 feet of primary line and 2,210 feet of service wire. They currently have two (2) new services to be staked, two (2) to be drawn and eight (8) miscellaneous jobs to be staked or drawn.</p>
APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS	<p>Motion was made by Director Bentley, seconded by Director Trent and unanimously agreed to approve ninety-one (91) new memberships and retirement of ninety (90) existing memberships for October 2016.</p>
BAD DEBT WRITE-OFFS	<p>Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to charge off \$2,463.11 worth of bad debts and turn them over for collection.</p>
APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY BUSINESS EXPENSES	<p>Motion was made by Director Martin, seconded by Director Trent and unanimously agreed to approve the President's business expense of \$33.10, Director's business expenses of \$6,441.65 and Attorney's business expense of \$4.70.</p>
PRESIDENT'S REPORT	<p>President Fraley reported on the following:</p>
BOARD ELECTION INQUIRES	<p>Darrell Sammons and William 'Bill' Bentley inquired about running for the Board. A packet was mailed to Mr. Simmons on November 16th and a packet will be mailed to Mr. Bentley. Terry Osborne asked an employee, but we haven't heard from him. Kim is working on an Annual Meeting timeline.</p>
WAREHOUSE ROOF BIDS	<p>We are taking bids on the warehouse roof and extensive grading.</p>
2017 BUDGET MEETING	<p>The 2017 Budget Meeting with the Planning and Review Committee is scheduled for 8:00 a.m. on December 8. Directors Martin, Rice, Trent and Dupuy are on the committee.</p>
DIRECTOR BENTLEY – CCD	<p>President Fraley presented Director Jim Bentley with a Credentialed Cooperative Director Program CCD certificate and lapel pin.</p>
ATTACHMENT CONTRACTS	<p>President Fraley is working on new telephone contracts. She is looking at renegotiating the attachment definition and rate per attachment on the rural telephone companies. She would like to have a more standardized contract will all the companies, based on the contract we have in place with the state for KIH.</p>

SUBSTATION READINGS We would like to read another substation in December, possibly Newfoundland and/or Sandy Hook.

SURGERY President Fraley said she is scheduled for a knee replacement surgery on Friday, December 2, 2016.

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

He has finished GRECC’s application on the loan and answered follow-up questions for PSC. He is waiting on answer from PSC on KY Power for the two consumers from Olive Hill.
Twenty-one (21) collection letters were mailed.
Mr. Scott attended the KAEC Attorney’s meeting and said it was the worst meeting for attorneys at the KAEC Annual Meeting he had ever attended.

INTENT TO RUN FOR THE GREENUP COUNTY BOARD SEATS Both Directors, Harold Dupuy and Eddie Martin submitted written notice of their intention to stand for re-election to the Board of Directors in 2017.

KAEC DIRECTOR’S REPORT Director Whitt reported the November KAEC Meeting was its Annual Meeting and reported on the following:

KAEC has sold their building and property for \$3.9 million. They have not decided on where to move at this point. KAEC will be signing off on the oil deposits on site. An asphalt plant purchased the property.

Ed Whitfield was awarded the Distinguished Rural Kentuckian for the Annual Meeting.

EKPC DIRECTOR’S REPORT Director Arrington gave the EKPC report as follows:

Mike McNalley, Executive Vice President and CFO, reported low fuel and market energy costs, along with margin from off-system sales, have generated savings that flow through the fuel adjustment charge directly to members. September margins were \$2.2 million better than budgeted. EKPC is \$15.8 million ahead of budget for the year, largely due to lower than expected operations and maintenance expenses, despite net sales decline. The cost to member systems continues to be under budget.

Fitch has upgraded EKPC’s rate from BBB+ to A- .

The solar power plant has been approved.

COBANK VOTING The voting delegate for CoBank’s proxy will be President Fraley.

THANK YOU LETTERS GRECC received thank you notes from Isonville Elementary, and Olive Hill Meals on Wheels.

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

Lawrence County Food Bank \$250
Oldtown Food Bank \$250
Argillite UMC Food Pantry \$250

DONATIONS (CONTINUED)	Sandy Hook 1 st Baptist Church – Christmas Pack Back Program – Isonville and Sandy Hook Schools	\$100
	East Carter Girls / Boys Basketball - Heart of the Park Tipoff	\$250
	West Carter Boys Basketball – Jack Fultz Classic	\$100
	Project Merry Christmas of Carter County	\$200
	KSPPA Chapter 8 – Shop with a Cop (Elliott & Rowan Counties)	\$200
	First Baptist Church – Women Circle –WMU of SH Baptist Church -Christmas Dinners	\$100
	Oldtown Volunteer Fire Department – donation	\$100

Motion was made by Director Trent, seconded by Director Bentley and unanimously agreed to approve the donations totaling \$1,800.

NRECA ANNUAL MEETING The NRECA Annual Meeting will be in San Diego, California. Director Trent said he would be attending.

BOARD MEETING DATES The December Board Meeting will be on Wednesday, December 21, 2016 and we will have our annual Christmas dinner following the adjournment of the board meeting.

ADDITIONAL BUSINESS Kyle Clevenger and Priscilla Sparks will be attending the Safety Coordinators Conference in Lexington on December 8-9, 2016.

ADJOURN Chairman Dupuy adjourned the meeting at 1:08 p.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On December 20, 2016 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 Dupuy 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 Jim Bentley, seconded by Director Eddie Martin, and unanimously agreed to approve the minutes from the November Board Meeting for informational purposes only.
- TECHNICAL SERVICES Andrea McCleese, Technical Services Supervisor, reported on the following:
- DAVEY RESOURCE GROUP We have loaded the first substation update on the GIS mapping from Davey Resource Group for the Pactolus substation. We should see the map updated with Low Gap data after the first of the year. Davey is expected to have circuits 1 and 4 of the Warnock substation completed by the end of the year. Data collection on the Argentum substation will begin near Plum Fork and Rakes Mill Road. There are 3 Davey employees in the field collecting data and another employee will be added in January.
- METERING DEPARTMENT The Metering Department has received a field test device from EKPC that will allow them to test meters in the field, instead of replacing a meter in the field and bringing the meter to the office to test. Metering will be using the device to test EKPC load research meters, as well three phase meters that we would normally have to bring in to test and then put back into replacement stock. This will allow us to decrease the number of three phase meters that we will have to keep in inventory to satisfy the testing requirements. They have to be tested every 4-6 years).
- NETGAIN NetGain has completed a project to install a backup data domain that has been placed in the meter shop (to move the backups to another building). Our data is backed up each night to this device. NetGain is working to set up a secure VPN tunnel to send the recorded data to a facility in Lexington each night for disaster recovery purposes.
- The Davey contract was for 18 months and we feel they will be finished before then. After Robert reviews the data, it will go to Futura. We have good Pactolus data. The men will be able to see this on their iPads sometime in 2017.
- President Fraley will contact Foothills and Mt. Telephone to discuss how telephone attachments are defined. Our mapping program will provide us with the number of times a telephone or cable wire touches our poles. Industry standards have changed and we plan to negotiate for the actual number of attachments. We also plan to ask for an increase in the attachment amounts that will bring the telephone Cooperatives closer to what we charge all other companies.
- OFFICE & FINANCIAL STATISTICAL REPORT Bradley Cherry, Manager of Finance and Accounting presented the Financial Statistical Report for October 2016. Mr. Bradley reported on the following:

FINANCIAL & STATISTICAL REPORT FOR OCTOBER	Kilowatt hour sales for the month of October (10/21-11/20) were 10.54% under budget. Purchases for the time period of 10/1-31 were 6.75% under budget. Line loss for the last twelve months was less than 8.37%. Year to date margins were (\$496,427) compared to the budgeted amount of (\$571,408).
FUEL ADJUSTMENT	The fuel adjustment factor was (0.005493).
ESC	The Environmental Surcharge was 7.97%.
DEGREE DAYS	There were 355 degree days (344 heating degree days and 11 cooling degree days).
OTIER	The rolling O.T.I.E.R is 1.81.
CAPITAL CREDITS	We paid 25 capital credits totaling \$24,110.13. Year to date we have paid 156 capital credits totaling \$154,537.96. There are sixteen applications outstanding for various reasons.
RUS/CFC REFINANCING	GRECC received notice Monday that RUS has been paid in full. We received the necessary paperwork from RUS on Tuesday, December 20, 2016. A letter was mailed from President Fraley, acknowledging receipt thereof.
CFC	Brian Stavish, CFC, congratulated us on refinancing. Interest rates now would have been a percent higher
CFC CERTIFICATE OF RESOLUTION AND INCUMBENCY	Board Secretary Martin signed the CFC Certificate of Resolutions and Incumbency that was approved in November. The Certificate is hereby included below.



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CERTIFICATE OF RESOLUTIONS AND INCUMBENCY
(CONTINUED)

**CERTIFICATE OF RESOLUTIONS AND INCUMBENCY
(update)**

The undersigned, on behalf of GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION (the "Company"), hereby certifies that as of the date hereof:

(a) the attached resolutions are true, complete and correct copies of the resolutions of the Board of Directors of the Company duly adopted on the date specified therein;

(b) said resolutions have not been modified, altered or rescinded, and the same are in full force and effect; and

(c) the individual who executed the amendment referred to in the attached resolutions held the position as stated therein on the actual date of execution of said amendment.

IN WITNESS WHEREOF, I have executed this Certificate on behalf of the Company, this 21 day of December, 2016.

(SEAL)

Name: 

Title: 

CFC INCUMB
KY061-A-9019(BURDICM)
211360-1

APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR OCTOBER 2016

Motion was made by Director Trent , seconded by Director Rice and unanimously agreed to approve the Financial and Statistical report for October 2016 as presented, for informational purposes only.

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RUS 3-YEAR AUDIT

The RUS 3-year audit went very well. The period audited was May 2014 to September 2016. Mark Elam from Ohio was the lead auditor, and he was training a new representative for Kentucky, Donald Nolte. Mr. Nolte will replace Gary Foreman who has retired.

The audit produced two minor items findings and recommendations:

- 1) wrong ID code for a piece of material was used on one of the work orders
- 2) special equipment cost had not been updated.

These both have been corrected.

Mark Elam discussed our work order procedures with President Fraley. He asked for a copy of our contract and said it was good and unique.

2017 PROPOSED BUDGET

Chairman Dupuy turned the meeting over to Director Martin, Chairman of the Planning and Review Committee, for the proposed 2017 budget. Director Martin asked President Fraley to give a summary of the proposed 2017 budget, as presented on December 7th to the Committee.

She noted the budget was based on zero growth, as we normally do. The only projects included were those necessary to the business at hand for this year. Notable items were: a new roof for the Warehouse, a new box trailer, squeeze on tools for the crews, vehicle rotation and AED's for each crew and the office. Other expenses such as deceased estate capital credits, wages, computer equipment and expenses were all based on historical costs or planned purchases throughout the year. She called upon Bradley Cherry to give the details of the proposed budget.

Mr. Cherry and Andrea McCleese reviewed the proposed 2017 Budget Highlights with the Board of Directors.

The proposed 2017 budget should give us a T.I.E.R. of 1.33 without any unforeseen expenses. We have retained our storm emergency fund of \$500,000. Our goal is to stay within the same dollar range every year, as anticipated for 2017.

President Fraley read the following Planning and Review Committee minutes for Director Martin, as requested:



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PLANNING AND REVIEW COMMITTEE MINUTES
(CONTINUED)

The Grayson R.E.C.C. Planning and Review Committee met Wednesday, December 7, 2016 at 8:08 a.m. Those present were: Director Billy E. "Eddie" Martin, Chairman of the Planning and Review Committee; Director William Rice; Director Roger Trent; ex-officio Harold Dupuy, Chairman; Carol Hall Fraley, President and CEO; Bradley Cherry, Manager of Finance and Accounting; and Priscilla Sparks, Executive Assistant.

Chairman Dupuy called the meeting to order and gave the invocation. He then turned the meeting over to Director Martin. Director Martin asked President Fraley and Bradley Cherry to present the proposed budget.

President Fraley told the committee that, as usual, the 2017 budget was based on zero growth. Revenue was based on an average of the past three years. The workplan investment of \$4.5 million is based on the work we have planned for that year. On the average, a workplan takes five to six years, but this workplan will actually be done in four years. In 2018 we will decide whether an addendum or extension will be needed. There may be an opportunity to include metering in the next work plan, but the PSC has not been favorable with other Cooperatives that have included it in their rate cases. Our new mapping program is in the current work plan.

President Fraley turned the presentation over to Mr. Cherry. He handed out a list of specific projects included in the 2017 budget (see attached).

We have a contingency in our budget for \$500,000 storm relief money. The projected T.I.E.R. without having to use our storm contingency would be 1.33. If we experience storms up to \$500,000 or beyond, T.I.E.R. could drop to .80 depending upon any FEMA reimbursement. Any paper or cash capital credits from EKPC are not included.

Director Dupuy asked what this would do to GRECC. Bradley said we would be okay this year and next year. If 2017 is a really bad year, it could be used as a test year for a rate increase. With a decent weather year, our current budget projections, based on no growth, would most likely allow us to meet T.I.E.R. requirements. Our T.I.E.R. is never based on what we receive from EKPC. }

We do have some prospects coming on line, including Columbia Gas, Family Dollar, Truck Stop in Olive Hill, and a rock crusher. 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 made a list of needs for the coming year. Bradley also includes consideration of sales and purchases. Our Operating Revenue projections were based on a 3 year weighted average and the 2017 budget was based on actual costs from October 2014 to September 2016. Revenue of \$31,209,074 was up slightly. Purchased Power was a slight increase of \$18,331,259, giving us gross margins of \$12,877,815.



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PLANNING AND REVIEW COMMITTEE MINUTES
(CONTINUED)

PLANNING AND REVIEW COMMITTEE
DECEMBER 7, 2016
PAGE 2

Chairman Martin asked that an overview of the proposed 2017 budget be presented to the Board of Directors at the December 21st Board Meeting.

Following thorough discussion, motion was made by Director Trent, seconded by Director Rice to recommend approval of the 2017 Budget to the full Board at the December Board Meeting. Motion was approved unanimously by those present.

Director Martin adjourned at 9:30 a.m.


Billy E. "Eddie" Martin
Planning and Review Committee Chairman



Motion was made by Director Martin, seconded by Director Bentley to accept the 2017 Budget as presented, and unanimously agreed upon.

EKPC SOLAR PROJECT

East Kentucky Power Cooperative has been approved by the Ky. PSC for their Community Solar Farm Project and has asked each Member System to file supporting documents to allow us to participate in sales of the solar panels. Bradley presented the following resolution for participation:

EKPC SOLAR PROJECT
(CONTINUED)

BOARD RESOLUTION

WHEREAS, Grayson Rural Electric Cooperative Corporation (“Grayson”) is owned by its Members and endeavors to provide its Members with options to voluntarily utilize renewable energy resources; and

WHEREAS, East Kentucky Power Cooperative, Inc., (“EKPC”) was granted approval in Case No. 2016-00269 from the Kentucky Public Service Commission (“PSC”) to construct a community solar facility for the benefit of its Member Cooperatives including Grayson; and

WHEREAS, EKPC’s wholesale community solar tariff was approved in Case No. 2016-00269; and

WHEREAS, The PSC also approved in Case No. 2016-00269, a retail community solar tariff template and Community Solar Farm Solar Panel License Agreement for use by EKPC’s Member Cooperatives who choose to participate in the wholesale community solar tariff; and,

WHEREAS, Grayson chooses to participate in EKPC’s wholesale community solar tariff to offer community solar renewable energy to Grayson Members; and

WHEREAS, the Board has received and considered the recommendations of management to participate in EKPC’s wholesale community solar tariff and adopt the retail community solar tariff and Community Solar Farm Solar Panel License Agreement that was approved by the PSC;

NOW THEREFORE BE IT RESOLVED BY THE BOARD AS FOLLOWS:

- 1) Grayson management is authorized to prepare and file the retail community solar tariff and Community Solar Farm Solar Panel License Agreement that was approved as a template by the PSC in Case No. 2016-00269; and
- 2) Grayson management is further authorized to take any and all actions necessary or advisable to seek approval of the retail community solar tariff and Community Solar Farm Solar Panel License Agreement with the PSC.

Done this 21st day of December 2016.

I Carol Hall Fraley, President and CEO, certify that the above Resolution to be true and hereby confirmed.

ATTEST: Carol Hall Fraley
Carol Hall Fraley, President and CEO

December 21, 2016
Date



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MANAGER OF MARKETING
& MEMBER SERVICES
REPORT

The Manager of Marketing & Member Services Report was given by President Fraley on the following items:

The Mazie Substation Service Orders are almost finished.
We received two LIHEAP checks in the amounts of \$87,027 and \$94,935; three 30-day extensions; and nine winter hardship reconnects.
PREPAY: We have 617 prepay accounts totaling \$118,527.39.
Tina Preece did 6 energy audits, 1 heat pump audit, 2 CARES, 1 commercial lighting in progress and 20 billing insights.
We assisted Carter Caves State Park with their annual Christmas decorations. 250 families benefited from bag items for Project Merry Christmas. The Board gave to all the Projects Merry Christmas in the counties, as in the past. January 4, 2017 will be Jeanie's retirement luncheon.
Family of 8 (7 children) lost their home to fire in Greenup County and the GRECC employees donated \$1,000. They lived on our lines. We shopped for the kids and bought all 8 family members tennis shoes and Christmas toys. Lowe's donated the household goods.

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 November:

November 8 – Brian Poling, Manager of Technical Services', meeting was in honor of all Veterans. Kyle reminded everyone to be extra careful on the road today due to election traffic. Cheyenne lead the Pledge to the American Flag and was followed with a breakfast and program to honor veterans. Kim talked about the Honor Flight. Chris Mosier and Scott Speaks gave highlights of their experience with the Veterans they chaperoned on the Honor Flight. Carol Ann asked everyone to be careful during collections.

November 22 – Robert Brown, Geographical Information System Technician, turned the meeting over to KAEC's David White for their monthly safety meeting. He reminded everyone to watch out for burnt poles due to fires. His topic was "Safely Extracting Stuck Vehicles" with Safety Manual References 503.10 Cranes, Derricks, Hoisting Equipment & 503.11 Rigging Equipment. Following the meeting he completed the hurt man exercises.

November 29 – Sherry Buckler, Manager of Accounting & Human Resources, played a DVD on Kentucky Honor Flight. Brian discussed the new radio system. Priscilla had a representative from Washington National Insurance to update and/or sign up for new policies.

CONSTRUCTION

Construction built was one hundred four (104) new work orders for the month of November and worked zero (0) hours of overtime.

OVERTIME HOURS

The Maintenance Department worked two hundred forty-five (245) hours of overtime during the month of November. Engineering worked zero (0) hour overtime during the month of November.

DELINQUENT ACCOUNTS There were 130 delinquents for December. 82 cards were issued to be disconnected and 10 accounts were disconnected by remote meter. Field personal disconnected an additional 4 meters for a total of 14 disconnects and 5 accounts were reconnected on December 7th. 8 additional meters were disconnected on December 8th.

CONTRACT CREWS The two Pike crews have been working in the following areas:

Tony Seagraves – has completed the Stark Conversion. His crew is completing a small state highway job and moved on to the RT 173 job.
Chris Tackett – completed the Campbell Estate job and moved to Iron Hill, Carter City.

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 575 trees, cut 928 trees, and cut 32,905 feet of brush/line and sprayed 75 spans of line. The crews are working in the following areas:

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

Smith Tree Service has a circuit crew working in Elliott County.

ENGINEERING REPORT The Engineering Department released one hundred forty (140) prints consisting of 2,364 feet of primary line and 3,386 feet of service wire. They currently have two (2) new services to be staked, two (2) to be drawn and twelve (12) miscellaneous jobs to be staked or drawn.

RADIO TOWERS RETIRED President Fraley asked about the radio towers that were retired and Legal Counsel wasn't sure on what to tell her.

The annual breakfast for the right-of-way and construction crews was held at ZZ's. The Right of Way Crews and the Pike Crews were invited for breakfast.

MAZIE SUBSTATION We read 1,162 meters on the Mazie Substation. There was 87 retirements, 17 rate/class changes, 33 night light violations, 12 satellite violations and 25 miscellaneous violations.

Director Bentley asked about the progress of the pipeline/gas company. We are still waiting on highway permits which should be here in January. We plan to commence construction on some preliminary lines in the near future.

AUTOCLAVE Some consumers are concerned about the safety of the autoclave going in on AA. It is a sterilization practice for hazardous medical waste and will be a three-phase load, located on the AA Highway. They have not applied for service at this time.

GREENUP COUNTY SHERIFF DEPARTMENT The Greenup County Sheriff's Department telephoned about a disconnect involving seventy plus endangered exotic animals. The consumer had called to request his service be disconnected because he was moving. It was a remote disconnect he said we could disconnect any time. We disconnected the account at that time. At the request of the Sheriff's Department, we turned the service back on. The property owner came in the next day and put the service in his name.

ANNUAL MEETING TIMELINE The annual meeting time line has been prepared by Kim Bush and Legal Counsel Scott proofed and made changes. The time line was given to everyone.

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS Motion was made by Director Trent, seconded by Director Whitt and unanimously agreed to approve one hundred two (102) new memberships and retirement of ninety-seven (97) existing memberships for November memberships for November 2016.

BAD DEBT WRITE-OFFS Motion was made by Director Whitt, seconded by Director Martin and unanimously agreed to charge off \$3,671.50 in 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 Trent and unanimously agreed to approve the President's business expense of \$320.79, Director's business expenses of \$11,066.75 and Attorney's business expense of \$23.53.

PRESIDENT'S REPORT President Fraley reported on the following:

FEDERATED We received a check from Federated Rural Electric Insurance Exchange in the amount of \$4,749 for equity distribution – 100% 2008 balance.

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

Timeline - he looked over for Kim Bush and made necessary changes.
Bob Miller notified him about [REDACTED] off service account and capital credits for the deceased estate.
Twenty-six (26) collections letters will be mailed today.
His office checked the title in every county for RUS loan. The opinion letter said he did that and no new liens have been filed against us.

KAEC DIRECTOR'S REPORT Director Whitt reported he attended KAEC's Board Meeting yesterday.

KAEC received only 60% of the CEO performance appraisals.
Bishop Lane Property is under contract to sell for \$3.75 million with a construction and infrastructure company.
Property was purchased for \$2.82 million for the proposed new headquarters. \$400,000 in renovations will need to be done before moving in.
The Board questioned Mr. Perry's authority to purchase the new property. The Board approved placing a contract on the new proposed headquarters, and approved the sale of the Bishop Lane property, as proposed. The sale has a window of six months.

EKPC DIRECTOR Director Arrington's reported on the following:

♦Pending litigation against EKP vs Appalachian Fuels bankruptcy.

EKPC DIRECTOR
(CONTINUED)

- ◆EKPC vs Power Chemical – Clark County \$27,000 debt.
- ◆PSC Case No. 2013-00281 AN EXAMINATION BY THE PUBLIC SERVICE COMMISSION OF THE ENVIRONMENTAL SURCHARGE MECHANISM OF EAST KENTUCKY POWER COOPERATIVE, INC. FOR THE SIXMONTH BILLING PERIODS ENDING JUNE 30, 2014 AND DECEMBER 31, 2014, TWO-YEAR BILLING PERIOD ENDING JUNE 30, 2015, AND THE PASS THROUGH MECHANISM FOR ITS SIXTEEN MEMBER DISTRIBUTION COOPERATIVES.
- ◆Barker case.
- ◆PSC Case No. 2015-00358 (THE APPLICATION OF EAST KENTUCKY POWER COOPERATIVE, INC. FOR DEVIATION FROM) Case No. 2015-00358 OBLIGATION RESULTING FROM CASE NO. 2012-00169.

THANK YOU NOTES

Thank you notes were received from the Oldtown Food Pantry, the NYN Foundation 5K Committee, and the Greenup County Schools for the First Book program.

DONATIONS

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

Foundation for the Tri-State.	\$100
Old Path Baptist Church – Christmas for Kids	\$25
East Carter High School Archery Team – sponsorship	\$100
McDonald House	\$100

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

MEETING ATTENDANCE

Directors Trent will be attending the NRECA Annual Meeting in San Diego California, February 26 – March 1, 2017. No other attendees.
January 22, 2017 Bradley Cherry will leaves for the MIP.
Director Bill Rice will be calling in for the January 2017 Board Meeting, as he may be in Florida. His board packet will be mailed to Florida if he goes.

VOTING DELEGATES
NRECA NATIONAL MEETING

Director Trent would serve as the Voting Delegate to NRECA’s National Meeting and there will not be an Alternate Delegate.

VOTING DELEGATE
NRTC ANNUAL MEETING

The 2017 Annual Meeting Voting Delegate will be Director Jimmy Whitt and Alternate Voting Delegate, Chairman, Roger Trent.

BOARD MEETING DATE

The next board meeting will be held on Friday, January 27, 2017.

ADDITIONAL BUSINESS

There was no additional business.

ADJOURN

Chairman Dupuy adjourned the meeting at 12:17 p.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel