

On January 27, 2017 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.

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|-------------------------------|--|
| INVOCATION                    | Director Dupuy gave the invocation.  |
| APPROVAL OF MINUTES           | Motion was made by Director Bentley, seconded by Director Rice and unanimously agreed to approve the minutes from the December Board Meeting for informational purposes only.  |
| MANAGER OF TECHNICAL SERVICES | Brian Poling, Manager of Technical Services reported on the following:   |
| DAVEY RESOURCE GROUP          | As of the week ending January 21 <sup>st</sup> , Davey Resource Group (DRG) has completed 17,296 GPS points. That same week they tagged 1,126 features. They have now completed Pactolus, Low Gap and Warnock. They are currently finishing Argentum and working on Elliottville. Today is the last day for Joe Burris, the field Supervisor on our project and he will be replaced by Aaron Kline who has been here from the beginning. Robert said they have reported several hazardous conditions and pole attachments.   |
| DATA BACKUP                   | The reporting of last data month's backup was sent to NetGain in Lexington. It took a couple of weeks to transmit everything. The backup is now completed and future data will be sent incrementally on a daily basis.   |
| OFFICE INTERNET               | We are still waiting on AT&T to install our fiber connection, AT&T is waiting on Windstream to run the line and make the connection in their central office for our internet service.  |
| NEWER TECHNOLOGY              | We are considering a newer technology to present to the Board for inclusion in the next work plan. Steve, Scott and Brian visited Licking Valley last week to see the radio frequency system at work. They get a reading every 15 minutes and we get 1 a day. Outages are received in 2 minutes due to infrastructure. The system is many times faster, gives more information quicker, and can choose alternating reporting paths. This system can see if a meter has power, if voltage is correct, current meter readings and some health information on the meter, all within about 1-2 minutes. They are going to Clark next week and plan to attend a Landis+Gyr Users Conference in April. |
| OFFICE GENERATOR              | The installation of the office generator has begun. We have applied for a new gas tap with the City of Grayson Utilities. JMK has installed the transfer switch and poured a pad over the hill where the old unit will be located. Our generator has been delivered to Wayne Supply docks. Steve Brown will do the horizontal boring at \$5 per foot.  |
| IPADS                         | Sixty eight grounds were stolen and had to be replaced on the Pactolus substation. These were reported as part of the data from Davey. This could be a danger to the public. The reclosers use the grounds to determine faults that might be too fast or too slow before they trip out. These grounds are expensive and time consuming to replace. Chris Mosier and Mark Hutchinson have most of them completed.   |

MANAGER OF FINANCE  
AND ACCOUNTING

Bradley Cherry, Manager of Finance & Accounting, presented the Financial and Statistical Report for November 2016. He reported on the following:

FINANCIAL &  
STATISTICAL REPORT  
FOR NOVEMBER 2016

Kilowatt hour sales for the month of November (11/21-12/20) were 5.90% over budget. Purchases for the time period of (11/1-11/30) were (6.06%) under budget. Line loss for the last twelve months was 6.41%. Year to date margins were (\$8,114) compared to the projected budgeted amount of (\$415,094).

O.T.I.E.R.

The monthly O.T.I.E.R. for this month was 7.68 with the rolling O.T.I.E.R. at 1.02 and we still have December to go. The Environmental Surcharge was 10.82%. It has been a little higher the past couple of months.

DEGREE DAYS

There was 765 heating degree days and 0 cooling degree days.

APPROVAL OF FINANCIAL  
& STATISTICAL REPORT  
FOR NOVEMBER 2016

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

OPERATIONS REPORT

President Fraley gave the Operations Report for Kyle Clevenger who was attending a Storm Coordination Workshop in Winchester, KY. She 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 2016:

December 7 – Kim Bush, Manager of Marketing & Member Services, turned the meeting over to David White for the KAEC monthly safety meeting. Mr. White showed a video of the 2016 Lineman Rodeo, reviewed the Federated Contact List, reviewed the Hurt Man Rescue Exercises and showed the top five Coops with the best average of time. Grayson placed first and their time was better than the combined Coops total average. He went over the new APPA safety manual changes, reviewed recent tree cutting issues and referenced Safety Manual 508.1 Tree Trimming page 176.

December 12 – Bradley Cherry, Manager of Finance & Accounting, showed a power point on Holiday Statistics regarding injuries, fires, travel, food preparation, and stress management. Kyle Clevenger went over changes on NESC handout and the importance of the use of rubber gloves, reminding everyone that it was time to replace gloves and sleeves.

December 19 – Kyle Clevenger, Manager of Operations, read out of the safety manual 503 Vehicle Operation, 503.1 General, 503.2 Inspection of Equipment, 503.3 Exhaust Gas, 503.4 Operation, 503.5 Parking, and 503.6 Backing, pages 108-111. President Fraley gave the employees an update on the family that was chosen for Christmas and asked if there were any more needs that we needed to be aware of at this time.

December 27 – Carol Fraley, President and CEO, discussed Board Policies and talked about qualifications of a director. Kyle reviewed an accident involving Bryan Rogers.

SAFETY REPORT  
(CONTINUED) 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 thirty-two (132) new work orders for the month of December and worked zero (0) hour of overtime. There was 31 added and 17 retired. We almost have the Mazie Substation finished.

OVERTIME HOURS The Maintenance Department worked three hundred seventeen (317) hours of overtime during the month of December and Engineering worked zero (0) overtime hours.

DELINQUENT NOTICES There were fifty (50) delinquents for January. Thirty-eight (38) cards were issued to be disconnected and twelve (12) accounts were disconnected by remote meter. Field personal disconnected an additional six (6) meters for a total of seventeen (17) disconnects. Four (4) accounts were reconnected on January 12.

CONTRACT CREWS There are two (2) Pike crews working in the following areas:  
  
Tony Seagraves – RT 7 State Job, Line Relocate, Elliott County. They are working on RT 173.  
Chris Tackett – Iron Hill, 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 960 trees, cut 1,305 trees, cut 49,455 feet of brush/line and sprayed 16 spans of line. The crews are working in the following areas:  
  
3 cutting crews 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  
  
1 Smith Tree Service in Circuit Crew in Elliott County

ENGINEERING REPORT The Engineering Department released sixty-five (65) prints consisting of 1,885 feet of primary line and 713 feet of service wire. They currently have one (1) new service to be staked, one (1) to be drawn and fourteen (14) miscellaneous jobs to be staked or drawn. This is for the period of December 18, 2016 – January 18, 2017.

JACKSON PURCHASE Josh Franklin, Lineman at Jackson Purchase passed away last Monday due to electric line contact. GRECC employees mailed \$750 to a fund set up for his family.

WAREHOUSE ROOF BIDS We have two bids on the warehouse roof and they were within \$1,000 of each. One had power vents on both ends of the roof and the other bid had one center vent. We accepted the bid with two vents, bidding in at \$17,000.

WAREHOUSE/GARAGE  
PARKING LOT BIDS

Standafer Paving of West Liberty, KY submitted an \$110,000 bid on the warehouse/garage parking lot for re-paving and concrete. We are waiting on Mt. Material's bid. The Directors suggested getting bids from Rick Brown with AA Paving, Greenup, KY; Akins Paving, RT 23, Catlettsburg, KY; and Crouch Paving, Salt Lick, KY.

MANAGER OF MARKETING  
AND MEMBER SERVICES

Kim Bush, Manager of Marketing and Member Services, asked Tina Preece to give the report this month.

Tina gave a 2016 review on our energy programs in conjunction with EKPC. We surpassed the goal set by EKPC by reaching 119% combined with residential, commercial and industrial. The residential program that provided the most savings to us was the Heat Pump Retrofit 14 SEER or greater. The Commercial and Industrial Programs that provided the most savings was the lighting retrofit, upgrading to LEDs. The Energy Star Appliance program totaled 159 members receiving a total savings of \$14,339.

ENERGY PROGRAMS

CARES – works with the community action agencies Northeast, Gateway and Licking Valley assisting with electric bill payments.

Billing Insights – guides the member online for their home audits and gives the member a print out of recommended changes and approximate savings. Industrial loads do not get rebates.

Heat Pump Retrofit – replaces a resistance type of heat such as base board, electric furnace, ceiling cable.

HVAC Duct Seal – the consumer seals existing duct work; an audit is completed before and after the work is done. A contractor or the homeowner can do the work.

Button-up – for electric heated homes that are at least 2 years old, and can be used to upgrade windows and doors, and add insulation in floors, walls or attic. Rebates are based on savings.

Manufactured home – the newest program and for homes that are Energy Star rated from the manufacturer. The rebate is paid to the manufacturer. The customer does not pay any extra cost to upgrade.

Commercial (small or large) and Industrial Lighting – upgrades and change old CLF lights to new energy efficient lights and are based on kWh shed.

Appliance Recycling Program – will have your refrigerator or freezer picked up and hauled away and pay the member \$50. The appliance must be in working order, plugged in with the compressor running and there must be a clear path to the appliance.

Director Arrington asked how we advertise. Most advertising is through KY Living Magazine, billboard, WSAZ-TV Midday, WSAZ Weather, Online, Facebook, GRECC link, radio or by word of mouth from our consumers.

Tina works with EKP on all programs, cost share and rebates.

LIHEAP

The 2016/2017 LIHEAP payments were:

\$167,215.36 November 2016 – January 25, 2017 compared to \$142,025.29 the previous year, and \$73,187.48 for January 1-25, 2017 compared to \$55,757.06 in January 2016.

We received five (5) Winter Harship Reconnects and four (4) 30-day extensions through LIHEAP.

PREPAY We have 614 active prepay accounts with 7 inactive accounts. The average balance on accounts is \$49.93 credit. The average kWh usage is 27 a day and the average payment is \$42.35. Total number of payments in 30 days is 3,093 and total payments \$130,974.71.

DEBT MANAGEMENT We have 50 active accounts with debt management.  
Total amount in Debt Management - \$13,419.88  
8% of active PrePay accounts have Debt Management  
Under \$100 – 14                      \$100-\$199 – 14                      \$200-\$299 – 15  
\$300-\$399 – 2                      \$400-\$499 – 2                      over \$500 – 3

ENERGY EFFICIENCY There were thirteen audits for the month:  
Energy Audits – 1    Heap Pump – 1    CARES – 1    Button-Up – 1  
Billing Insights – 8    Commercial Lighting in Progress – 1  
and 2 appliance recycling.

APPLIANCE REBATES Sixteen consumers received Energy Star Appliance Rebates:  
clothes washer – 5    dishwasher – 3    refrigerator – 6    freezer – 1 and heat  
pump – 1.

ANNOUNCEMENTS Annual Meeting is scheduled for Thursday, May 11<sup>th</sup> at the GRECC office.  
  
Scholarships are due February 10<sup>th</sup> and will be judged February 15<sup>th</sup>.  
  
Frankfort Youth Tour – eligible to any high school junior that lives on our lines. They are asked to write and submit a paragraph.  
  
Our Facebook page continues to grow. Posting Sandy Hook’s major outage over the weekend showed the number of people ‘liking’ our page soared, reaching 1.5 thousand people through sharing. A safety message concerning signs, balloons and other materials on utility poles has been posted and has reached 3.2 thousand people, again through sharing. A smaller outage Thursday on Sunset Hill was shared with 207 people in a short time. President Fraley suggested having a post on drones and swimming pools.

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve seventy-two (72) new memberships and retirement of ninety-eight (98) existing memberships for January 2017.

BAD DEBT WRITE-OFFS Motion was made by Director Martin, seconded by Director Trent and unanimously agreed to charge off \$2,443.18 worth of bad debts and turned over for collection.

APPROVAL OF CEO’S, DIRECTOR’S & ATTORNEY BUSINESS EXPENSES Motion was made by Director Martin, seconded by Director Bentley and unanimously agreed to approve the President’s business expense of \$36.74, Director’s business expenses of \$31,156.85 and Attorney’s business expense of \$459.87.

PRESIDENT’S REPORT President Fraley reported on the following:

CFC CHECK We received a check from CFC in the amount of \$1,622.65 for our system’s amortization earnings from our subordinated certificates in CFC.

- PSC – STEVE KINGSOLVER A letter was mailed to PSC’s Steve Kingsolver January 15, 2017 in regards to the January 14, 2017 outage on Circuit One of the Argentum Substation. The areas affected were Schultz, Sheep Hollow, John Will Hollow, Wingo Creek and surrounding areas. Approximately 550 members were out of electric during the approximate 6 hour outage. Over the last two weeks, we had 7 broken poles and 2 substations out. The Sandy Hook Substation had an EKPC transformer that went bad, creating an outage. Warnock Substation had an outage due to a tree falling on the line just outside the substation and breaking two poles.
- IRS MILEAGE RATE CHANGE On December 13, 2016 the IRS issued the new standard mileage rates for the use of a car, van, pickup or panel truck effective January 1, 2017. The rate will go down from 54 cents to 53.5 cents per mile.
- BOARD SEAT ELECTION Kim Bush and Jeffrey prepared the annual meeting time line and a correction was made since the last board meeting. There was a misprint in the Bylaws published in the Kentucky Living magazine, caused by their proof reader. All four candidates for the Board of Directors were made aware of it.
- Four members of Greenup County have signed the Declaration of Intention to Run for Election to the Board of Directors of Grayson Rural Electric Cooperative Corporation for Greenup County. They are: Darrell Sammons, William J. ‘Bill’ Bentley, Mary Kay McGinnis Ruark and Betty Neace Riffe. Directors Dupuy and Martin will be running as incumbents.
- GRECC BYLAWS President Fraley is currently working on the Bylaws. After the 2017 board election corrections or additions will need to be considered by the full Board.
- JEANIE VIRGIN We had a retirement lunch for Jeanie Virgin January 4<sup>th</sup>. Nancy Madden has moved into Jeanie’s position. Nancy and Peggy Skaggs are sharing Jeanie’s work.
- SUBSTATIONS We have finished reading the Sandy Hook Substation. The Newfoundland Substation will be read next. Upon finishing Newfoundland, we will like Warnock, Low Gap and Argentum in the north end of the system.
- We have two residences that have meters inside, and a couple of situations with the roof. Twelve violation letters were wrote yesterday and today.
- MAGAZINE REPORT The magazine this month told of our accomplishments and the year-end report for 2016.
- LEGAL COUNSEL’S REPORT Legal Counsel Scott reported on the following:
- Checked several issues in the bylaws regarding director’s eligibility.  
Sent Carol Ann a letter on a bankruptcy filing she received recently.  
Contacted a woman on a deceased account and capital credits. She was told any capital credit balance after the final bill payment would be mailed to her.
- COLUMBIA GAS Columbia Gas requested service to their work trailers close to the Goble Memorial Methodist Church. President Fraley told Legal Counsel Scott we are going have to come up with a resolution or solution on where the AEP and GRECC boundaries are, and make them acknowledge them. Legal Counsel said they have a 100 foot buffer.

LEGAL COUNSEL’S REPORT (CONTINUED) Legal Counsel stated the Commission approved property near mushroom mines for consumer to build her house on AEP and one on Mocabee Creek.

President Fraley said she had not heard a word from AEP on the Sand Gap property, other than what Legal Counsel had sent her.

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

EKPC DIRECTOR’S REPORT Director Arrington reported there was not a meeting this month. Instead they were told it was mandatory to attend the CFC workshop at KAEC in Louisville.

THANK YOU NOTES GRECC received thank you notes from Argillite United Methodist Church Food Pantry, Ronald McDonald House Charities of the Tri-State, Lewis County Educational Foundation, Carter County Community Fund, Rowan County Christmas and Elliott County High School for their shirts.

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

Carter Christian Academy - gym floor renovation	\$100
Greenup County High – prom night	\$50
Rowan County High – prom night	\$50
West Carter Comet Girls – recognized for winning tournament – purchase t-shirts	

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

MEETING ATTENDANCE Scott Speaks will be attending the KAEC – NESC Update in Louisville, KY March 8-9, 2017.  
Mike Martin is attending the VMAK Conference in Lexington, KY March 14-16, 2017.  
Brian Poling and Steve Bush will be attending a Landis+Gyr conference in Austin, Texas April 10-13, 2017.

NO CONFLICT OF INTEREST STATEMENT The No Conflict of Interest Statement were passed out to all Directors to be signed and witnessed.

BOARD MEETING DATE The next board meeting will be held on Friday, February 24, 2017.

ADDITIONAL BUSINESS Other business discussed was:

COUNTING SIGNATURES Petitions are to be filed with the Secretary or President and CEO by 4:30 p.m. on February 27<sup>th</sup>, 2017.  
Thursday, March 2, 2017, at 10:00 a.m. is the scheduled date to verify the signatures on petitions with Legal Counsel Scott, John Dean, President Fraley and Priscilla Sparks or Bradley Cherry at GRECC’s office.

PRESIDENT AND CEO APPRAISAL Appraisal of the President and CEO was presented to the Board. Legal Counsel Scott suggested mailing an evaluation to the Directors prior to the February Board Meeting.

Motion was made by Director Martin to table the President and CEO appraisal until the next Board Meeting, seconded by Director Whitt and unanimously agreed upon.

Chairman Dupuy asked Legal Counsel Scott to mail the performance evaluations prior to the February Board Meeting.

President Fraley will mail her year-end report and goals to the Directors prior to the February Board Meeting.

ADJOURN

Chairman Dupuy adjourned the meeting at 11:39 a.m.

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Harold Dupuy, Chairman

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Billy E. (Eddie) Martin, Secretary/Treasurer

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W. Jeffrey Scott, Legal Counsel



On February 22, 2017 at 1:00 p.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.

Chairman Dupuy said President Fraley's evaluation will be done at the March Board Meeting.

President Fraley reported Mike Martin is recovering from shoulder surgery and doing well.

APPROVAL OF MINUTES

Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve the minutes from the January 2017 Board Meeting.

RADIO FREQUENCY (RF)  
METERING

President Fraley introduced the Radio Frequency Metering proposed project. The study will be done by Brian Poling, Andrea McCleese, Steve Bush and Bradley Cherry.

MANAGER OF TECHNICAL  
SERVICES

Brian Poling, Manager of Technical Services, gave the pros and cons of the Radio Frequency Metering.

The benefits of RF Metering include (based on our knowledge of Landis + Gyr's RF system): quicker response time; more metering information; unaffected by power line issues; outage reporting; distribution line automation; and potential for additional revenue. All meters are pre-programmed from the factory specifically for Grayson and are self-healing, which means that if one avenue of reporting is blocked, it will seek another route. Another option would allow us to offer metering opportunities to other utilities through the use of our RF Network.

There are some drawbacks with the RF Metering Program. The initial installation is a little more expensive and there is always the perception from some members that the device emits harmful rays or that we are "spying" on them.

Right now, the goal is to finish the GPS Mapping program to be available when the RF Metering Program begins. We will have a meeting with Mike Norman to discuss the inclusion of expenses in the Work Plan; seek PSC approval; meet with RF vendors to determine which vendor best meets our needs and to get estimates on project costs. Once a vendor is chosen, we plan on a pilot program leading to the goal of full installation and training.

It will take an aggressive timeline starting in March 2017 to include the RF Metering Program in the 2019 Construction Work Plan. Our mapping program has to be completed in the current work plan. President Fraley requests from the Board a motion to engage in this Study and establish a timeline for the Kentucky Public Service Commission. Motion was made by Director Martin and seconded by Director Rice and approved unanimously.

MANAGER OF TECHNICAL SERVICES (CONTINUED) Steve and Scott will attend metering school in May and will check around to see if anyone is interested in our existing metering equipment. It has been 17 years since we started the TS1s.

OFFICE GENERATOR Brian also reported the new gas line for the office generator is in and the generator will be set this morning. The office building's electric will be turned off and wires transferred on Saturday, March 4<sup>th</sup>.

GPS We will finish up the GPS in Elliottville, Routes 173 and 504 next week. The Bangor area was finished this week.

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

FINANCIAL & STATISTICAL REPORT FOR DECEMBER Kilowatt hour sales for the month of December (12/21-1/20) were (7.09%) under budget. Purchases for the time period of (12/1-12/31) were 11.45% over budget. Line loss for the last twelve months was 6.44%. Year to date margins were \$380,376 compared to the budgeted amount of \$156,021.

T.I.E.R The monthly O.T.I.E.R is 7.17 and the rolling twelve month O.T.I.E.R was 1.42.

FUEL ADJUSTMENT The fuel adjustment for the month was (0.003197).

ENVIROMENTAL SURCHARGE The ESC was 10.82%.

DEGREE DAYS There were 715 heating degree days and zero cooling degree days.

CAPITAL CREDITS For the month of January and February combined, we issued nineteen (19) capital credit checks totaling \$15,429.54. We have nineteen (19) outstanding capital credit applications that need more information.

SPP/SMM The Board received their AD&D Insurance plans, as required by law.

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

FEDERATED INSURANCE Mr. Cherry received a quote from Federated Insurance regarding the all-risk blanket, umbrella policy and director policy which went up less than 3%. The worker compensation premium quote was down this year approximately \$200 at \$48,954.

Motion was made to accept the Federated Insurance quote as presented by Director Martin, seconded by Director Trent and unanimously agreed upon.

MANAGER OF MARKETING & MEMBER SERVICES Kim Bush, Manager of Marketing & Member Services presented her report as follows:

LIHEAP We are about \$22,000 ahead compared to last year at this time with LIHEAP. We have had 22 winter hardship reconnects and nine 30-day extensions. The total amount received through February 6<sup>th</sup> was \$208,271.

PRE-PAY	Pre-Pay currently has 610 active accounts and 42 of those have debt management.
ENERGY EFFICIENCY	Tina has performed 8 energy audits; 2 CARES through Northeast and Gateway; 4 completed commercial lighting (which helps us meet our energy efficiency goal with EKP); and 7 refrigerator energy star appliance rebates.
SCHOOL/COMMUNITY PROGRAMS	We received 50 scholarship applications with at least one from each of the 6 counties.
ANNOUNCEMENTS	<p>The Board will have lunch with our Scholarship winners in March.</p> <p>The Frankfort Youth Tours for high school juniors is Thursday, April 13 and information will need to be submitted by March 3<sup>rd</sup>.</p> <p>The National Lineman Day is Tuesday, April 18<sup>th</sup>.</p> <p>The Annual Meeting is Thursday, May 11<sup>th</sup>. Fleming Mason, Clark and Inter-County are using our format this year.</p> <p>The Washington Youth Tour is June 9-16.</p>
ANNUAL MEETING	The annual meeting budget for 2017 is \$56,500 and includes the Director's election, annual meeting activities, shirts, foods, door prizes, and buckets and light bulbs. LED bulbs and buckets have been ordered for 1,500 registered members.
ELECTION PETITIONS	<p>President Fraley is having knee replacement surgery and has asked Priscilla, Bradley and Andrea to receive petitions from candidates for Board seats. She has reviewed that procedure with them.</p> <p>Signatures will be verified by the Provost and his appointees and Legal Counsel on March 2<sup>nd</sup>. John Dean has been hired by the Board as Provost for the election.</p>
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	<p>The following safety meetings were held during January 2017:</p> <p>January 3 – Mike Martin, Assistant Manager of Operations, read a Q &amp; A article from the Incident Prevention magazine. Employees discussed situations that would involve our Coop. Kyle Clevenger asked for a test of all volt meters and V-watches after the safety meeting next week. He also reminded everyone about slips, trips and falls.</p> <p>January 9 – Andrea McCleese, Technical Services Supervisor, showed a power point on the rules covered in our safety manual, section 507.21 - Metering and Emergency Response Plan, Communications Failure, Fire Alarm, Bomb Threat, Face to Face Violence Confrontation, Tornado, and Earthquake. Kyle Clevenger requested that everyone be careful and use extra caution and make sure that V-watches and volt meters are tested today.</p>

SAFETY REPORT  
(CONTINUED)

January 16 – Brian Poling, Manager of Technical Services, explained the process of our mapping system and Robert Brown showed examples of data collected in the field and how it can be viewed on our system. Kyle Clevenger requested that everyone be careful and take no short cuts.

January 27 – Priscilla Sparks, Executive Assistant, turned the meeting over to Clarence Greene for the monthly KAEC safety meeting. A tribute to Josh Franklin from Jackson Purchase, who was electrocuted, was shown. A power point on Death by Rules, which included deaths since December 2016; Safe Rule Knowledge, Equipment Available to Work Safe, Enforce Rules, Investigations, and Grounding was shown. Kyle Clevenger requested that everyone be careful and take no short cuts.

January 30 – Robert Brown, Geographical Information System Technician, introduced the employees to the new website for the 2017 On-Line Safety courses and went thru each of the tabs to show the new information. Kyle Clevenger requested that everyone be careful especially in the icy conditions that we have today.

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 five (105) new work orders for the month of January. There were zero (0) hours of overtime.

OVERTIME HOURS

The Maintenance Department worked four hundred two (402) hours of overtime during the month of January 2017. Engineering worked zero (0) hours of overtime.

DELINQUENT NOTICES

The Maintenance & Construction Departments collected on the following in February 2017:

There were 97 delinquents; 76 cards were issued to be disconnected and 21 accounts were disconnected by remote disconnect. Field personal disconnected an additional 7 meters for a total of 28 disconnects. Six were reconnected on February 7. On February 8, there were 3 meters disconnected. A total of 5 meters were reconnected.

CONTRACT CREWS

We have two (2) Pike crews that have been working in the following areas:

Tony Seagraves – ST RT 173 Upgrade, Elliott County. He was pulled off yesterday to build temporary single phase to Columbia Gulf.  
Travis Grizzell – Iron Hill, Carter County and this will be finished tomorrow. Plans are to start on Alcorn next week. Material will be delivered tomorrow.

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 616 trees, cut 1,168 trees, and cut 50,385 feet of brush/line. The crews are working in the following areas:

3 cutting crews 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 Greenup County

RIGHT-OF-WAY CREWS (CONTINUED)	Smith Tree Service has one circuit crew in Elliott County on a feeder out of the Newfoundland Substation.
ENGINEERING REPORT	The Engineering Department released ninety-four (94) prints consisting of 15,466 feet of primary line and 1,215 feet of service wire. They currently have four (4) new service to be staked and four (4) to be drawn. They have approximately twelve (12) miscellaneous jobs to be staked or drawn.
SAFETY INCENTIVE DAY	President Fraley reported that every March we pay a safety incentive in accordance with Board Policy 509. President Fraley, Kyle Clevenger, and Mike Martin report that all employees will receive the safety incentive this year.
ARC FLASH RATING	Some of the state parks and other agencies are asking about arc flash ratings for their panels. Effective immediately, the Cooperative will charge \$500 per each inspection.
JUSTIN STANIFORD	Justin Staniford has finished his second year apprentice and is commencing the 3 <sup>rd</sup> year apprentice lineman program.
APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS	Motion was made by Director Martin, seconded by Director Rice and unanimously agreed to approve sixty-one (61) new memberships and retirement of seventy-six (76) existing memberships for January 2017.
BAD DEBT WRITE-OFFS	Motion was made by Director Trent, seconded by Director Bentley and unanimously agreed to charge off \$548.72 worth of bad debts and turn them over for collection.
APPROVAL OF CEO'S, DIRECTORS & ATTORNEY BUSINESS EXPENSES	Motion was made by Director Trent, seconded by Director Rice and unanimously agreed to approve the President's business expense of \$334.82, Director's business expenses of \$17,347.66 and Attorney's business expense of \$364.04.
PRESIDENT'S REPORT	President Fraley reported on the following:
COLUMBIA GULF	We have received highway permits from Washington for Columbia Gulf. We will not be interconnecting with EKPC and the Green Valley Landfill line. Service will be from the Pactolus Substation.
SUBSTATION METER READING PROGRAM	The Elliottville Substation meter reading went well. We plan to read Newfoundland Substation before summer and finish up with Argentum, Low Gap and Warnock Substations in the fall.
MEDICAL WASTE PLANT	The medical waste plant that was to be built on our lines off the AA has been dropped and will be located on the Industrial Parkway.
EKPC CAPITAL CREDITS	The 2016 assignment of capital credit allocations from East Kentucky Power, based on unaudited results, were \$1,223,639.89 for Grayson Rural Electric and the Patronage Capital (cumulative) was \$14,342,698.50
DAYS INN	The Days Inn Hotel has closed.
SHONEY'S	The Shoney restaurant has reopened.

LEGAL COUNSEL’S REPORT      Legal Counsel Scott had nothing new to report.

KAEC DIRECTOR’S REPORT      Director Whitt reported that the KAEC meeting was held in Frankfort on February 21st with the Legislative Reception in the evening. Items discussed were:

   KAEC’s building did not sell.  
   Chris Perry received a raise.  
   KY Living Magazine has been threatened with a lawsuit for an article regarding Kwanzaa.

   President Fraley passed her GRECC’s April magazine article for 2017, “Where Does the Money Go?” explaining fees and taxes.

EKPC DIRECTOR’S REPORT      Director Arrington presented the financial report of East Kentucky Power’s various budgets, margins, revenues, and expenses.

   The December margins were \$1.8mm. \$8.7mm was under budget margins; revenue was under budget \$3.6mm; and expenses over budget \$5.1mm.  
   The primary driver of December’s performance was O&M expenses and fixed cost exceeded plan.  
   Year to date margins surpassed budget by \$10.5mm due largely to lower than expected O&M expenses outweighed the decline in net sales.  
   The cost of the member system was under budget for the year.

   The “Equity to Total Assets Ratio would be 17.3% without cushion of credit balance.” was discussed.

THANK YOU                              GRECC received thank you notes from Rowan County Quilters and the Carter Christian Academy.

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

Blaine Elementary – 8 <sup>th</sup> grade field trip to Pigeon Forget, TN	\$250
Grayson Area Little League – sponsorship	\$300
Magic Travel Ball Team (Greenup Co. School) – sponsorship	\$100
Greenup County High School Homerun Club – sign renewal	\$200
Rudy Fest - sponsorship	\$275
Little Sandy Raceway – sponsorship	\$100

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

COBANK                                      CoBank will have a meeting in Colorado Springs, CO, June 27-29. No one will be attending.

MEETING ATTENDANCE              Mike Martin will be attending the VMAK Meeting in Lexington March 15-17. Brian Poling and Steve Bush will attend the Landis+Gyr Meeting in Austin, TX on April 10-13. Steve Bush and Scott McGuire will be attending Electric Meter School in Gatlinburg, TN on May 1-5.

BOARD MEETING DATE              The next board meeting will be at Thursday, March 24<sup>th</sup>, 10:00 a.m.

ADDITIONAL BUSINESS            There was no additional business brought before the board.

ADJOURN                            Chairman Dupuy adjourned the meeting at 3:44 p.m.

\_\_\_\_\_  
Harold L. Dupuy, Chairman

\_\_\_\_\_  
Billy E. (Eddie) Martin, Secretary/Treasurer

\_\_\_\_\_  
W. Jeffrey Scott, Legal Counsel

On March 24, 2017 at 10:00 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: W. Jeffrey Scott, Legal Counsel, Carol Hall Fraley, President and CEO and Priscilla Sparks, Executive Assistant.

EMPLOYEES	Janet Whitt's husband, Billy Richard has been in the hospital. Andrea McCleese had surgery and is doing well.
INVOCATION	Director Whitt gave the invocation.
APPROVAL OF MINUTES	Motion was made by Director Trent, seconded by Director Rice and unanimously agreed to approve the minutes from the February 2017 Board Meeting.  Chairman Dupuy said the March 24, 2017 agenda was amended to include RUS work orders inspected by Jim Bridges for the months October, November and December 2016.
MANAGER OF TECHNICAL SERVICES	Brian Poling reported on the following:
DAVEY RESOURCE	The Davey Resource group has completed 27,832 GPS points as of March 18 <sup>th</sup> . This completes Elliottville substation meters and two Carter City circuits. They are down to one employee after this week.  We have completed data for Pactolus and Low Gap so far.
OFFICE GENERATOR	The new office generator is installed. Caterpillar has to perform a final inspection and will be here on the 28 <sup>th</sup> for that and load testing. The old unit has been installed over the hill and is functional.
MAPPING	Our new AT&T internet line and all of the associated components have been installed. AT&T has to test before we can start contacting all our vendors that have interfaces with us to make the change over.  We met with three different RF AMI vendors: Sensus (through NRTC), Eaton (which was Cooper Power) and Landis+Gyr (through IRBY). GE has been contacted (through Brownstown).  We will be sending out the necessary information in the next few weeks, to each of the vendors so they can develop a propagation study. That study allows them to design a system based on signal strengths across the system. Once that study is completed, we will talk to them about their design.  Steve and Brian will be going to Landis+Gyr's User's Conference to learn more about their RF system and get some questions answered.  Mr. Poling explained how net metering works and that it would still be compatible with our proposed new metering.
FINANCIAL & STATISTICAL REPORT FOR JANUARY 2017	Bradley Cherry, Manager of Finance and Accounting presented the Financial & Statistical Report for January 2017:



**SALES AND PURCHASES** Kilowatt hour sales for the month of January (01/21-02/20) were (24.65%) under budget. Purchases for the month of January (1/1-1/31) were (21.73%) under budget. Line loss for the last twelve months was 11.76%. Year to date margins were (\$93,390) compared to the budgeted amount of \$298,239.

**FUEL ADJUSTMENT** The fuel adjustment for January was (0.003431).

**ESC** The environmental surcharge was 9.16%.

**DEGREE DAYS** There were 666 heating degree days and 0 cooling degree days.

**T.I.E.R** January 2017's monthly T.I.E.R. was (.066) with the rolling 12 month O.T.I.E.R. of 1.06.

**EKPC BILLING** President Fraley explained the way EKPC bills GRECC. The lag time to our consumers was changed several years ago due to the way our members received their social security checks at that time. We can change back, but it could cause hardship for our members during the time span of the billing change.

Legal Counsel suggested at the next audit the auditor do an analysis on how a change would impact the balance sheet and how it would impact our members.

President Fraley said it would create a financial hardship on the Cooperative as well as the members during the time frame of the change. She agrees with having an auditor take a look at the impact of having the billing changed back to a calendar month like East Kentucky Power.

**APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR JANUARY 2017** Motion was made by Director Bentley, seconded by Director Trent and unanimously agreed to approve the Financial and Statistical Report for January 2017, as presented for informational purposes only.

**MAJOR PROJECTS** President Fraley presented the cost of major projects completed. They are:

Major Projects		Budget	Actual	Status		Budget Variance
301 Airport Road - Rattlesnake Rd.	2015	\$29,730				
371 Airport Road - Dudley	2015	\$238,770	\$266,424.66	Plant	10/31/2015	(\$27,654.66)
316 Airport - Bruin	2015	\$123,420	\$109,333.26	Plant	9/30/2016	\$14,086.74
305 Argentum - RT 7	2015	\$107,580	\$105,371.65	Plant	6/30/2015	\$2,208.35
306 Argentum - Timberlake Meadows	2015	\$18,990				
310 Newfoundland - Stark	2015	\$606,270	\$1,076,853.50	In Progress		(\$470,583.50)
315 Warnock - Montgomery Rd	2015	\$357,000	\$283,729.65	Plant	4/30/2016	\$73,270.35
302 Argentum - Shultz	2016	\$145,860	\$126,716.08	Completed		\$19,143.92
378 Elliottville - 173	2016	\$255,780	\$163,630.11	In Progress		\$92,149.89
307 Low Gap - Alcorn	2016	\$174,970	\$74,063.44	In Progress		\$100,906.56

311 Pactolus - Iron Hill	2016	\$80,490	\$46,086.87	In Progress		\$34,403.13	
312 Pactolus - Campbell Lane	2016	\$107,060	\$94,418.61	Completed		\$12,641.39	
303 Argentum - Shultz to Sheep Hlw.	2017	\$11,920	\$36,649.06	Plant	12/31/2015	(\$24,729.06)	
375 Carter City - Lost Creek	2017	\$166,700					
385 Mazie - Blaine	2017	\$120,980					
309 Mazie - Cains Creek	2018	\$232,790					
313 Pelfrey - Prater Road	2018	\$6,760					
314 Pelfrey - Bailey Hollow	2018	\$68,310					
		\$2,853,380	\$2,383,277			(\$174,157)	\$68,967.03

Overall we are \$2 million under budget.

COLUMBIA GULF

Columbia Gulf paid us an initial aid to construction deposit of \$50,000. They have recently used all of the first deposit, and still need \$20,000 for an OCR, and we project another \$116,000 in labor, trucks and small materials. We plan to ask them for another cash advance to cover projected costs. They want the project up and running by June. Columbia has been excellent to work with. It takes two months to get the overhead expenses on these jobs included in the final tally, and we don't want to bill them such a large amount two months after the project has been completed. We plan to send them an itemized statement for the first \$50,000 installment.

LOST CREEK

Director Martin asked when Lost Creek was scheduled to be started. The Lost Creek job is on the Kehoe Side and should start this fall or early spring.

BRADLEY CHERRY

Bradley Cherry and Stacy Brown will be getting married April 22 and everyone is invited to the reception located at the Boyd County Community Center at 5:30 p.m.

MIP

Bradley will be leaving Sunday for two weeks to attend the MIP in Madison, Wisconsin.

RUS WORK ORDERS

RUS work orders for the months of October, November and December 2016 were presented to the board of directors for approval:

October 2016	Work Order No. 1254	\$170,199.29
	Work Order No. 1255	\$ 5,627.45
November 2016	Work Order No. 1256	\$230,716.33
	Work Order No. 1257	\$4,007.50
December 2016	Work Order No. 1258	\$168,461.69
	Work Order No. 1259	\$6,514.28
	Total	\$585,526.54

RUS WORK ORDERS (CONTINUED)	Motion was made by Director Rice, seconded by Director Martin and unanimously agreed to approve said work orders as presented and submit them to RUS.
MANAGER OF MARKETING AND MEMBER SERVICES	President Fraley gave the Manager of Marketing and Member Services Report:
LIHEAP	LIHEAP continues to grow. To date (11/2016-3/2017) we have received \$244,976 compared to \$219,251 in 11/2015-3/2016. We have 25 winter hardship reconnects and 9 30-day extensions through LIHEAP.
PREPAY	There are currently 631 active prepay accounts with an average credit balance of \$50.88. We have received 2,533 payments in 30 days totaling \$103,825.93.
ANNUAL MEETING	Kim continues to work on plans for our Annual Membership Meeting scheduled for May 11 <sup>th</sup> . She is also working with Provost John Dean on the preparation and mailing of ballots.
DEBT MANAGEMENT	<p>There are 37 active accounts on debt management totaling \$2,353.78 with 6% of active accounts on debt management.</p> <p>We had one consumer stealing by using an unauthorized consumer's bank routing number. He had the following charges placed back on his account: \$420 in checks plus \$25 check fee per check totaling \$745. There will be more charges.</p> <p>Another consumer was caught stealing electric by using a beer can in his meter base for a jumper.</p>
ENERGY AUDITS	<p>Tina performed 10 energy audits, 2 CARES, 1 commercial lighting in progress, 1 button-up and 6 billing insights.</p> <p>There were 16 energy star rebates (5 clothes washers, 2 dishwashers, 2 refrigerators and 7 energy star heat pumps).</p>
ANNOUNCEMENTS	<p>The following announcements were read:</p> <p>Frankfort Youth Tour, April 13 National Lineman Day, April 10 Annual Meeting, May 11 Washington Youth Tour June 9-16 Camp Co-op June 13, 14 and 15 (day camp for students 3<sup>rd</sup> - 5<sup>th</sup> grades) Annual Meeting – 1,500 buckets, hotdogs and ice cream sandwiches. We will not be using Statewide, as we can handle the meeting ourselves.</p>
OPERATIONS & SAFETY REPORTS	Kyle Clevenger, Manager of Operations gave the Operations and Safety Reports. Mr. Clevenger reported on the following:
EMPLOYEE/LOST TIME ACCIDENT	There were no lost time accidents to report this month.
SAFETY REPORT	<p>The following safety meetings were held during February 2017:</p> <p>February 9 - Sherry Buckler, Manager of Accounting &amp; Human Resources, turned the meeting over to David White, KAEC Safety Instructor, who talked</p>

SAFETY REPORT  
(CONTINUED)

about “Three Things that Influence What We Do”, 1. Fear, 2. Obligations, and 3. Love. He referenced safety manual’s General Rules and PPE 407 Use and Care of Rubber Gloves items c,d,and e, and he showed how simple and quick you can put on your gloves. Carol Ann reminded everyone to be careful.

February 17 - Kim Bush, Manager of Marketing and Member Accounts, turned the meeting over to EKPC’s Joe Suttles who gave a presentation on Cooperative Solar. He discussed the construction, cost of panels, how to sign up, overall goals and Benefits of the Cooperative Solar. Kyle Clevenger reminded everyone to work safe and have a safe weekend.

February 20 - Bradley Cherry, Manager of Finance and Accounting, had a Presidential trivia in honor of President’s Day; said we would be receiving the Summary of Benefits Covered and the Summary Plan Description sometime this week; and explained what forms would be needed for taxes. Carol Ann Fraley discussed the upcoming board election and the timeline of dates. Kyle Clevenger asked everyone to watch for slips, trips and falls.

February 27 - Kyle Clevenger, Manager of Operations, read from the Safety Manual 503.8 Hauling Poles or Ladders, 503.9 Industrial Trucks—Fork Lifts, and 503.10 Cranes, Derricks, Hoisting Equipment. He discussed our RESAP program and asked for everyone to continue to keep the trucks and work space clean and up-to-date. Kyle reminded everyone to watch for slips, trips and falls.

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 two hundred seven (207) hours of overtime during the month of February 2017 and the Engineering Department worked zero (0) hours of overtime.

DELINQUENT NOTICES

The Maintenance Departments collected on the following in March.

There were ninety-six (96) delinquents for March. Seventy-nine (79) cards were issued and seventeen (17) accounts were disconnected by remote meter. Field personal disconnected an additional ten (10) meters for a total of twenty-seven (27) disconnects and thirteen (13) accounts were reconnected on March 7, 2017. On March 8, 2017 there were zero (0) meters disconnected. A total of one (1) meter was reconnected.

CONTRACT CREWS

We have two (2) Pike crews that have been working in the following areas:

Tony Seagraves – ST RT 173 Upgrade, Elliott County, and Columbia Gulf.  
Travis Grizzell – Campbell Lane and Iron Hill in Carter County are finished.  
Travis started on Alcorn in Greenup County.

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew’s trimmed 790 trees, cut 1,278 trees, and cut 34,441 feet of brush/line. The crews are working in the following areas:

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

RIGHT-OF-WAY CREWS (CONTINUED)	1 bucket truck crew in Rowan County 1 bucket truck crew in Elliott County 1 tractor crew in Greenup County The Smith Tree Service have a circuit crew in Elliott County.
ENGINEERING REPORT	The Engineering Department released one hundred nine (109) prints consisting of 8,632 feet of primary line and 1,973 feet of service wire. They currently have two (2) new services to be staked and one (1) to be drawn. They have approximately ten (10) miscellaneous jobs to be staked or drawn.
SANDY HOOK SUBSTATION METER READING	President Fraley reported the Sandy Hook substation reading results. There were 1,096 meters read, 19 reclassifications, 64 service orders opened, 55 retirements and 88 personal items found on our poles (36 satellite dishes, 8 night lights and 44 miscellaneous).  To date we have read 8 substations. The statistics on these are 9,672 meters read, 755 service orders opened, 520 retirements and 230 reclassifications.  We plan on reading the Newfoundland Substation in April and may be able to read the Warnock Substation in May. This would leave Low Gap and Argentum to be read in the fall. Reading with iPads was a great improvement over hand written reports.
2017 VOTING BALLOT	President Fraley passed out to the Board a copy of the official ballot with proposed changes. Legal Counsel explained he reworded the voting ballot to make it clearer to the member.
APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS	Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve seventy-five (75) new memberships and retirement of seventy (70) existing memberships for February 2017.
BAD DEBT WRITE-OFFS	Motion was made by Director Bentley, seconded by Director Martin and unanimously agreed to charge off \$2,763.07 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 Marin, seconded by Director Whitt and unanimously agreed to approve the President's business expense of \$105.56, Director's business expenses of \$6,727.05 and Attorney's business expense of \$ 82.65.
PRESIDENT'S REPORT	President Fraley reported on the following:
COBANK	Two CoBank representatives visited with us this week.
MIKE NORMAN	We will be meeting with Mike Norman on April 20, 2017.
WAGE & SALARY	Plans are to have a wage and salary survey in the near future.
FEDERATED REIE	Federated Rural Electric Insurance Exchange issued a check in the amount of \$11,380 for our 2016 margin distribution.
COBANK PATRONAGE	GRECC received from CoBank a Statement of Qualified Patronage Distribution for 2016. The total qualified patronage distribution was

COBANK PATRONAGE (CONTINUED) \$89,339.47. The 3/15/17 equity balance was \$176,399.93 and the cash payment summary was \$67,004.60, which was directly deposited.

SEDC We received a check from SEDC in the amount of \$2,014.70 for patronage allocation based on 22% of tax basis margins for fiscal year ending June 30, 2016.

CFC We received several interest rates from CFC in the form of commercial paper confirmation receipts. Sherry Buckler and Bradley Cherry keep these.

KAEC PHONE CONFERENCE A meeting for Coop Managers was held via telephone asking coops to help them work with the Public Service Commission.

COOP CAMP We will be having a coop camp for kids in 3rd, 4th and 5th grades June 19-23 and/or June 26-30. There will be a maximum of 25 kids each session. Activities include art, solar and safety demo. Kim, Tina, and Julie will be working on it.

LEGAL COUNSEL'S REPORT Legal Counsel Scott reported on the following:  
  
Signatures were counted since the last board meeting.

KAEC DIRECTOR'S REPORT Director Whitt reported the following on the KAEC Board Meeting this month:  
  
Motion made to form a governance committee.  
Chris Perry commented on the smart meter bill.  
Discussed recent media regarding AMI meters.  
Financial personnel said there was reporting of too many accounts grouped together.  
There are less employees and paying more in salaries.  
Motion passed to sign the document to finalize the sale of the Bishop Lane property. (Meeting before last wasn't confirmed sold, but it is sold.)

SCHOLARSHIPS Chairman Dupuy and President Fraley presented ten scholarships to the following recipients:  
  
Elliott County High School – Emma Dickerson  
Elliott County High School – Kayleana Simmons  
Elliott County High School – Destiny Tussey  
Greenup County High School – Jana Elkins  
Greenup County High School – Heather May  
Greenup County High School – Sarah Meadows  
Greenup County High School – Austin Spradlin  
Rowan County High School – Hayley Boyd  
West Carter High School – Dalton Brown  
West Carter High School – Dillon Dean

EKPC DIRECTOR'S REPORT Director Arrington reported the following on the EKPC Board Meeting this month:  
  
EKPC responded quickly to the March 1 storm damage.  
The storm affected 13 substations, 46,000 members and 7 coops.  
Largest day outage since 2009 ice storm.

EKPC DIRECTOR'S REPORT  
(CONTINUED)

Brad Thomas, Associate Manager of Economic Development reported that EKPC's PowerVision and PowerMap is drawing attention outside of the US. New US facility had a Japan company requested to visit 10 sites on PowerVision video. It has helped create 5,500 job in coops. EKP is having trouble retaining employees and have lost 6 engineers in the last 6 months. They are putting together an incentive package of 2.35% increase and a merit raise to keep employees. With the 401 retirement accounts you can change jobs and take it with you making it easier to leave a company. The old type pension employees have retired.

EKPC DIRECTOR

The EKPC designated employees are to file the paperwork for background check on all of their directors. Kenneth Arrington is the current director representing GRECC.

Motion was made for Director Kenneth Arrington to keep the EKPC director seat and unanimously agreed upon.

DONATIONS

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

- CoBank sponsors No Barriers Camp – sponsors up to 50 disabled veterans.
- CoBank – sponsors a program for food bank – Blaine Food Pantry
- Director Arrington said the pantry is in need of a new cooler and have applied for grant money to get one. A letter of support is needed.
- Morehead Quilt Show \$100
- Elliott Co. 4-H Camping Program – registration & transportation fees \$185
- Greenup County Genealogy & Historical Society \$50
- Grayson Meals on Wheels \$100
- Raccoon Baptist Church – clothing pantry \$100
- ECHS JROTC – expenses \$100
- Elliott County Lady Lions Softball – softball equipment \$50
- Penny Mart – sponsorship 16<sup>th</sup> regional boys basketball tournament \$200
- Carter County Homemakers Quilt Show \$100

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

BOARD MEETING DATE

The April Board Meeting is scheduled for Monday April 24, 2017.

PRESIDENT AND CEO

President Fraley's appraisal will be postponed until the April Meeting.

ADDITIONAL BUSINESS

There was no additional business.

ADJOURN

Chairman Dupuy adjourned the meeting at 12:26 p.m. A luncheon followed with our Scholarship Winners and their parents.

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Harold L. Dupuy, Chairman

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Billy E. (Eddie) Martin, Secretary/Treasurer

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W. Jeffrey Scott, Legal Counsel

On April 27, 2017 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 Dupuy gave the invocation.
APPROVAL OF MINUTES	<p>Motion was made by Director Trent, seconded by Director Bentley and unanimously agreed to approve the minutes from the March 2017 Board Meeting.</p> <p>Chairman Dupuy reported briefly on the upcoming GRECC Greenup and Lewis counties board election.</p>
MANAGER OF TECHNICAL SERVICES	<p>Brian Poling, Manager of Technical Services reported on the following:</p> <p>The Davey Resource Group (DRG) has completed 30,030 GPS points as of April 15<sup>th</sup>. They have finished the GPS in Carter City and are currently working on Pelfrey. Davey currently has 2 men working in the field.</p> <p>The new generator is operational and working well. A recent test showed no interruption of service.</p> <p>We are currently scheduled to change over our internet to AT&amp;T fiber on May 22<sup>nd</sup>. That was the first date that everyone involved could dedicate time to the project. There will be some short outages during the changeover that will affect consumers making payments and accessing their accounts.</p>
RF METERING	Radio Frequency Metering update: NRTC notified us last Wednesday that they no longer were associated with Sensus. NRTC is now partnering with Silver Spring Networks, which is geared more toward large utilities and IOU's. They hope to work out pricing for utilities under 20,000 meters. The current issue is the price of Oracle licensing. NRTC is currently working with Cumberland Valley to acquire pricing on Silver Spring Networks for their system.
LANDIS & GYR'S MEETING	<p>Steve Bush and Brian Poling attended the Landis &amp; Gyr's Users Conference last week in Austin, TX and got some good information on the RF Network, as well as gas and water equipment. We found that Landis &amp; Gyr wants to contract the total number of meters we might service, including any gas and water in our area. We are contacting water and gas companies to see if there is any interest. Propagation study data would be based on the total number of meters for each utility we might partner with.</p> <p>Brian asked if there was an opportunity for remote disconnect water meters. Apparently water and gas are more proprietary than electric.</p> <p>Adams Rural Electric, in Ohio, is converting to an Eaton's Radio Frequency system. Brian, Steve and Andrea will be meeting with Eaton's next Tuesday.</p>
MIKE NORMAN, RUS REP	Mike Norman from RUS met with us last week and we discussed adding the RF meter upgrade to our current work plan, the timing and financing. He said with the money we have in the current work plan for meter replacements we



MIKE NORMAN, RUS REP  
(CONTINUED)

did not need to wait on a new work plan to get started. He said we have the money in the budget now and could include any additional expenses to the next work plan. Brian said more details will have to be looked at to see if it will work, such as PSC timeline, approval, etc.

Mr. Norman said our current loan looked good and would like to meet later this year to determine when a new Construction Work Plan would need to be completed. Apparently, the loan applications are currently taking a full 12 months to be processed through RUS.

President Fraley was concerned about the work plan's low construction project, and the use of planning and purchased equipment would be more than the construction work, but with day to day it would be ok. The last time we only had two construction bids.

Chairman Dupuy asked how the utilities agreeing to participate would be transmitting their data. Mr. Poling explained the software for water / gas utilities would be separate and does allow us to save some money through the transmitting. Their bill would be separate, as the water and gas companies would still do their own billing and we would only bill the utility companies for their use.

MAPPING PROGRAM

The mapping program is ahead of schedule and will have other capabilities when finished and ready for the new work plan. The new work plan will include a lot of mapping and coordination. Some preliminary work will need to be done within the next year to get ready for the new work plan. The current union contract ends midnight December 31, 2017. Negotiations will commence in September or October.

As metering progresses, we will have a timeline followed by wrapping up mapping. Mapping will provide several opportunities we have not been able to do before. The Wage and Salary Plan will be done soon.

BILLING CHANGE TO  
MONTHLY

President Fraley, Sherry Buckler and Andrea McCleese explained how we might want to reconcile our billing period with East Kentucky Power's billing cycle. We changed our billing cycle in the past to match delivery of social security checks arriving on the third of each month. Now social security checks come all month. Bills were mailed on the 1<sup>st</sup>, due 15<sup>th</sup>, overdue on the 25<sup>th</sup> and eligible for disconnection after 27 day. This caused bills to have 60 to 90 days usage before we disconnected. Bradley, Andrea and Sherry Buckler checked and changing from 1<sup>st</sup> to 5<sup>th</sup> could be accomplished. Changing would take place in October and would have less effect on our members because it is a low usage month. Social security checks are on a cycle now.

If we change back to a calendar month, we could go to two cycle billing and spread out our work. This could help us not have to hire some new people. The months would not change in the accounting department.

Andrea McCleese explained 2 cycles of billing. One cycle could be on the 5<sup>th</sup> and about one week later another cycle would go out. Cycle billing would be on location, for example north and south. This would cause two billings, collections and due dates. Service men would be collecting by their service locations daily and spread them out instead of having 20 or more at a time.

BILLING CHANGE TO  
MONTHLY (CONTINUED)

Director Whitt said Elliott County gets SSI checks the first of each month. President Fraley said she would ask if they could keep those members on SSI on first of the month.

Legal Counsel Scott asked how it would affect EKPC. Sherry Buckler said the one month would be rough, but after that it would be back to normal. If the Board is interested we could have it ready to be effective in September and October. It would help the co-op with numbers, degree days, forecasting, and more actual instead of prorated data.

Director Martin made a motion to change the billing cycle to coincide with East Kentucky Power Electric's billing, seconded by Director Rice and unanimously agreed upon.

Andrea said the best time to make the change would be the billing from August 20<sup>th</sup> to September 20<sup>th</sup>, and change from September 20<sup>th</sup> to October 1<sup>st</sup>, as they are the lowest time period.

President Fraley said we would start advertising in the magazine in June. The November billing would be for October 1-30 usage. The November bill would go out on the 5<sup>th</sup>. We can't disconnect after 20 days.

MANAGER OF FINANCE  
& ACCOUNTING REPORT

Sherry Buckler, Manager of Accounting gave the Financial & Statistical Report for February 2017. The following was reported:

FINANCIAL & STATISTICAL  
REPORT FOR FEBRUARY  
2017

Kilowatt hour sales for the month of February (02/21-03/20) were (5.19 %) over budget. Purchases for the time period of (2/1-28) were (30.80%) over budget. Line loss for the last twelve months was 6.95%. Year to date margins were (\$20,494) compared to budgeted (\$105,714).

FUEL ADJUSTMENT

The fuel adjustment factor was (0.004516).

ESC

The environmental surcharge was 5.86%.

DEGREE DAYS

There were 579 heating degree days and 1 cooling degree days.

O.T.I.E.R

The monthly O.T.I.E.R. was 1.99 and the rolling 12 month O.T.I.E.R. was 1.49 with the year to date 0.87.

APPROVAL OF FINANCIAL  
& STATISTICAL REPORT  
FOR FEBRUARY 2017

Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve the Financial and Statistical report for February 2017 as presented for informational purposes only.

MANAGER OF MARKETING  
AND MEMBER SERVICES

Julie Lewis gave Kim Bush's report. She reported on the following:

LIHEAP

We received \$245,731 from LIHEAP which was \$25,606 more than the previous year.

WINTERSHIP HARDSHIP

There was 25 winter hardship reconnects.

PREPAY ACCOUNTS

We have 627 active Pre-Pay accounts with an average balance of (\$44.27). The total payment amount is \$78,599.01.

DEBT MANAGEMENT We have 38 active accounts with debt management. The total amount in debt management is \$10,861.36.

ADDITIONAL DEPOSIT We mailed 100 additional deposit letters this month.

ENERGY AUDITS We had 35 rebates for the month. Twelve of those were billing insights.

SCHOOL PROGRAMS We had three students for the Frankfort Youth Tour. The three students were Seth Kiser – East Carter High School, Morgan Waggoner – Rowan County High School and Heather Smith – Elliott County High School. We always send two on the Washington Youth Tour, but we would like to ask to send the third student as they were all excellent students. The cost is about \$1,500.

Director Bentley made a motion to allow the three high school juniors to attend the Washington Youth Tour this year, seconded by Director Trent and unanimously agreed upon.

4-H NIGHT We had 4-H communication night with 250 kids.

GRECC ANNUAL MEETING The GRECC Annual Meeting is Thursday, May 11, 2017.

CAMP CO-OP Camp Co-op is a 3 day camp planned for students who have completed 3<sup>rd</sup> – 5<sup>th</sup> grades. More details to come.

BALLOTS President Fraley said the Greenup/Lewis counties ballots will be mailed tomorrow and they will have until May 8<sup>th</sup> to get them in. Provost John Dean will pickup up the ballots at 9:00 a.m. on May 8<sup>th</sup> and they will be counted at 10:00 a.m. in the meeting room. There will be 21 different combinations of voting with six people counting at separate tables. John Dean and Legal Counsel Scott will oversee the election and will explain the process to the candidates or their representatives. The signed envelopes will be removed and then the unsigned inner envelope. Votes will be bundled into groups of 25 and verified by the Provost and Legal Counsel.

The directors, representative or candidate can be in the room.

ANNUAL MEETING Kim Bush and Sha Thomas from EKPC will be going to WSAZ the day before annual meeting to discuss the honors flight and annual meeting.

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

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 2017:

SAFETY MEETING March 6 – President Fraley’s meeting was given by Robert Brown, who presented a power point on Distracted Driving and Defensive Driving. A discussion with co-workers followed. Kyle Clevenger said a consumer on

SAFETY MEETING  
(CONTINUED)

Bethel Hill praised the crew for doing a great job in the area last week. Kyle also wanted to thank everyone for a job well done on the previous storm and requested that everyone work safe.

March 13 – Mike Martin, Assistant Manager of Operations, turned the meeting over to President Fraley who read Board Policies 508 – Safety Practices and 509 – Safety Incentive and had a discussion with employees. She also presented employees with a Safety incentive check for 2016 and the monthly safety money was given out. Kyle Clevenger requested everyone to use common sense today and work safe.

March 23 – Andrea McCleese, Technical Services Supervisor, turned the meeting over to Kendall Bush, KAEC Safety Instructor. He went over a current contact and discussed correct ways to work a line, stressed how important it was to always wear your gloves and sleeves, and suggested a few mottos to go by: “Don’t Enter Zone Without Gloves On”, “Don’t Get Out of Safety Training and Get Good at Hurt Man Rescue”. Kyle Clevenger requested everyone to be careful and No Short Cuts.

March 27 – Brian Poling, Manager of Technical Services, discussed feeders with the most outages, minutes per feeder, number of outages per month, consumer minutes by cause and the correct codes to use when restoring outages. President Fraley asked everyone to be careful and remind everyone that it will be wet and slippery and to have a good week.

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.

Director Whitt thanked President Fraley, Kyle Clevenger, Mike Martin and the crew putting up the names at the gymnasiums. Last week we changed out lights for them.

Pike Electric is working on the 3-phase on RT 173 and on Trans Canada at Pactolus. The majority of the poles have been set. We have coordinated the line work with the Department of Transportation to pull the electric line across I-64 on May 21<sup>st</sup> at 7:00 a.m. The state will run ads on the radio and newspaper making people aware of the temporary road closing on the Trans Canada job. We did not have to interconnect with the Green Valley line with East Kentucky Power.

President Fraley has asked Trans Canada for another contribution to Aid to Construction. The problem with our jobs is it takes two months before the job is closed.

NEWFOUNDLAND  
SUBSTATION

We are reading the Newfoundland Substation. If possible, President Fraley would like to read the Warnock Substation next, leaving two more substations in the fall. Her next project is to refine service orders, giving us more control over idle services. She would also like to develop a better method of handling right-of-way notes on yard trees, trees over service wires and trees leaning over houses.

Chairman Dupuy said the right-of-way clearing has worked and the Lewis County consumers made mention of that while he was campaigning.

CONSTRUCTION The Construction Department built one twenty-five (125) work orders. Fourteen (14) services were added and forty-nine (49) services retired, for the month of March. Construction did not work any overtime this month.

OVERTIME HOURS The Maintenance Department worked three hundred sixty-nine (369) overtime hours and the Engineering Department worked zero (0) hours overtime during the month of March 2017.

DELINQUENT NOTICES There were 140 delinquents for April with 121 cards issued to be disconnected and 19 accounts disconnected by remote meter. Field personal disconnected an additional 12 meters for a total of 31 disconnects. Nine accounts were reconnected on April 5.

ENGINEERING REPORT The Engineering Department released one hundred ten (110) prints consisting of 2,669 feet primary line, 1,798 feet of service wire and 0 feet of underground service. They currently have one (1) new service to be staked and one (1) to be drawn. They have approximately nine (9) miscellaneous jobs to be staked or drawn.

CONTRACT CREWS We have two (2) Pike crews working:  
  
Tony Seagraves – Trans Canada, Carter County  
Travis Grizzell – Alcorn, Greenup County

RIGHT-OF-WAY CREWS We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 796 trees, cut 1,080 trees, cut 37,275 feet of brush/line and sprayed 19 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 Greenup County  
2 spray crews in Greenup County  
  
Smith Tree Service is working a circuit crew in Elliott County – Rowe Flats and into North Ruin.

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS Motion was made by Director Martin, seconded by Director Rice and unanimously agreed to approve ninety-seven (97) new memberships and retire seventy-seven (77) existing memberships for March 2017.

BAD DEBT WRITE-OFFS Motion was made by Director Trent, seconded by Director Rice and unanimously agreed to charge off \$3,164.49 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 \$44.83, Director's business expenses of \$6,859.32 and Attorney's business expense of \$64.64.

PRESIDENT’S REPORT

President Fraley reported on the following:

STAFF MEETING

The staff met and discussed the budget and keeping costs down. The blacktop over the hill will cost over \$100,000, so we will hold this job until next year. President Fraley has asked everyone to watch their budget due to possible rate increase. We may have to do a test year if a rate increase becomes necessary.

Greenbo Lake State Park will be opening this summer.

President Fraley has been working on changes that need to be made to the Bylaws.

Under our Administrative Guidelines, a water pump, electric fence, camper, anything small like that are only entitled to a 150’ service drop. Extension cords cannot be used to extend the length. Barns qualify for 300 feet and commercial agriculture will get 1,000 feet.

LEGAL COUNSEL REPORT

Legal Counsel Scott said he had no report.

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 reported on the following:

Spurlock outages have been traced to the effects of high-sulfur coal and are blamed for tube leaks in Spurlock Station’s unit #2. Scrubbers have been installed on the older substation in the past decade to reduce sulfur emissions, allowing units to be compliant. EKPC plans to replace much of the tubing that has been affected. The forced outages have cost the co-op in penalties and the purchase of replacement power.

Robin Hayes, Director of Financial Planning and Analysis, reported on the quarterly KPI and noted the forced plant outages so far in 2017 have had a significant effect on generation measures.

Mike McNalley, Chief Financial Officer and Executive Vice President, said unseasonably warm weather has led to much lower revenue than projected in 2017. Revenue and other income are under budget \$30m and sales are \$11m under budget in February. Year-to-date margins are under budget by \$6.8m.

EK approved awarding a contract for an engineering service and submitted an application to KPSC for approval of modifications at Spurlock Station to ensure compliance at the power plant

THANK YOU NOTES

We received a thank you note from the Greenup County High School Senior scholarship recipients.

DONATIONS

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

King Daughters Health Foundation – 2017 Rocky Adkins golf tournament sponsor	\$250
Grayson Area Chamber of Commerce –Art in the Park	\$200
Commercial Bank – Christmas in July 5K Run	\$100
Rocky J Adkins Elliott County Public Library – read program	\$100

DONATIONS (CONTINUED)	Elliott County Conservation District – 4 <sup>th</sup> Grade Field Day	\$50
	Elliott County Little League – Field Sponsorship	\$175
	Lewis County Football Team – sponsor 4 holes annual golf scramble	\$100
	Lewis County High School – boys & girls golf team sponsorship	<u>\$100</u>
		\$1,075

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

MEETING ATTENDANCE Employees have been asked to submit a list of any sessions they attend and any breakout sessions when they attend a meeting. Directors were asked to do the same. This will help us with the KPSC when we have a rate increase application.

GRECC ORGANIZATIONAL MEETING The Organizational Meeting of the Board of Directors will be held on Thursday May 11<sup>th</sup> following the business meeting at the GRECC Annual Meeting.

BOARD MEETING DATE The regular monthly May Board Meeting will be held Friday, May 26<sup>th</sup>.

ADDITIONAL BUSINESS There was no additional business.

PRESIDENT / CEO APPRASIAL Chairman Dupuy called for Executive Session for the Board to discuss appraisal of the President and CEO

ADJOURN There being no additional business to come before the Board, Chairman Trent adjourned the meeting at 11:45 a.m.

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Harold Dupuy, Chairman

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Billy E. (Eddie) Martin, Secretary/Treasurer

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W. Jeffrey Scott, Legal Counsel

Minutes of the Executive Session of the April 24, 2017 GRECC Board Meeting

On April 24, 2017 Grayson Rural Electric Cooperative Corporation held an executive session during its regular board meeting.

EXECUTIVE SESSION

Chairman Dupuy called for an Executive Session at 11:30 a.m. and unanimously agreed upon, excusing Carol Hall Fraley, President and CEO; and Priscilla Sparks, Executive Assistant, from the board meeting.

President Fraley's evaluation was presented by Legal Counsel Scott. Everything was good.

Motion was made to give President Fraley a one-time \$1,500 bonus for the year by Director Martin, seconded by Director Bentley and unanimously agree upon.

Motion was made by Director Trent, seconded by Director Rice and unanimously voted to come out of Executive Session at 11:42 a.m.

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Harold Dupuy, Chairman

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Billy E. (Eddie) Martin, Secretary/Treasurer

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W. Jeffrey Scott, Legal Counsel



On May 11, 2017, 6:34 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 Dupuy called the meeting to order pursuant to the Waiver of Notice signed by the Directors. All were present. Others present included: Bradley Cherry, Manager of Finance and Accounting; W. Jeffrey Scott, Legal Counsel; and Priscilla Spark, Executive Assistant.

ELECTION OF OFFICERS Chairman Dupuy 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 Scott to conduct the election of officers.

CHAIRMAN Legal Counsel Scott announced the distribution of ballots for the office of Chairman. Director Martin 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 Rice. The question was called and this slate of officers was unanimously elected.

KAEC DIRECTOR Director Arrington made a motion to elect Director Whitt to represent Grayson RECC on the KAEC Board. Motion was seconded by Director Rice and unanimously approved.

COMMITTEE MEETINGS Chairman Dupuy will appoint the Planning & Review Committee and the Negotiating Committee at the May Board Meeting.

ADJOURNMENT Motion was made by Director Arrington to adjourn the meeting at 6:40 p.m.

\_\_\_\_\_  
Harold Dupuy, Chairman

\_\_\_\_\_  
Billy E. (Eddie) Martin, Secretary/Treasurer

\_\_\_\_\_  
W. Jeffrey Scott, Legal Counsel

On May 26, 2017 at 9:08 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman 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	Motion was made by Director Trent, seconded by Director Rice and unanimously agreed to approve the minutes from the April 2017 Board Meeting for informational purposes only.
APPROVAL OF ORGANIZATIONAL BOARD MEETING	Motion was made by Director Martin, seconded by Director Bentley and unanimously agreed to approve the organizational minutes from May 11, 2017 for informational purposes only.
MANAGER OF TECHNICAL SERVICES	Brian Poling, Manager of Technical Services reported on the following:
AIR CONDITIONER UNIT	We are replacing the header system on our geo-thermal, therefore no air conditioning today. The system was installed in 1992 and the metal had eroded to the point water was seeping out of the walls of the pipes. We are replacing the galvanized pipe and black metal with a heavy-duty plastic.
DAVEY RESOURCE GROUP	Davey Resource Group (DRG) has completed 31,994 GPS points as of May 20 <sup>th</sup> , and will be finished with Pelfrey Substation soon. Crews will be moving to Leon next. Davey currently has 3 men in the field and two more will arrive in the next couple of weeks.
AT&T INTERNET	Our internet conversion to AT&T fiber is completed and working well. Things went well from our side, but some of the other parties had not prepared, as we had asked, so the conversion was longer than planned.
RANSOMWARE ATTACK	Many of you may have heard of the ransomware attack that affected many businesses and hospitals around the world on May 12-13. We were not affected by the Malware because of our combination of intrusion prevention by Silversky and our Virus protection with Sophos. We purchase both of these through NetGain Technologies and they reported that NONE of their users were affected.
RF INVESTIGATION	Concerning our Radio Frequency selection process, we talked with Grayson Utilities and Rattlesnake Ridge Water District about the possibility of utilizing a network that we would install for meter readings. Both companies took it to their Boards and wanted to be included in the studies. Our information was sent to 3 of the 4 vendors on Wednesday, so they can begin propagation studies which would then allow quotes to be generated. We did not include Sensus, because they were a tower based system that we did not believe would be of benefit to us and they charged for the study. We sent information for quotes to Eaton, Landis+Gyr and ACLARA. ACLARA also has a power line carrier option called TWACS that 7 or 8 of the Kentucky Co-ops are already using. We spoke with Buckeye Rural Electric this week and they are installing the TWACS system now and have invited us to see the product in action. We plan to visit with Buckeye Rural Electric next week.

RADIO TOWERS President Fraley told the Board we have two radio towers that need to be removed. The land owners don't want them. They are 96 feet tall towers, self-supporting, 6 feet wide at the bottom. The cost of removal will vary. One is on Friends Branch in Lawrence County and the other is in Greenup County at Oldtown. The 8x8 block buildings will need to be removed also. Director Martin said Landon Daniels Towers in Ashland may take down.

OFFICE & FINANCIAL REPORT Bradley Cherry, Manager of Finance and Accounting presented the Financial & Statistical Report for March 2017. Mr. Bradley reported on the following:

FINANCIAL & STATISTICAL REPORT FOR MARCH Kilowatt hour sales for the month of March (03/21-04/20) were (8.19%) under budget. Purchases for the time period of (3/1-31) were (8.38%) under budget. Line loss for the last twelve months was 12.77%. Year to date margins were a (\$402,230) compared to the budgeted negative amount of (\$424,877).

Revenues and sales are slipping due to weather, conservation and degree days.

FUEL ADJUSTMENT The fuel adjustment for the month was (0.007547).

ESC The environmental surcharge for the month was 6.89%.

DEGREE DAYS We had 218 degree days. The heating degree days was 178 and the cooling degree days were 40.

O.T.I.E.R. O.T.I.E.R. for this month is (4.53) with the rolling 12 month O.T.I.E.R. 1.15.

SALES/REVENUE GRAPH A sales revenue graph for 5 years was shown. We show 25 million in kWh sales January 2012 and it dropped in 2014-2017. We are down about 7.5 million in kWh sales. Revenues and sales are both slipping. Degree days play a factor. The graph showed kWh sales compared to degree days in 2014 and 2015 at 1,100 KWh compared to this year's max of 765 KWh. Our degree days have been warmer in the winter and cooler in the summer.

EK has to be able to produce, buy or import power to meet peak. Otherwise, we must utilize load shedding. Director Arrington and President Fraley explained how our savings would show up in our margins if we get anything back through the environmental surcharge and energy surcharge. If they make money we get a better surcharge. President Fraley said PJM has saved us several times, keep our cost down, and she was very pleased with them.

Chairman Dupuy feels the Board doesn't understand how the commercial power market works and asked President Fraley to have someone come from East KY Power to talk to the Board.

Conservation benefits the G & T instead of us. The Prepay program is also a conservation program.

AEP/KY POWER It was in the newspaper last week that AEP/KY Power applied for a rate increase.

RATE INCREASE

President Fraley said she has seen a difference since 1994 and it's disturbing. She again stated we will eventually have to go in for a rate increase. Our last rate increase was expected to last for 3 years, but it has been 5 years. We were fortunate to have loads from the rock crusher, Genesis Recovery Center and Columbia Gulf.

CAPITAL CREDITS

In March/April 2017 we paid 20 capital credit applications totaling \$18,675.36. To date we have paid 39 capital credits totaling \$34,104.90 and have received 18 applications and have 18 incomplete applications.

RESOLUTION OF THE  
BOARD FOR THE NRECA  
401 (K) PENSION PLAN  
ADOPTION AGREEMENT

Last week Mr. Cherry received an amendment for the retirement plans effective July 1, 2017. IRS requires reinstatement every 5 years. He recommended that the following resolution be adopted to allow President Fraley to execute the necessary documents and to restate our participation.

GO TO PAGE 4

**RESOLUTION OF THE BOARD OF DIRECTORS AUTHORIZING the  
AMENDMENT and RESTATEMENT of  
THE RETIREMENT SECURITY and/or 401(K) PENSION PLAN**  
For *Grayson Rural Electric Cooperative Corporation*  
REA(s) 18061-001 , 18061-002

**WHEREAS**, *Grayson Rural Electric Cooperative Corporation* , is a participating employer in the NRECA-sponsored:

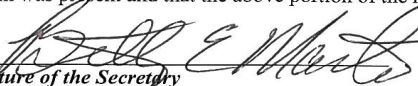
- Retirement Security (RS) Plan
  - 401(k) Pension (401(k)) Plan
- Plan(s): elect one or both, as applicable*

**WHEREAS** the Board of Directors of *Grayson Rural Electric Cooperative Corporation* is aware that the Plan(s) must periodically be amended to comply with new or changed regulations, rulings, legislation and plan operations, and that this restatement will be effective July 1, 2017.

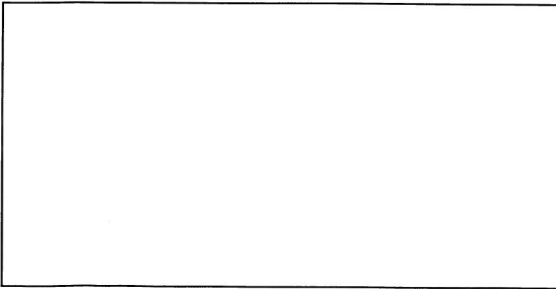
**THEREFORE BE IT RESOLVED** that this Board authorizes the July 1, 2017 amendment, restatement and continuance of the Plan(s) to conform in its (their) entirety with all the provisions of the governing plan document(s) of the Plan(s), through the execution of the Adoption Agreement(s), which includes all of the provisions of the Cooperative's most recently executed Adoption Agreement(s) and any compliance clarifications needed to conform with plan operations; and

**BE IT FURTHER RESOLVED**, in the event that the timing of the restatement does not correspond with regularly scheduled meetings of the Board of Directors, 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 July 1, 2017 amendment and restatement of the Plan(s).

**SIGNATURE OF THE SECRETARY:** I *Billy E. (Eddie) Martin*, certify that I am the Secretary of the *Grayson Rural Electric Cooperative Corporation* Board of Directors. I further certify that the above is a true excerpt from the minutes of a board meeting of this Board of Directors on the *26th* day of *May*, 2017, at which a quorum was present and that the above portion of the minutes has not been modified or rescinded.

  
 \_\_\_\_\_ May 26, 2017  
*Signature of the Secretary* *Date*

**SEAL of the PARTICIPATING SYSTEM:** Place corporate seal of Participating System in the box below:



**OR**  
Check this box to indicate that the Participating System does not have a corporate seal:

Motion was made by Director Trent, seconded by Director Bentley to adopt said resolution and amendment as stated herein. Motion carried unanimously.

**AUDITOR LETTER**

We received a letter from Alan Zumestein for audit fees. There was a standard \$2,500 increase. Staff makes the recommendation to hire Mr. Zumestein.

AUDITOR LETTER  
(CONTINUED)

President Fraley said there is a firm in South Shore we may use in the future. They have done work for some co-ops in Ohio.

Motion was made to accept the audit quote submitted by Mr. Alan Zumstein, by Director Trent, seconded by Director Rice and unanimously agreed upon.

FEDERATED INSURANCE  
UMBRELLA COVERAGE

Bradley Cherry met with Tony Hermes of Federated Insurance. GRECC's worker compensation EMOD was .76, the best in the state. We received rebates for \$89,454 based on our experience. Umbrella coverage for the Board is currently 4 million dollars. The average in the state is now 9-10 million dollars. The months November – January are the months to make changes, so the Board will need to think about if they would want to make any changes to the umbrella policy.

AEP/KY POWER

AEP/KY Power went in for a rate increase of 12%. Their customer charge is \$11 and they want it increased to \$17.50; they would like to increase their kWh charge from 9 cents to 10.9 cents.

Bill comparison between AEP and GRECC:

<u>AEP</u>	<u>GRECC</u>	
799 kWh \$110.39	\$105.85	4.11% comparison
1,250 kWh \$165.34	\$156.27	12.48% comparison
w/increase \$137.82	\$105.85	23.20% pending AEP rate increase

BILLING CYCLE

Last month we discussed changing the billing cycle to match EKPC. Andrea McCleese explained we anticipate the bill change to our consumers on the November bill (usage of September 20 through end of October). This would change our billing time for when members receive their bill and the due date. We anticipate one billing cycle in the north of the system and one in the south. Comparing the south and north substations there are only 100 member's difference. Smithfield and Elliott County Prison will keep the same billing cycle, a full month. We can advertise in the July KY Living about the change.

We believe there will be an increase in the prepaid program and more interest in electronic billing. Cycle billing would work with the due date staying static no matter what date they fall on. Coordination is the key to success to this between the members and the Cooperative. We can send out calls alerting / reminding members of the billing change. This will levelize the work flow, instead of everything coming due at once. Once the first month goes through we will be back on our regular flow with EKPC. Bradley would have to work with PSC, Alan Zumstein and EKPC on how to calculate the environmental surcharge and fuel adjustment

This will cut down on trip charges, enhance prepay programs and increase automatic draft. Our objective is to smooth out cash flow and help us keep from hiring more employees.

SKY GLOBAL PARTNERS

[REDACTED], EKPC retirees, came for a visit concerning SKY Global Partners and a proposal on gas fired generation. We have checked with Fleming Mason and a couple of other Cooperatives and we plan to hear their proposal. This has been successful in Texas. Two sites have been proposed to build 750 megawatt generators.

SKY GLOBAL PARTNERS (CONTINUED)	The Coops that have been talking to Sky Global are Cumberland Valley, Fleming Mason, Licking Valley, Clark, Bluegrass and GRECC. SKP plan to join PJM. They are looking at selling to each coop. Environmental fees would have to be paid by the producers and we would buy at a set price. Information will be brought to the Board for future consideration.
APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR MARCH 2017	Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve the Financial and Statistical report for March 2017 as presented, for informational purposes only.
MANAGER OF MARKETNG & MEMBER SERVICES	Kim Bush, Manager of Marketing & Member Services presented the member services and marketing report.
PREPAY	We have 633 active prepay accounts with 7 inactive. The average balance is (\$46.73). Total number of payments in 30 days is 2,303, with an average payment of \$31.65. Total payment amount received was \$72,886.87.
DEBT MANAGEMENT	Six percent of active accounts haven debt management. We have 40 active accounts totaling \$11,285.65.
ENERGY EFFICIENCY	Tina perfomed the following audits: 5 energy audits and 1 Touchstone Energy Home audit. Energy Star appliance rebates were: 3 clothes washers; 2 dishwashers; 3 refrigerators; 1 commercial audit
ANNUAL MEETING	We registered 1,239 members for the GRECC Annual Meeting on May 11, 2017. The cost of the annual meeting will be presented at the June Board Meeting. Everyone appreciated the use of golf carts at the annual meeting.
SCHOOL/COMMUNITY	Lewis Central Elementary – 200 kids for the health and safety awareness on May 15.
WASHINGTON YOUTH TOUR	We are sending 3 high school juniors on the WashingtonYouth Tour June 9-16.
CAMP CO-OP	The first Camp Co-op will be held at GRECC June 13-15 from 8:30 a.m. – 3:30 p.m. The cost is \$10 and open to members' children/grandchildren that have completed grades 3 <sup>rd</sup> , 4 <sup>th</sup> and 5 <sup>th</sup> . The camp topics are solar, conservation and safety. Crafts will be made. We do have a medical release form that has to be signed.
BOARD ELECTION	President Fraley read the election letter from John B. Dean, CPA in regards to suggested changes to future board elections and the procedures. President Fraley stated she is working on the Bylaws. The Bylaws changes could be presented at next board meeting for the Board to study. A cost of the election will be presented next month.
OPERATIONS REPORT	Kyle Clevenger, Manager of Operations gave the Operations Report. He reported on the following:
EMPLOYEE/LOST TIME ACCIDENT	There were no lost time accidents to report this month.
SAFETY REPORT	The following safety meetings were held during April 2017:  April 6 – Priscilla Sparks, Executive Assistant, turned the meeting over to Robert Thornton, KAEC safety, who talked about a vehicle fatality at Owen Electric. He discussed near misses due to distractions using phones, iPads, and other devices that make us lose our focus. He explained that it was important to keep our contact list and beneficiaries up-to-date, know your job

SAFETY REPORT  
(CONTINUED)

location and if you are working in an area off of the road set a cone to show your location in case of an emergency. Personal grounds were tested. Kyle Clevenger asked everyone to work safe and remember Slips, Trips, and Falls.

April 10 – Robert Brown, Geographical Information System Technician, showed a video on the history of Kiss Of Life photo that was taken in 1967 of a utility worker giving mouth-to-mouth to co-worker after he contacted a low voltage wire. Photo was taken by Rocco Morabito who worked for the Jacksonville Journal and the photo won the 1968 Pulitzer Prize for Spot News Photography. The linemen were recognized and presented gifts for Lineman’s Day. Kyle Clevenger reminded everyone to work safe.

April 17 – Sherry Buckler, Manager of Accounting and Human Resources, turned the meeting over to Robert Brown. He showed a power point on ATV/UTV safety. President Fraley requested everyone to be careful in the wet conditions while reading the Newfoundland Substation.

April 24 – Kim Bush, Manager of Marketing and Member Services, turned the meeting over to Robert Brown. He showed a power point on the care of FR rated clothing. President Fraley let everyone know that the ballots for Greenup and Lewis Counties would be mailed on Tuesday, April 25, 2017.

CONSTRUCTION

The Construction Department built one hundred thirteen (113) new work orders for the month of April and worked zero (0) hours of overtime.

OVERTIME HOURS

The Maintenance Department worked two hundred fifteen (215) hours of overtime during the month of April 2017. Number of work order overtime hours was ninety-five (95). Engineering worked zero (0) overtime hours.

DELINQUENT NOTICES

There were 121 delinquents for May; 107 cards were issued to be disconnected and 14 accounts were disconnected by remote. Field personnel disconnected an additional 7 meters for a total of 21 disconnects and 7 accounts were reconnected on May 8. On May 9 there was 1 meter disconnected. A total of 3 meters were reconnected.

CONTRACT CREWS

Two Pike crews have been working in the following areas:

Tony Seagraves – Columbia Gulf, Carter County  
Travis Grizzell – Alcorn, Greenup County

RIGHT-OF-WAY CREWS

We have ten (10) W. A. Kendall right-of-way crews working on random jobs and work orders at this time. Crew’s trimmed 1,047 trees, cut 748 trees, cut 51,500 feet of brush/line and sprayed 138 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 Greenup County  
2 spray crews in Greenup County

Smith Tree Service circuit crew is in Elliott County on RT 32/ Brown Ridge.



ENGINEERING REPORT	The Engineering Department released one hundred three (103) prints consisting of 11,044 feet of primary line and 3,150 feet of service wire. They currently have three (3) new services to be staked and two (2) to be drawn. They have approximately fourteen (14) miscellaneous jobs to be staked or drawn.
PIKE ELECTRIC	Ronnie Gilbert with Pike Electric visited yesterday in regards to their wages. Pike is asking for a wage increase. President Fraley said she is not inclined to suggest the Board open the contract. Pike is going to send a proposed rate sheet.  A motion was made to keep the contract as is by Director Martin, seconded by Director Trent and unanimously agreed upon.
APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS	Motion was made by Director Bentley, seconded by Director Martin and unanimously agreed to approve one hundred one (101) new memberships and retirement of eighty-eight (88) existing memberships for April 2017.
BAD DEBT WRITE-OFFS	Motion was made by Director Martin, seconded by Director Trent and unanimously agreed to charge off \$ \$3,398.62 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 Martin and unanimously agreed to approve the President's business expense of \$9.73, Director's business expenses of \$6,472.75 and Attorney's business expense of \$9.10.
PRESIDENT'S REPORT	President Fraley reported on the following:
SAND GAP	Kyle Clevenger, Scott Speaks, Mike Martin and President Fraley met with a Kentucky Power engineer this week in regards to the service at Sand Gap.
INTER-COUNTY COOP	Jim Jacobus, President and CEO at Inter-County Coop, is retiring the first of the year and the Inter County Board is looking for a new candidate for President and CEO.
COLUMBIA GULF	Jim Bridges has helped us prepared a new contract for Columbia Gulf. She will share it with Legal Counsel Scott for his review.
SAV-A-LOT	She is working on a new contract for Save-a-Lot in Elliott County. The loading information was sent to Scott Speaks today.
NEWFOUNDLAND SUBSTATION	Newfoundland Substation readings are finished. A report will be given next month.
GRECC BYLAWS	She has been spending majority of her time on GRECC's Bylaws. This is critical. She hopes to have a copy to you next month.

BIG SANDY RECC David Estep at Big Sandy RECC has been replaced by former Manager Bobby Sexton as an interim manager.

Director Arrington said Velma May was defeated by Guy Spriggs during the board election this year.

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

reviewed resolution;  
assisted in counting of votes;  
reviewed letters on codes and company policies and;  
read the notice at the annual meeting.

KAEC DIRECTOR'S REPORT Director Whitt attended KAEC's Board Meeting this week in Louisville, KY and reported on the following:

KAEC OFFICE BUILDINGS Targeting a closing date of early June. Purchase price is \$2,810,000.00. There is a first-floor tenant (EnovaPremier) leasing for \$193,277.00 annually. They have the right to terminate after August 1, 2020 with notice by May 1, 2020 and payment of \$33,000.00. Motion was made and passed to pursue the purchase of the Lyndon Farm Court Building as discussed. It will cost approximately \$400,000 to remodel the building. It doesn't have a board room, so meetings will be at the hotel.

There is also a company leasing the basement space that designs wheels and pays \$200,000-\$400,000 annually.

Closing on the Bishop Lane Property is scheduled for of May 23, 2017. The sale price is \$3,750,000.00, which includes the real estate, furniture and equipment remaining on the premises (concession to rental rate). The leaseback to KAEC is a base rent of \$13,333 per month with the security deposit waived.

KENTUCKY LIVING The Kentucky Living magazine is breaking even.

EKPC DIRECTOR'S REPORT Director Arrington reported on the following:

Ground breaking for the solar project.  
EKPC Annual Meeting is June 6, 2017.  
Michael Adams, Secretary/Treasurer died and seat will not be filled until June.  
GRECC has sold 3 panels to two members. The cost is \$460 per panel. They will get credit on their power bill.

MIV PROGRAM Bradley Cherry completed the Robert I. Kabat Management Internship Program (MIP) earlier this year. A letter was read by President Fraley, complimenting Mr. Cherry on his hard work and participation.

THANK YOU NOTES President Fraley said GRECC had received thank you cards from Raccoon Freewill Baptist Church, Heather Smith and Heritage Elementary School.

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

DONATIONS (CONTINUED)	<p>East Carter Youth Service Center – Camp KIDS @ CCSP \$100</p> <p>East Carter Lady Raiders Softball – East All Star Team of KY \$100 (Montana Fouts \$50 and Eden Mayo \$50) 6/16-18/17</p> <p>Carter Christian Academy – golf scramble sponsor 7-15-17 \$50</p> <p>American Cancer Society - Relay for Life for Elliott County \$250 (in memory of Juanita Rice)</p> <p>Lewis County Extension Office – KY Youth Seminar sponsor \$175</p> <p>East Carter Tennis Team – sponsor – Appalachian Tennis Series \$50</p> <p>SHE Academic Team – sponsor – Sandy Hook Elem. field trip <u>\$100</u> \$825</p>
	<p>Motion was made by Director Rice, seconded by Director Bentley and unanimously agreed to approve the donations as presented.</p>
MEETING ATTENDANCE	<p>President Fraley and some of the staff will be attending EKPC’s Annual Meeting on June 6, 2017.</p>
VOTING DELEGATES EKPC BOARD MEETING	<p>Chairman Dupuy appointed Director Trent to serve as the Voting Delegate to EKPC’s Board of Directors and Chairman Dupuy to serve as the Alternate Delegate.</p>
VOTING DELEGATES TO NCSC’S ANNUAL MEETING	<p>Bradley Cherry will serve as the Voting Delegate to NCSC’s 2017 Annual Meeting. There will be no Alternate Voting Delegate.</p>
NRECA VOTING DELEGATE TO DIRECTOR ELECTION	<p>Chairman Dupuy appointed Director Whitt to serve as Voting Delegate to NRECA Director’s election and Director Martin as Alternate Voting Delegate.</p>
EKPC ANNUAL MEETING	<p>The East Kentucky Power Cooperative’s Annual meeting will be held June 6, 2017 at their headquarters in Winchester, Kentucky.</p>
COMMITTEE MEETINGS	<p>The Planning and Review Committee and the Negotiating Committee will be the same as 2016.</p>
BOARD MEETING DATE	<p>The Regular Board Meeting in June will be held June 23, 2017.</p>
ADDITIONAL BUSINESS	<p>There was no additional business.</p>
EXECUTIVE SESSION	<p>Motion was made to go into Executive Session by Director Arrington.</p>
ADJOURN	<p>Chairman Trent adjourned the meeting at 12:09 p.m.</p>

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Harold Dupuy, Chairman

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Billy E. (Eddie) Martin, Secretary/Treasurer

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W. Jeffrey Scott, Legal Counsel

Minutes of the Executive Session of the May 26, 2017 GRECC Board Meeting

On May 26, 2017 Grayson Rural Electric Cooperative Corporation held an executive session during its regular board meeting.

EXECUTIVE SESSION

Director Arrington called for an Executive Session at 12:02 p.m. and unanimously agreed upon.

Per diem was discussed at a previous Board Meeting, but no action was taken. Mr. Arrington made a motion to increase the per diem rate by one hundred dollars (\$100) beginning this year. Motion was seconded by Director Whitt. The vote was unanimous to increase the per diem by one hundred dollars (\$100) for a total of \$300 per month.

Motion was made by Director Arrington, seconded by Director Bentley and unanimously voted to come out of Executive Session at 12:07 p.m.

Chairman Dupuy adjourned the meeting.

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Harold Dupuy, Chairman

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Billy E. (Eddie) Martin, Secretary/Treasurer

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W. Jeffrey Scott, Legal Counsel

On June 23, 2017, at 9:00 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at Greenbo Lake State Park, Greenup, 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 Trent, seconded by Director Bentley and unanimously agreed to approve the minutes from the May Board Meeting.
- EKPC DIRECTOR'S REPORT Director Arrington gave the EKPC Board Report:
- EKPC Annual Meeting was held June 6, 2017.  
Margins and equity are running about the same for the month.  
There will be a mining tour at Illinois Basin Coal. Spurlock's coal comes from Illinois Basin Coal.  
GRECC Board appointed Director Arrington to EKPC's Board for a year.  
EKPC elected Board Joe Spaulding, Chairman; Alan Ahrman, Vice Chairman; and the Secretary-Treasurer position has been divided. Landis Cornett will serve as Secretary and Jody Hughes as Treasurer. The Executive Committee will now consist of five people.  
Director Arrington was appointed to oversee openings of Contracts (gas, coal, etc).  
Licking Valley RECC appointed Ted Holbrook to the Board after Mike Adam's death.  
Allen Anderson is no longer President and CEO at South Kentucky R.E.C.C. Bobby Sexton will serve as CEO at Big Sandy R.E.C.C.
- KAEC DIRECTOR'S REPORT Director Whitt stated there was no KAEC Board Meeting this month.
- PRESIDENT'S REPORT President Fraley reported the following:
- KAEC has hired some new safety directors. KAEC safety director for GRECC is Robert Thornton.  
David White, KAEC Safety Director, went to work for Owen Electric.  
RESAP program inspection will be any day, unannounced. This is our safety accreditation program. We have our new defibrillators in the building and in the construction trucks.
- RADIO TOWERS President Fraley said she has received two bids on removing the two radio towers. One was from Landen Daniels, Ashland, KY, for \$2,500. This includes removing fencing, block building and tower. The concrete pad will be left. She received a second quote from Herb Rice with Lab-Tronics, Catlettsburg, KY, for \$2,500. He would remove everything for resale. Lanham Scrap Iron and Metal, Paint Lick, KY has not submitted a bid yet. Bidders must provide us with certificates of insurance. A dozer has to be used to build a road to the tower in Lawrence County. Director Martin suggested to have Adam Wells look at it, as he has a large excavator.
- PIKE ELECTRIC Pike requested an amendment to their contract. President Fraley sent an email to decline and thanked them for their continued business association.

PHYSICAL INVENTORY

GRECC's annual inventory has been completed. President Fraley reported a remarkable difference in over and under of \$82. Roger and Marsha did a good job.

For the period May 1, 2016 to April 30, 2017, the average material and supplies physical inventory was \$284,684.34. The adjustment amount was .03%. President Fraley was very pleased with the inventory.

Physical Count

Amount over	\$ 14,542.10
Amount under	<u>\$(14,460.01)</u>
Difference	\$ 82.09

Inventory Totals

Beginning balance	\$242,455.92
Purchases	\$672,841.13
Sales	\$ (4,231.27)
Adjustments	\$ 2,432.81
Physical count adj's	\$ 82.09
Construction	<u>\$(456,191.65)</u>
Ending balance	\$ 457,389.03

CO-OP CAMP

We had 15 kids to attend Co-op Camp. They participated in several activities about energy. KY Living magazine has interviewed us and this will most likely will go on to NRECA.

COLUMBIA GULF

Columbia Gulf paid additional construction of \$190,000 this week.

RONALD MCDONALD HOUSE

We will participate in The Ronald McDonald house of Lexington and Louisville Touchstone challenge for supplies.

BILLING CYCLE

President Fraley wrote the first billing change article for the Kentucky Living Magazine to come out in August.

WAGE & SALARY

Bradley has set up a wage and salary review with Daniel Bruning, Sr. of NRECA's National Consulting Group the last week in October. The last survey was done by June Lane about twenty years ago.

SEPTEMBER BOARD MEETING

September 22<sup>nd</sup> is our board meeting and fish fry hosted by Brownstown.

GRECC BYLAWS

President Fraley has been spending a lot of time on the GRECC Bylaws and proposes to meet at 8:30 a.m. at the July 28, 2017 Board Meeting to discuss the GRECC Bylaws changes.

2017 BOARD MEETINGS CALENDAR EVENTS

President Fraley went over the Proposed Board Meetings and Events 2017 calendar.

PROPOSED BOARD MEETINGS AND EVENTS 2017

JULY 28	8:30 A.M. – 10:30 A.M. BYLAWS STUDY 10:30 A.M. – 12:00 P.M. BOARD MEETING
AUGUST 25	9:00 A.M. BOARD MEETING
SEPTEMBER 22	9:00 A.M. BOARD MEETING AND FISH FRY

2017 BOARD MEETINGS CALENDAR EVENTS (CONTINUED)	<p>SEPTEMBER 28-29 OCTOBER 12-13</p> <p>OCTOBER 25-27 OCTOBER 30, Monday NOVEMBER 1-3 NOVEMBER 15-17</p> <p>NOVEMBER 20-21 NOVEMBER 23-24 NOVEMBER 29, Wednesday DECEMBER 1-6 DECEMBER 8 DECEMBER 14-15</p> <p>DECEMBER 21, Thursday DECEMBER 25-26</p>	<p>KAEC LINEMAN RODEO, Jackson Energy, London KY NRECA REGIONS 2 &amp; 3 MEETING, Chattanooga, TN (pre-regional director's education is October 11th) WAGE AND SALARY STUDY, DAN BRUNING 9:00 A.M. BOARD MEETING PRELIMINARY UNION MEETING (CF, BC, AND KC) 1) UNION NEGOTIATING COMMITTEE 2) WAGE AND SALARY/PLANNING &amp; REVIEW COMMITTEE</p> <p>KAEC ANNUAL MEETING, Louisville, KY THANKSGIVING BREAK 9:00 A.M. BOARD MEETING NRECA DIRECTOR'S WINTER SCHOOL, Nashville, TN CHRISTMAS AWARDS DINNER/PARTY BUDGET MEETING/PLANNING &amp; REVIEW COMMITTEE</p> <p>BOARD MEETING AND CHRISTMAS LUNCH CHRISTMAS BREAK (Monday and Tuesday)</p> <p>PLANNING AND REVIEW COMMITTEE: EDDIE - CHAIR, BILLY T AND ROGER</p> <p>NEGOTIATING COMMITTEE: JIMMY - CHAIR, KEN AND JIM</p> <p>HAROLD, EX OFFICIO TO BOTH COMMITTEES</p>
CFC DISTRICT 3 MANAGERS	Chris Perry, President & CEO of KAEC, is on the District 3 2017 Nominating Committee and they are developing a slate of candidates for the director seat (Position D) on the CFC Board of Directors.	
BIG SANDY RECC	We receive an email from Kelli Gibson, KAEC Assistant to the CEO/ Board Liaison, stating Bobby Sexton has been named the Interim General Manager of Big Sandy RECC and Bruce Aaron Davis has been appointed as Assistant General Manager.	
MANAGER OF FINANCE AND ACCOUNTING	Bradley Cherry, Manager of Finance and Accounting, presented the Financial and Statistical Report for April 2017.	
FINANCIAL & STATISTICAL REPORT FOR APRIL 2017	Kilowatt hour sales for the month of April (4/21-5/20) were 1.46% under budget. Purchases for the time period of (4/01-4/30) were (2.51%) over budget. Line loss for the last twelve months was 11.25%. The April margins were (\$173,610) compared to the year to date margins (\$596,336).	
FUEL ADJUSTMENT	The fuel adjustment was (0.007371) for April.	
ESC	The environmental surcharge (ESC) was 8.88%.	
DEGREE DAYS	There were 220 degree days – 129 heating degree days and 91 cooling degree days.	
APRIL O.T.I.E.R.	The monthly O.T.I.E.R. for April was (1.17) with the year-to-date (.90). The 2016 monthly O.T.I.E.R. was (2.86) and rolling 12 month O.T.I.E.R. 1.57 compared to April 2017's 1.28.	
CFC CONFERENCE	Bradley attended the CFC Conference in San Antonio, Texas and stated it was an excellent conference.	

CAPITAL CREDITS

In June we paid out 28 capital credits in the amount of \$31,205.63. There are 25 outstanding applications; 22 incomplete and 3 new applications received. Year to date totals paid are 39 capital credits totaling \$65,310.53.

Letter of credits are still in effect even in case of bankruptcy.

Automatic stay is invoked in a bankruptcy.

President Fraley said Kmart did not pay their bill for a couple of months, so we recovered payment from their capital credits, at the recommendation of legal counsel.

KY Power's proposed rate increase will make them 1.5% higher than GRECC. They will file on the 26<sup>th</sup> or 28<sup>th</sup>.

APPROVAL OF FINANCIAL  
& STATISTICAL REPORT  
FOR APRIL 2017

Motion was made by Director Trent, seconded by Director Bentley and unanimously agreed to approve the Financial and Statistical report for April 2017, as presented, for informational purposes only.

LEGAL COUNSEL'S REPORT

Legal Counsel Brendon Music reported on the following:

Introduced Legal Counsel Whitley Hill Bailey who earlier addressed questions on letters of credits.

Legal Counsel Scott reviewed the minutes.

Legal Counsel Scott reviewed Columbia contract and the Smithfield contract.

Legal Counsel Scott, Bradley Cherry and the Bylaw committee have been working on changes in the bylaws.

Sky Global contract was sent in and will be presented at the July Board Meeting.

EXECUTIVE SESSION

Director Arrington called for an Executive Session.

AARON THOMPSON

Chairman Dupuy introduced Aaron Thompson, field representative for Governor Bevin's office. He is a graduate of Greenup County High School and majored in political science. He works from home and is responsible for twenty counties, from along the Ohio River in Carroll County to Pike County to Mt. Sterling. Every day is a different work load for him.

LEGISLATIVE

He reported two legislative sessions thus far. The first session was working on the budget and tremendous pension problem in Kentucky. A special session is to be called after August 15<sup>th</sup>. The Governor is currently soliciting feedback from the area and is working hand in hand on a tax cut. He asked us to communicate with our representatives and senators.

All the representatives and senators in the area are engaged in this process.

JOBS/WORK FORCE

Mr. Thompson reported the Governor is working on making KENTUCKY the manufacturing hub of North America. The biggest obstacle is training for jobs we can do in our area. The work ready programs will provide 32 credit hours of free tuition. Four major investments that have been made are: Amazon will be bringing 2,000 jobs located near the KY Cincinnati Airport; \$1.3 billion invested in the Toyota plant; \$900 million will be invested in the Ford plant in Louisville; and Braden Industry at South Shore will produce a lightweight aluminum steel and that will be used in auto and airplane manufacturing. One out of eleven cars in the US is produced in Kentucky and Kentucky is the 2<sup>nd</sup> largest in the aerospace industry behind Washington (airplane breaks are manufactured in northern Kentucky). This should allow



JOBS/WORK FORCE  
(CONTINUED)

more to locate to KY. He has worked with EKPC and Rodney Hitch on electricity rates.

President Fraley asked how the new plant in South Shore was going to be successful when other aluminum factories like the ones at Big Rivers were not. He replied, "It is a specialty product and only 3 companies make it."

President Fraley suggested that when Commissioners are appointed by the governor's office that they use people that are qualified and with a utility background. The Commission's role is to protect the consumer.

APPROVAL OF NEW  
MEMBERSHIPS &  
RETIREMENT OF  
EXISTING MEMBERSHIPS

Motion was made by Director Rice, seconded by Director Trent and unanimously agreed to approve one hundred (100) new memberships and retirement of seventy-one (71) existing memberships for May 2017.

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

Motion was made by Director Martin, seconded by Director Bentley and unanimously agreed to approve the President's business expense of \$21.19, Director's business expenses of \$7,439.16 and Attorney's business expense of \$0.00.

THANK YOU LETTERS

GRECC received a thank you note from Mindy and Dan Click for the \$150 donation to the Grayson Gallery & Art Center for the "Heart of the Parks" art show. Thank you letters were received from Grayson Meals on Wheels, King's Daughters Health Foundation and Rocky Adkins golf outing. The three Washington Youth Tour representatives, Seth Kiser – East Carter High School, Morgan Waggoner – Rowan County High School and Heather Smith – Elliott County High School mailed thank you cards.

DONATION REQUEST

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

Grayson Sluggers – sponsor	\$150
Funtober Fest – gold sponsorship	\$150
Lewis County Educational Foundation – sponsor Back to School Fair	\$100
Elliott Co. Family Resource/Youth Serv. Cntr. – Back to School Redi-Fest	\$100
52 <sup>nd</sup> Annual Greenup Old Fashion Days – festival	\$100
Softball Parents Club – sponsor EC Lady Raider Softball	\$200
4-J-C Committee – July 4 <sup>th</sup> fireworks	<u>\$100</u>
	<u>\$900</u>

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

MANAGER OF  
TECHNICAL SERVICES

Andrea McCleese, Technical Services reported on the following:

DAVEY RESOURCE GROUP

GIS: Davey Resource Group is currently doing our mapping project field inventory on the Airport Road substation with an estimated completion date of July 7. Once Airport Road is complete, they will be moving to Newfoundland, Sandy Hook, and then Mazie. Currently, Davey has four contractors working on Airport Road with a fifth possibly being added in mid-July. Data for 4 substations are on our maps, with Elliottville, Carter City and Pelfrey being reviewed by the Davey office. The field inventory

DAVEY RESOURCE GROUP  
(CONTINUED)

began July 25, 2016, and Robert anticipates the field work will be complete by December 2017.

Metering Project: Requests for quotes have been sent to Landis + Gyr, Aclara and Eaton. Aclara will return next month to give a more in-depth presentation on their power line carrier product, TWACS.

AT&T fiber internet connection project has been completed. Bandwidth was increased from 3.5 Mbps to 50 Mbps. Firewall devices were configured for true redundancy; if one falls the other device will take over. Also, if the AT&T internet is down, the Windstream connection will take over.

Andrea, Brian, and Kim attended the SEDC Users' Conference this week. Cybersecurity and PCI Compliance remains a top priority in the information systems environment. Credit card devices that will encrypt the card number can be ordered after the installation of the next software version, which should occur sometime next month.

BAD DEBT WRITE-OFFS

Motion was made by Director Trent seconded by Director Bentley and unanimously agreed to charge off \$4,827.80, worth of bad debts and turn them over for collection. President Fraley reported [REDACTED] paid his bad debt of \$1,669.46 leaving a charge off total of \$3,158.34 for March.

Director Whitt pointed out to Mr. Thompson the impact of LIHEAP. If this is cut out, our members will really be affected. Mr. Thompson thought it was all federal funded. President Fraley says she believes the state provides a percentage of matching funds. He will work with the community action agency program and see what is happening and get back with us. Director Whitt stated we received \$245,000 in LIHEAP this past winter and asked for continued assistance with LIHEAP.

MANAGER OF MARKETING  
AND MEMBER SERVICES

Kim Bush, Manager of Marketing and Member Services, was not present to give her report.

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 1 – Bradley Cherry, Manager of Finance and Accounting, discussed Capital Credits and explained allocations, retirement and application of Capital Credits. Kyle Clevenger reminded everyone to work safe.

May 9 – Kyle Clevenger, Manager of Operations, turned the meeting over to Kim Bush, who went over new procedures and the positions that everyone would be working during Annual Meeting on Thursday, May 11, 2017. Kyle Clevenger reminded everyone that it was going to be wet, to be careful and watch out for each other.

SAFETY REPORT  
(CONTINUED)

May 15 – Carol Ann Fraley, President and CEO, discussed the annual meeting and the road crossing that is scheduled for Columbia Gulf Transmission. Bradley Cherry to discuss our new AEDs. Kyle Clevenger reminded everyone to be careful.

May 22 – Mike Martin, Assistant Manager of Operations, read an article from The Incident Prevention magazine about Stepping up to Safety. He discussed Hazard Recognition, Three Way Communication/Peer Check and Effective Three-Way Communication. Kyle Clevenger reminded everyone to have a good day and safe day.

May 30 – Andrea McCleese, Technical Services Supervisor, discussed the new billing cycle changes and how they would be broken down by the North and South territories. This will be scheduled for November billings. Carol Ann Fraley presented Ryan Rice a Certificate for Advanced Hot Line Skills Workshop. Kyle Clevenger asked everyone to check their first aid kits and to keep spraying and checking for ticks. Kyle Clevenger reminded everyone to be safe and watch over each other.

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.

Copper thefts are increasing. 65 pole grounds were stolen off poles in the Pactolus substation area.

CONSTRUCTION

Construction built eighty (80) new work orders (includes 15 new services added and 7 services retired) for the month of May and worked twenty-five (25) hours of overtime. Engineering department worked three (3) hours overtime.

OVERTIME HOURS

Maintenance Department worked five hundred seventeen (517) hours of overtime during the month of May and worked one hundred forty-one (141) hours work order overtime hours.

DELINQUENT NOTICES

There were 96 delinquents for June with 66 cards issued to be disconnected. 25 accounts were disconnected by remote meter. Field personal disconnected an additional 4 meters for a total of 29 disconnects and 9 accounts were reconnected on June 7. On June 8 there were 2 meters disconnected. A total of 4 meters was reconnected.

CONTRACT CREWS

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

Tony Seagraves – Columbia Gulf, Carter County  
Travis Grizzell – Alcorn, Greenup County

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crews trimmed 868 trees, cut 668 trees, cut 39,110 feet of brush/line and sprayed 152 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 and Elliott Counties  
1 bucket truck crew in Carter, Lewis and Greenup Counties

RIGHT-OF-WAY CREWS  
(CONTINUED)

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

Smith Tree Service circuit crew in Elliott County on Fannin Road, North  
Ruin.

ENGINEERING REPORT

The Engineering Department released one hundred eight (108) prints  
consisting of 3,163 feet of primary line and 1,381 feet of service wire. We  
currently have two (2) new services to be staked and one (1) to be drawn.  
We have approximately six (6) miscellaneous jobs to be staked or drawn.

MEETING ATTENDANCE

The NRECA Regions 2 & 3 Meeting is in Chattanooga, Tennessee. Directors  
Dupuy and Trent will attend. The date is October 12-13, 2017 with the pre-  
regional director's education on October 11, 2017.

KAEC LINEMAN RODEO

The KAEC Lineman Rodeo will be held September 28<sup>th</sup> and 29<sup>th</sup> at Jackson  
Energy, London, KY. Directors Dupuy and Trent plan to attend.

ADDITIONAL BUSINESS

President Fraley will be having her second heart ablation on Thursday, June  
29<sup>th</sup> at King's Daughter Medical Center at 6:30 a.m. and will stay overnight.

BOARD MEETING DATE

The next board meeting will be held on Friday, July 28, 2017 AT 8:30 a.m.

ADJOURN

Chairman Dupuy adjourned the meeting at 11:05 a.m.

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Harold Dupuy, Chairman

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Billy E. (Eddie) Martin, Secretary/Treasurer

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W. Jeffrey Scott, Legal Counsel

Minutes of the Executive Session of the June 23, 2017 GRECC Board Meeting

On June 23, 2017 Grayson Rural Electric Cooperative Corporation held an executive session during its regular board meeting.

EXECUTIVE SESSION                      Director Arrington called for an Executive Session at 10:01 a.m., seconded by Director Rice and unanimously agreed upon.

JUNE 2017 PER DIEM                      A question in regards to June 2017's per diem was presented, answered and unanimously agreed upon.

Motion was made by Director Bentley, seconded by Director Trent and unanimously voted to come out of Executive Session at 10:07 a.m.

Chairman Dupuy adjourned the meeting.

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Harold Dupuy, Chairman

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Billy E. (Eddie) Martin, Secretary/Treasurer

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W. Jeffrey Scott, Legal Counsel

On July 28, 2017 at 8:37 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.
GRECC BYLAWS	President Fraley presented the proposed GRECC Bylaws for the Board to review. Discussion lasted for one hour and fifteen minutes. A clean copy of the GRECC Bylaws will be mailed to each Board Member and Legal Counsel with the suggested changes.
APPROVAL OF MINUTES	Motion was made by Director Bentley, seconded by Director Martin and unanimously agreed to approve the minutes from the June Board Meeting for informational purposes only.
MANAGER OF TECHNICAL SERVICES	Andrea McCleese, Technical Services Supervisor reported on the following:
DAVEY RESOURCE GROUP	Davey Resource Group is currently doing field inventory on the Newfoundland substation, having completed two circuits and are working on the State Route 7 circuit toward Bruin and the State Route 32 circuit toward Elliottville. Robert Brown anticipates Newfoundland Substation meters will be completed by mid-August and then the Sandy Hook substation. We currently have 3 contractors in the field collecting data, and data from four substations have been put on the map.
METERING PROJECT	We are still awaiting responses to the requests for quotes that were sent to Landis+Gyr, Aclara, and Eaton. An Aclara representative returned to give a presentation concentrated on their TWACS PLC product. We are scheduled to visit South Kentucky RECC on August 15 to view their utilization of TWACS. Brian and Andrea went to Buckeye couple months ago and they had just started with TWACS.
SCOTT MCGUIRE	Scott McGuire has passed his PSC certification to become a meter tester and has been promoted to Second Class Meterman.
BILLING CYCLE CHANGES	Notice to the members concerning Billing cycle changes will be in the August Kentucky Living magazine. November will be the first month with two cycle billing.  Andrea read under the heading BILLING in our Rules and Regulations on file with the Kentucky Public Service Commission. Proposed changes would allow for multiple payment due dates and electronic mailing of bills. Members may request only email bills; all bills may be paid at the office of the Cooperative, by mail, telephone, online, automatic draft from a member's bank account or credit card or any other available means.  Members on the Leon Substation and south will pay their bills on the 20 <sup>th</sup> of each month and bills for members north of the Leon substation will be due on the 27 <sup>th</sup> of each month.

MANAGER OF FINANCE AND ACCOUNTING REPORT	Bradley Cherry, Manager of Finance and Accounting, presented the Financial & Statistical Report for May 2017. Mr. Cherry reported on the following:
FINANCIAL & STATISTICAL REPORT FOR MAY 2017	Kilowatt hour sales for the month of May (5/21-6/20/17) were four 4.10% under budget. Purchases for the time period of 5/1-30/17 were 4.52% under budget. Line loss for the last twelve months was 8.66%. Margins for the month were a positive \$21,689.
T.I.E.R.	May's O.T.I.E.R. was 1.27 and the rolling twelve months O.T.I.E.R. 1.29.
FUEL ADJUSTMENT	The fuel adjustment for the month of May was (0.005565).
ESC	The environmental surcharge for the month of May was 8.77%.
DEGREE DAYS	There were 15 heating degree days in May and 191 cooling degree days for a total of 206 degree day. The average temperature rose about 5° and about 10° for next month.
LINE LOSS	Line loss booked was (3.72%), matched to East Kentucky's booked 5.01%. The matched total year-to-date was 5.6% and EKPC's booked year-to-date was 8.66%.
BILLS BY COUNTY	The percentage of bills by county are: Carter (30%), Greenup (28%), Elliott (24%), Rowan (11%), Lawrence (5%) and Lewis (2%). The number of bills mailed was 15,405 compared to 15,358 in May 2016, an increase of 49.
219 ANALYSIS	At the August Board Meeting, Bradley will present where we are on our work plan projects and where we stand with all of our numbers on the 219 analysis.
CAPITAL CREDITS	Twelve (12) capital credit applications were paid in July in the amount of \$11,440.86. Year-to-date paid for 2017 we have paid seventy-nine (79) Capital Credit Accounts totaling \$76,751.39. We have twenty-one (21) outstanding incomplete capital credit applications.
RETIREMENT PLAN	We received the signed retirement plan reinstatement from NRECA. A Resolution was signed in April or May allowing President Fraley to sign the retirement plan reinstatement.
KRTA	The Key Ratio Trend Analysis (KRTA) will be held over until the August Board Meeting.
HUMANA INSURANCE-POST 65	Mr. Cherry presented the Humana Insurance plan for our post retirement employees/spouses over 65 for Part D, which Medicare doesn't cover. The proposed quote for 2018 is \$325.61 per retiree and we currently are paying \$318.24, an increase of \$7 (2.7% premium increase) including any premium adjustments for Obama Care. If the proposed medical act passes there are some ACA fees they don't have to charge, which would decrease the premiums. If it stays the same, the ACA health insurer fee of \$40 per member has to be paid.  Motion was made to approve the renewal of the Humana Insurance plan for retired employees on Part D by Director Whitt, second by Director Martin and unanimously agreed upon.

APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR MAY 2017 Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve the Financial and Statistical Report for May 2017 as presented, for informational purposes only.

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

PSC ANNUAL REPORT The yearly PSC Disconnection and Reconnection Report for July 1, 2016 – June 30, 2017 was filed. She reported 447 members were disconnected and 207 members were reconnected. The highest off service bill disconnected was \$3,537.19 and the lowest was \$69.05.

PREPAY SUMMARY  
644 Active PrePay Accounts  
17 Inactive Accounts  
Average Balance on accounts (\$42.24)  
Average kWh Usage – 37 a day  
Total Number of Payments in 30 days – 3,009  
Average Payment - \$33.15  
Total Payment Amount - \$99,742.95

DEBT MANAGEMENT There are 48 active PrePay accounts with Debt Management.  
Total amount in Debt Management is \$14,327.25  
Total payments called for DM in past 30 days - \$2,544.60  
7% of active accounts have Debt Management. They are:  
Under \$100=13    \$100-\$199=11    \$200-\$299=7  
\$300-\$399=9    \$400-\$499=6    over \$500=2

ENERGY AUDITS For the months of May and June, Tina did twelve energy audits, four heat pump audits, two Touchstone Energy home audits, two HVAC duct seal audits, three CARES (for low income homes) and three billing insights. There were 13 recycling appliances requested for pick up. Energy Star appliance rebates filed: 6 clothes washers, 7 dishwashers, 7 refrigerators and 8 heat pumps. An email was received today regarding an Energy Star manufactured home purchased. Tina will be checking to see if it will be on our lines.

SCHOOL/COMMUNITY PROGRAMS We sent three kids on the Washington Youth Tour and they thoroughly enjoyed it.  
  
This was the first year for Camp Co-op with 15 kids for 3 days and it was a hugh success gendering serveral articles, some publicity and phone calls. Safety program was presented at Grahn Community Center in July.

ANNOUNCEMENTS The following announcements were made:  
July 24 – Readifest in Greenup County  
July 27 – Carter City Elementary Camp  
July 31 – Blaine Readifest  
August 4 & 5 – Shrine Club Horse Show, Olive Hill  
September 1 – Kids in the Races at Greenup County Fair  
September 16 – Honor Flight – 2 veterans from Greenup County and Roger Kitchen will be a guardian for one veteran  
September 28 & 29 – Lineman’s Rodeo at Jackson Energy  
  
Kim will give the Annual Meeting budget and expense report and the Christmas budget at the August Board 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	<p>The following safety meetings were held during June:</p> <p>June 5 – Brian Poling, Manager of Technical Services, turned the meeting over to Nancy Madden, Division Assistant of Operations, who went over the Emergency response plan on fire alarms, bomb threat, face to face/violent confrontations, tornado and earthquake. She told everyone where all fire extinguishers and exit routes were located and explained how to use a fire extinguisher. All first aid kits are to be up to date. Kyle Clevenger reminded everyone to work safe and have a good day</p> <p>June 12 – Priscilla Sparks, Executive Assistant, read the 2-page Foreword of the new Safety Manuals and distributed the new manual to all employees. She asked everyone to read their manuals and stay safe. Kyle Clevenger reminded everyone to be careful and have a safe day.</p> <p>June 19 – Robert Brown, Geographical Information System Technician, let Julie Lewis showed video of the workers and participants of Camp Co-op that was held last week at our office. Carol Ann Fraley presented Steve Bush and Scott McGuire Certificates of Training for Electric Metering School. Kyle Clevenger asked everyone to keep clutter off of the dash of vehicles, place tools in proper places in the trucks and to be careful.</p> <p>June 28 – Sherry Buckler, Manager of Accounting and Human Resources, turned the meeting over to Charlie Lewis, KAEC safety instructor for June. He discussed the New APPA Safety Manual changes that have went into effect and showed slides of accidents that involved injuries to other co-ops. Kyle Clevenger requested everyone to check their gloves and to be careful and watch over each other.</p> <p>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.</p>
CONSTRUCTION	Construction built one hundred two (102) new work orders, which included twenty-two (22) services added and three (3) services retired, for the month of June. They worked zero (0) hours of overtime.
OVERTIME HOURS	The Maintenance Department worked five hundred fourteen (514) hours of overtime in June. Number of work order overtime hours worked by maintenance was sixty-six (66) hours. The Engineering Department worked zero (0) hours in June.
DELINQUENT NOTICES	The Maintenance and Construction Departments had 114 delinquents for July. Ninety-five (95) cards were issued to be disconnected and 17 accounts were disconnected by remote meter. Field personnel disconnected an additional 2 meters for a total of 19 disconnects. Seven (7) accounts were reconnected on July 10 <sup>th</sup> . On July 11 <sup>th</sup> there were 2 meters disconnected. A total of 3 meters was reconnected.

CONTRACT CREWS

The two (2) Pike crews have been working in the following areas:

Tony Seagraves – ST RT 173, Rowan County  
Bruce Wynn – Alcorn, Greenup County

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 786 trees, cut 907 trees, cut 30,957 feet of brush/line and sprayed 213 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 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 Greenup County  
3 spray crews in Carter County

1 Smith Tree Service – circuit crew in Elliott County on Ruin

ENGINEERING REPORT

The Engineering Department released ninety-five (95) prints consisting of 1,838 feet of primary line and 2,254 feet of service wire. We currently have ten (10) new services to be staked and two (2) to be drawn. There are twenty-six (26) miscellaneous jobs to be staked or drawn.

RUS WORKORDERS

Motion was made by Director Martin, seconded by Director Rice and unanimously agreed to approve the following 219 RUS Work Orders for the months of January, February and March 2017 in the amount of \$570,945.53:

January 20167	Work Order No. 1260	\$182,949.61
	Work Order No. 1261	\$ 11,753.53
February 2017	Work Order No. 1262	\$130,517.96
	Work Order No. 1263	\$ 13,884.67
March 2017	Work Order No. 1264	\$214,199.46
	Work Order No. 1265	<u>\$ 17,640.30</u>
	Total	<u>\$570,945.53</u>

PIKE ELECTRIC

Kyle reported we have two Pike crews working. Tony's crew is doing a good job and no problem. The second crew was having difficulty keeping men and are doing a lot better. The third crew is not working satisfactorily. Kyle told Pike in early spring that he needed a crew by the first of June and we didn't get the third crew until July 5<sup>th</sup>, which consisted of foreman, apprentice and truck driver. This created a problem due to lack of production and lack of experience. The third crew has been dismissed. We may have to go outside of Pike to get the work finish. Pike Electric's contract is through December 2018.

President Fraley pointed out our work plan has projects that need to be done at a certain times, due to weather, farming issues, our meter reading programs and other factors. Pike is causing problems with our timeline by not providing a qualified productive crew. She has been working with Legal Counsel Scott and Mike Norman, RUS field rep, on what our remedies are under the current contract. Mr. Norman said we could have more than one

PIKE ELECTRIC (CONTINUED) company working with us. Legal Counsel suggested a letter to Pike Electric as to why the third crew was dismissed, due to lack of experience and lack of production. Legal Counsel said we can do this under page 11 of the contract, which would give Pike Electric twenty (20) days to remedy the problem and they can't do it. They have said so. Mike Norman says we can go to other contractors, but they have to sign a contract like Pike did. Bradley mentioned that we have to invite three contractors to meet FEMA requirements.

Her proposal to the Board, was to contact other contractors to see if they were interested in bidding on pole changes, transformer banks and miscellaneous work that needs to be done hot. The new contract will be on a specific job(s), and will not alter Pike's contract.

We have talked to Prichard and they are not able to bid. New River is interested. We will also check with Davis Elliott, B & B and Prichard. We think the sheer production will make up for a lot of the extra expense, therefore breaking pretty even. In the meantime we may read another substation, producing more work. If Pike cannot produce the manpower to do the work that is required in the work plan, there is no choice but to bid out individual work.

President asked if she needs a letter from Pike stating they cannot fulfill the balance of the contract in order to eliminate the twenty days in the contract.

Legal Counsel Scott says, under the contract, we must give them written notice of their deficiencies and give them 20 days to correct them. Ronnie Gilbert has been here with us two or three times in regards to this. Legal Counsel Scott states that Pike is liable if we have to pay more to a new contractor.

Director Dupuy asked President Fraley and Kyle Clevenger to get the dates and write a letter. Legal Counsel stated to email telling them what to do and documentation back and forth. President Fraley said she is especially concerned about contractor's employees that are unqualified. We are responsible for their safety and she has seen cases go to PSC and the Coops are getting fined.

#### RADIO TOWERS

The radio tower in Greenup County has been torn down and removed by Adam Wells. Herb Rice, Lab-Tronics, thinks he may have a buyer for the Lawrence County radio tower.

#### COLUMBIA GULF

Columbia Gulf has been energized. They have 90 days to perform all inspections. We have had a good working relationship with Columbia. We may invite them to a board meeting, as it may be hard to get clearance to go on their site.

#### JOHN CLARK OIL

John Clark Oil has applied for service at Pleasant Valley for three meters.

#### GRAVEL QUARRY

A gravel quarry will be going in at the end of State Route 801.

#### CORRAL PARK

We have an ongoing issue with Corral Park with their right-of-way. Their right-of-way is very overgrown. Eight animal outages were reported in July and one equipment related outage due to an animal was reported. President Fraley is thinking of taking all tree wire down. We have engaged an engineer to look at this situation.

CITY OF VANCEBURG The Electric Plant Board of the City of Vanceburg mailed a check for their residual of \$3,611 which is \$400 more than last year. They have 12 new members and lost 2 members for the period of July 1, 2016 – June 30, 2017. The check they sent in 2015 was for \$2,500.39 and in 2016 it was \$3,226.88. A list of the members is mailed with the check.

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS BAD DEBT WRITE-OFFS Motion was made by Director Trent, seconded by Director Whitt and unanimously agreed to approve one hundred nineteen (119) new memberships and retirement of ninety-four (94) existing memberships for June 2017.

Motion was made by Director Bentley, seconded by Director Trent and unanimously agreed to charge off \$3,170.19 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 Bentley and unanimously agreed to approve the President’s business expense of \$87.24, Director’s business expenses of \$6,621.64 and Attorney’s business expense of \$7.00.

PRESIDENT’S REPORT President Fraley reported on the following:

ALAN ZUMSTEIN The May 26, 2017 board minutes reflected that Alan Zumstein would be receiving a \$2,500 increase for his audit fees. The actual fee is \$250.

A motion was made to reflect in the minutes the correct dollar amount of \$250 as the standard increase for Alan Zumstein’s audit fees by Director Bentley, seconded by Director Arrington and unanimously agreed upon.

MOUNTAIN MEETING President Fraley went to Licking Valley yesterday for the Mountain Meeting. The topic of health care came up and is a big issue with rate increases. The PSC is saying coops should pay for their employee’s health care and employees should pay for a percentage of the family.

The Mountain Meeting participants were really interested in our annual meeting and most likely more will be going to the day long meetings. A lot of them asked about Camp Co-op and seem to be interested in doing that.

MAPPING The mapping will finish up this summer and we will start on a metering project.

RIGHT-TO-WORK There are some right-to-work issues that could affect our union contract.

WAGE & SALARY Dan Bruning will be here in October to do a wage and salary plan.

NRTC GRECC received a check from NRTC in the amount of \$157.19 for patronage capital.

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

Sat in with President Fraley, Bradley Cherry, Kim Bush and Andrea McCleese and reviewed the Bylaws.

Reviewed the Columbia Gulf contract and made some suggestions. This contract has been signed.

Reviewed the Smithfield contract and made some suggestions.

LEGAL COUNSEL’S REPORT (CONTINUED) Reviewed Pike Electric contract and make some suggestions, which was discussed earlier in the meeting.  
Oher routine things with President Fraley and phone calls.

KAEC DIRECTOR’S REPORT Director Whitt reported the following on attending KAEC’s July Board Meeting:  
  
The meeting was held at the Marriott East.  
Financial Report: The YTD Consolidated Margins of \$2.2M (\$33K excluding gain on sale of Bishop Lane property). The gain was on selling the property and paying off the employees that left. The professional fees were \$140, 000.  
New Board Members: Two new board members were seated, Dennis Holt, South Kentucky RECC and Linda Grimes, Nolin RECC.  
DRK Committee Update: Bryron Crawford was chosen for this year’s award of Distinguished Rural Kentuckian.  
NRECA Director Election: Mike Williams was reelected as the Kentucky representative to the NRECA board of directors.  
President’s Report: ERMCO had assigned \$3.2 million in capital credits to KAEC and had retired approximately \$1 million to be given to KAEC by September 15, 2017.

EKPC DIRECTOR’S REPORT Director Arrington reported:  
  
Residential power is more competitive in recent years with our 16 member systems.  
KY power requested 15% rate increase making coops lower in rates.  
Mark Horn reported the impact of using coal from the Illinois Basin region at Spurlock Station.  
Probably 20-25 bidding on Illinois Basin and range from \$25 - \$50. Shows mercury, ash, arsenic, by burning low coal eating up parts in plant.  
Tony Campbell is in DC with Scott Pruitt.  
Governor Bevin appreciates EKPC and the work they have done.

THANK YOU LETTER GRECC received thank you letters from Carter Christian Academy and the Carter County Fair Livestock for 2016 and an invitation to the auction on August 7, 2017.

DONATIONS President Fraley presented to the board for their consideration the following donation requests:  
  
Special Olympics – 3 LED light bulbs - will follow up on  
Greenup County Livestock Committee \$ 500  
Elliott County Cross Country/Track Field \$ 100  
Elliott County Tobacco Festival \$ 150  
Pathway – 11<sup>th</sup> Golf Scramble –hole sponsorship \$ 100  
Quilt of Valor for Veterans \$ 100  
Carter Co. Fair Youth Livestock Auction – CF attends  
Special Olympics – will follow up on  
KY ST Police – Trooper Island Golf Tournament \$ 100  
\$1,050

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

NRECA 2017 REGIONAL MEETING VOTING DELEGATE      The NRECA 2017 Regional Meeting Voting Delegate is currently and will be Director Trent with Director Bentley as Alternate Voting Delegate. The Regional meeting is October 12-13 in Chattanooga, Tennessee.

KAEC VOTING DELEGATES AND DIRECTORS - 2017      The Voting Delegates to the 2017 KAEC Annual Meeting and Board of Directors for 2018 will remain unchanged. Chairman Dupuy will be the Voting Delegate and Director Trent will be the Alternate Voting Delegate. The 2017 KAEC Board Members are President Fraley and Director Whitt.

MEETING ATTENDANCE      There was no new upcoming meeting to report.

BOARD MEETING DATE      The August Board Meeting will be held on Friday, August 25<sup>th</sup>.

ADDITIONAL BUSINESS      Director Martin stated [REDACTED] received a letter and thinks he needs his deposit back. This line has been retired.

ADJOURN      Chairman Dupuy adjourned the meeting at 12:07 p.m.

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Harold Dupuy, Chairman

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Billy E. (Eddie) Martin, Secretary/Treasurer

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W. Jeffrey Scott, Legal Counsel

On August 25, 2017 at 9:03 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 Martin 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 reported on the following:
DAVEY RESOURCE GROUP	Davey Resource Group has completed 45,262 GPS points as of August 19th. There are currently three men working on the Sandy Hook Substation. They are expected to finish next week and will move to Mazie.
FUTURA	<p>Futura has mapped five of thirteen of the substations with Elliottville entered last. Robert is checking on three of the four Carter City Substation circuits and plans on having it delivered to us in 2-3 weeks. As we receive data it automatically updates the maps on the men's laptops.</p> <p>Brian and Robert Brown went to Futura's Users Conference last month. Next year plans are to take Scott Speaks so he can get more training on staking and newer features.</p>
MOBILE SERVICELINK	A Mobile ServiceLink is used by men to get updates for more accurate locations for their service order as we receive more mapping data. This is making their truck travel more efficient by planning their daily routes using the maps.
CARRYMAP	The service men are able to search anything about a customer and their location, even without cellular coverage by using "CarryMap". This aids in locating trouble calls more quickly, as well as measuring line footage for right-of-way estimates.
SOUTH KENTUCKY RECC	<p>Brian Poling, Steve Bush and Andrea McCleese visited South Kentucky to see their AMI (Advanced Metering Infrastructure) equipment. They have been using TWACS Power Line Carrier, since 2010. Plans are to visit Clark Energy, who currently use the Landis+Gyr RF system.</p> <p>We are still awaiting estimates from vendors. Easton has asked for meeting to present their quotes. Plans are to present quotes to the Board in September.</p>
ALAN ZUMSTEIN – AUDIT	<p>Alan Zumstein, CPA, presented the Management Letter and the results of the Audit for the Fiscal Year for June 1, 2016 through May 31, 2017. He stated the following:</p> <p>The Financial Statement was found to be in good order and reflected a good clean opinion.</p> <p>Equity is 34% of our assets. East Kentucky contributes to approximately 15% of our equity.</p>

ALAN ZUMSTEIN - AUDIT  
(CONTINUED)

Income statement shows energy (kWh) sales has decreased, like other Kentucky coops. Revenue decreased about \$180,000 and operating cost of power decreased about \$220,000. Looking at the operating expenses, less the power bill, basically there were no percentage changes from last year to this year. He said the Cooperative has done a good job controlling our operating expenses in light of no growth in sales.

Residential sales decreased 9% resulting in revenue loss of \$2.3 million. Times Interest Earned Ratio (T.I.E.R.) is 1.2% this year compared to .51% last year. Patronage capital refunded was approximately \$190,000. The money flow shows the majority spent on plant additions.

We advanced more from FFB on our long term debt. The composite interest rate is 2% and should stay low.

We paid an advance on our NRECA pension plan a few years ago, which keeps the contribution steady. We are fortunate not to record the liability on our books. Director Arrington questioned the 20% we are liable for and its equivalency, which is one five hundredth out of 600 co-ops.

Mr. Zumstein was very pleased with the results of our inventory. There were no audit adjustments made. Overall the audit went well. Mr. Zumstein's detailed report was followed by offering to answer any questions the Board might have. No questions were asked.

Motion was made by Director Rice to accept the 2016-2017 Financial Audit as presented, seconded by Director Martin and unanimously agreed upon.

NRECA has selected us to participate in a field audit. Mr. Zumstein will perform the audit while he is here.

FINANCIAL AND  
STATISTICAL  
REPORT FOR JUNE 2017

Bradley Cherry, Manager of Finance and Accounting, presented the Financial and Statistical Report for June 2017 as:

Kilowatt hour sales for the month (6/21-7/20) were 1.19% above budget. Purchases for the time period of (6/1-30) were 4.7 % under budget. There was only one (1) kWh difference between last year and this year. Line loss for the last twelve months was 6.51%. Year to date margins were (\$472,793) compared to budgeted (\$787,813).

T.I.E.R

T.I.E.R. was 2.28 for the month and the year-to-date O.T.I.E.R. was zero (0).

FUEL ADJUSTMENT

The Fuel Adjustment for the month was a credit of (0.004803).

ESC

The Environmental Surcharge was 11.27%.

DEGREE DAYS

There were 318 cooling degree days and 0 heating degree days.

REVENUE SUMMARY

Our two large powers, Smithfield and the Elliott County Prison, are over 1,000 kVA each. Together they contribute to 2,723,047 kWh's of the total 20,538,661 kWh we sold. Columbia Gulf will help with revenue, but our largest revenue sales comes from residential.

AE8 LOAN

Bradley presented a summary of the below AE8 Loan sheet, showing where we are in our work plan. See top of page 3.



AE8 LOAN (CONTINUED)

Work plan to Date - Thru 6/12/17						
						Budgeted
	Number	Budget	Cost	Budget	Unit Cost	Unit Cost
Retirements	678	0	\$ 8,731.62	-		
New Line Extensions	612	888	\$ 1,684,827.96	\$ 3,261,906.00	\$ 2,752.99	\$ 3,673.32
Tie Lines	0	0	-	-		
Major Projects	0	0	\$ 2,491,534.43	\$ 2,853,380.00		
Meters	3772	13296	\$ 858,121.38	\$ 2,130,684.00	\$ 227.50	\$ 160.25
Transformers	685	1188	\$ 672,632.79	\$ 2,294,076.00	\$ 981.95	\$ 1,931.04
Other Special Equipment (padmount)	0 98	0 0	- \$ 195,745.96	- -		
Service Upgrades	68	220	\$ 149,913.02	\$ 444,272.00	\$ 2,204.60	\$ 2,019.42
Sectionalizers	124	0	\$ 182,296.09	\$ 1,691,463.00		
Regulators	0	0	-	\$ 593,920.00		
Pole Replacements	874	1688	\$ 3,080,557.63	\$ 6,074,690.00	\$ 3,524.67	\$ 2,410.75
New Security Lights	756	888	\$ 534,466.83	\$ 563,880.00	\$ 706.97	\$ 635.00
Minor Items		0	\$ 240,990.13	-		
<b>Total Routine</b>			<b>\$ 7,608,283</b>	<b>\$ 17,054,891</b>		
<b>Major Projects</b>			<b>\$ 2,491,534</b>	<b>\$ 2,853,380</b>		
<b>Total Work plan</b>			<b>\$ 10,099,818</b>	<b>\$ 19,908,271</b>		
as of :						
<b>Total Advanced to Date</b>			<b>\$ 4,000,000</b>	<b>\$ 7,688,920</b>		
<b>Amount Encumbered - not advanced</b>			<b>\$ 3,688,920</b>			
<b>Yet to be Encumbered</b>			<b>\$ 11,636,080</b>			
<b>Total Loan</b>			<b>\$ 19,325,000</b>			
<b>Unadvanced Loan Funds</b>			<b>\$ 15,325,000</b>			

We have spent approximately \$10 million and still have \$8.2 million in our work plan, as far as work goes, and \$15 million to draw down on.

No change as of April on our work projects. We have spent approximately \$5 million dollars on our regular projects and compared to what we had budgeted for, we were over budget \$282,000 due to the Newfoundland and Stark line costing more due to a problem that was run into. The work plan is good. The total loan amount of \$19,325,000 for the work plan does include \$675,000 for

AE8 LOAN (CONTINUED)	mapping, which they consider a separate loan. We have only drawn down \$4 million dollars and will probably draw more down toward the end of the year.
CUSTOMERS BILLED	We billed 15,452 consumers in June compared to 15,398 last year. By county, bills mailed were: Carter 4,588 (30%), Greenup 4,352 (28%), Elliott 3,665 (24%), Rowan 1,755 (11%), Lawrence 781 (5%) and Lewis 311 (2%).
CAPITAL CREDITS	Capital credits paid were 20 applications totaling \$19,700.46. Year to date we have processed 99 applications year to date paid totaling \$96,451.85. We have 16 outstanding applications that are incomplete.
BUDGET	<p>Budget midpoint for this year is coming in well under budget. We will need to purchase a remit processor for mail, three in green for 2018 – MDM2. Futura light integration and FieldPro will be moved to the 2018, along with blacktop over the hill</p> <p>January – June operating: a lot of FFB interest is low variable rate; treasury has went up causing our interest to go up.</p> <p>We need to pay \$2.25 million off a year on our debt. If we spend \$19 million we will be about equal to what we spend on our work plans. If interest starts going up we can refinance, fixed term to variable terms and scale back on our work plan. If our \$1.5 million with CFC, doesn't maintain T.I.E.R. of 1.5, we have to borrow all money from CFC, which is concern to Director Martin. There is no indication at this time of interest rates changing to where it would affect us.</p>
HEALTH BENEFITS	<p>Rates on retirement health insurance increased 2.5%. There will be a 3% increase for retirement, medical insurance rate and it will be going up 2.95%, a \$26,000 increase for the year. With two employees retired and one retiree dependent removal, there was a decrease of around \$2,500, so there will not be a medical increase. NRECA has the best plan with the premium and coverage that suits our employees and retirees needs.</p> <p>Motion was made by Director Martin to accept the insurance rate proposal as presented, seconded by Director Whitt and unanimously agreed upon.</p>
APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR JUNE 2017	Motion was made by Director Bentley, seconded by Director Whitt and unanimously agreed to approve the Financial and Statistical report for June 2017 as presented, for informational purposes only.
MANAGER OF MARKETING & MEMBER SERVICES	Kim Bush, Manager of Marketing and Member Services gave her report.
ANNUAL MEETING BUDGET	<p>The budget for the Director's election was \$10,500 and final cost was \$6,000. The projected budget for annual meeting was \$46,000 and we spent around \$36,252. We had 2 more members register than last year.</p> <p>The percentage per county attending was 51% from Carter; 29% Elliott; 16% Greenup; 2% Lawrence; 2% Rowan and less than 1% from Lewis. Kim will immediately start planning on the 2018 annual meeting. Next year, three counties could have elections, and postage will be going up, so the cost will be more.</p>
CAMP CO-OP	Camp Co-op with fifteen kids involved was a success. We talked to them about safety, conservation, solar energy and other Coop related issues. Camp

CAMP CO-OP (CONTINUED) Co-op was featured in an article in the Kentucky Living magazine, NRECA picked up the story, as well as Touchstone Energy.

CHRISTMAS BUDGET Mrs. Bush reviewed the Christmas Activities and Service Awards Budget in the amount of \$18,200. Motion was made by Director Martin and seconded by Director Rice to approve the Christmas budget. The vote was unanimous.

PREPAY SUMMARY We have 654 active PrePay accounts with 15 inactive accounts. The average balance is (\$40.83). We received 3,164 payments in 30 days averaging \$32.03 per payment. Total payments received totaled \$101,346.68. PrePay continues to grow each month.

DEBT MANAGAEMENT We have 49 active accounts with Debt Management totaling \$15,863.03. Seven percent of active accounts have Debt Management. We have:

Under \$100 – 8	\$100-\$199 – 14	\$200-\$299 – 9
\$300-\$399 – 5	\$400-\$499 – 9	over \$500 – 4

ENERGY EFFICIENCY Tina’s audits included 12 Energy Audits, 2 CARES, 1 Commercial Lighting Audits, and 1 Billing Insight. There was 4 appliances recycled. There were Energy Star rebates on 5 clothes washers and 1 on Energy Star heat pump.

SCHOOL PROGRAMS Blaine Elementary School Readifest – 300 students; Peggy Wells and Julie (donated school supplies)  
Carter City Elementary Camp – 25 kids  
Shrine Club Horse Show – awarded 5 medals/trophies  
KCU – welcome back 200 students

ANNOUNCEMENTS September 1 , Greenup County Fair – Kids in the Fair  
September 15, company picnic at Co-op  
September 16, Honor Flight – Veterans, Harlen Scaggs and Benjamin Carter, Roger Kithchen, guardian  
September 16, Welcome Home for Honor Flight at Lexington Airport  
September 22<sup>nd</sup>, fish fry with the Board  
September 28-29, Lineman’s Rodeo, Shelby Energy  
October 9, Columbus Day, office will be closed for our annual cleaning day  
October 10<sup>th</sup>, GRECC hosting Grayson Chamber – GRECC’s cooperative month.  
October 10<sup>th</sup>, hosting the First Responders Training session with KAEC.  
December 8<sup>th</sup>, 6 p.m., Service Awards Dinner

Flu shots have not been scheduled.

Director Arrington said tours would be available at the EKPC solar farm. Some sections have been completed in case the directors or staff would like to go.

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 3 – Kim Bush, Manager of Marketing & Member Services, turned the meeting over to Bradley Cherry, who went over the Warehouse Project Improvement Plan concerning the total adjustments and contributing factors. Kyle Clevenger went over safety suggestions from our recent RESAP evaluation. He also said we were short-handed and with the hot weather everyone needed to watch out and take care of each other.

July 12 – Bradley Cherry, Manager of Finance and Accounting, turned the meeting over to Robert Thornton from KAEC. He discussed safety questions and went over policies regarding the questions. Kyle Clevenger asked about decibel testing on chain saws and other small equipment. Kyle asked everyone to work safe and have a good week.

July 17 – Kyle Clevenger, Manager of Operations, started the meeting with a fire drill and everything went very well. The 2017 Lineman's rodeo team was selected, Bryan Rogers, Shane McDavid, Steven Burton, Tony Brewer and Justin Staniford. Kyle notified everyone that on July 24<sup>th</sup> East KY Power will have transmission lines between Newfoundland and Mazie out of service and Newfoundland will feed out of Sandy Hook and Leon and Mazie will feed out of Skaggs Switching Station at Terryville. This will take approximately 180 days. Kyle reminded everyone to work safe.

July 31 – Mike Martin, Assistant Manager of Operations, read an article on Don't Blame People for Human Error from Incident-Prevention. Four human errors were Mistakes, Mismatches, Non-Compliance or Violations, and Slips and Lapses. Kyle Clevenger reminded everyone to get all inspections in for the first of the month and to be careful and watch over each other.

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

## CONSTRUCTION

Construction built one hundred twelve (112) new work orders, which included twenty-one (21) services added and fourteen (14) services retired for the month of July and worked zero (0) hours of overtime.

## DELINQUENT NOTICES

There were one hundred three (103) delinquents for August. Eighty-four (84) cards were issued to be disconnected and nineteen (19) accounts were disconnected by remote meter. Field personnel disconnected an additional three (3) meters for a total of twenty-two (22) disconnects. Eight (8) accounts were reconnected on August 8<sup>th</sup>, one (1) meter was disconnected on August 9<sup>th</sup> making a total of two (2) meters reconnected.

## OVERTIME HOURS

The Maintenance Department worked six hundred thirty-nine (639) hours of overtime. The Engineering Department worked zero (0) hours of overtime.

## CONTRACT CREWS

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

Tony Seagraves – State Route 173, Rowan County  
Bruce Wynn – Alcorn, Greenup County  
Kenny Anderson – July 5-27, Pole Changes, 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 1,253 trees, cut 816 trees, cut 57,460 feet of brush/line and sprayed 225 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 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 Greenup County
- 3 spray crews in Carter County

1 Smith Tree Service, circuit crew in Elliott County on RT 556, Ruin

ENGINEERING REPORT The Engineering Department released one hundred twenty-six (126) prints consisting of 14,907 feet of primary line and 2,505 feet of service wire.

They currently have four (4) new services to be staked and four (4) to be drawn. There are twelve (12) miscellaneous jobs to be staked or drawn.

PIKE ELECTRIC The Board inquired about how Pike Electric were working out. President Fraley and Mr. Clevenger replied that they were satisfied for the time being.

MAPPING We plan on preliminary work on metering. We need a CPCN, approved by the Public Service Commission and that should take about six months.

Money is budgeted in the work plan for metering to buy meters ahead. We need 3<sup>rd</sup> generation and will have to get permission from PSC to do this. We hope to start buying meters following the 6 months process with PSC. This has to be staged to not violate any PSC rules. If we have money left over we want to see if we can amend the work plan on this.

CORRAL PARK President Fraley gave an update on Corral Park. In July we had 8-9 outages due to animals in Corral Park. It is time to place it in the right of way rotation. Jim Bridges evaluated the proposed project and strongly suggested it to be fixed now. The cost would be approximately \$450,000. We will start the right-of-way the second week in September on the left side of the subdivision and will be ground to sky, 40 feet wide. Next phase will include pole replacements. We will see what we can cost share with the telephone and cable companies due to their attachments and the disrepair of their lines. In the spring we will do the right side of the subdivision. A letter will be mailed to residences on the left side notifying them of the plan. Mike Norman, NRECA Field Rep, said the plan allows us to do this.

WAGE & SALARY EVALUATIONS Evaluations for wage and salary is always September 1. Dan Bruning will be here in October. The Planning and Review Committee will meet in November. Any increases will be retroactive.

BAYSO BAR The Bayso Bar next door has loud music and Pat McGuire called complaining. We are considering having it surveyed and have a fence put up. Their patrons drive across the grassy area beside the office and often drop bottles, needles and other trash. They also annoy our renter with loud music.

BILLING CYCLE CHANGE	Our billing change begins in November. There will be some effect with fuel charge. The Public Service Commission ordered East Kentucky Power to change the way they billed for the Fuel Charge and it will make a difference in our own bills.
BLACK TOP	The black top on top of the hill will be resealed at a cost of \$6,000.
██████████	A letter was mailed to ██████████. A note will be put on the account stating ██████████ was unaware of the line removal and when he does build a house he would be considered for one thousand feet of wire put back without cost.
APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS	Motion was made by Director Martin, seconded by Director Trent and unanimously agreed to approve ninety (90) new memberships and retirement of ninety-three (93) existing memberships for July 2017.
BAD DEBT WRITE-OFFS	Motion was made by Director Bentley seconded by Director Trent and unanimously agreed to charge off \$1,997.66 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 \$213.77, Director's business expenses of \$15,085.42 and Attorney's business expense of \$20.65.
PRESIDENT'S REPORT	President Fraley reported she covered her items throughout the meeting in each department.
LEGAL COUNSEL'S REPORT	Legal Counsel Scott reported that all of his items was discussed earlier.
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.
SOLAR FARM	EKPC's Solar Farm construction is on track and getting attention. When completed, Coop Solar Farm One will feature 32,300 solar panels capable of producing up to 8.5 megawatts. As of August 1, almost 10,000 solar panels had been installed. For a one-time payment of \$460 per panel, members of EKPC's 16 Coops can purchase power produced by these units.
SOLAR ENERGY	Mike Steffes, President & CEO ACES Power Marketing, discussed solar energy's growing share of the US power generation market which is driven by falling prices, improving technology and government incentives, and mandates.
KY COAL ASSOCIATION	Presentation was made from KY Coal Association's Tyler White. The coal industry has lost nearly 12,000 jobs in the past decade.
EKPC MARGINS	The margins are running about the same.
EKPC CAPITAL CREDITS	Mr. Campbell thought EKPC would pay some capital credits next year.
THANK YOU NOTES	We received a thank you note from the Ronald McDonald House in Winchester and Lexington.

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

The Galaxy Project – 1 <sup>st</sup> annual monster dash 5K run/walk	\$50
Kentucky Christian University – men/women golf tournament	\$50
Hope’s Place – golf scramble – hole sponsorship	\$100
Carter City Elementary School – fall festival	\$50
Unity Baptist Church – Blaine Autumn Festival	\$100
Blaine High School Reunion – alumni scholarship	\$125
Lawrence County Food Bank – donation	\$250
Greenup County Cheerleader – golf scramble	\$100

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

CFC MEETING Director Whitt will serve as the voting delegate and Roger Trent as the alternate at the CFC Meeting.

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

Joe Sargent and Roger Kitchen will be attending a HAZ-MAT Meeting.

Directors will be attending the Regions 2 & 3 Directors School and/or Meeting in Chattanooga, Tennessee on October 11-13, 2017.

The KAEC Annual Meeting is November 14-15 in Louisville.

GRECC BYLAWS Director Martin made a motion to table the Bylaws until next month, seconded by Director Whitt and unanimously agreed upon.

BOARD MEETING DATE The September Board Meeting will be confirmed at a later date.

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

ADJOURN Chairman Dupuy adjourned the meeting at 12:08 p.m.

\_\_\_\_\_  
Harold Dupuy, Chairman

\_\_\_\_\_  
Billy E. (Eddie) Martin, Secretary/Treasurer

\_\_\_\_\_  
W. Jeffrey Scott, Legal Counsel

On September 25, 2017 at 10:00 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 Whitt gave the invocation.

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

**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 fifteen (115) new memberships and retirement of ninety-six (96) existing memberships for August.

**BAD DEBT WRITE-OFFS** Motion was made by Director Bentley, seconded by Director Rice and unanimously agreed to charge off \$1,158.93 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 Martin, seconded by Director Whitt and unanimously agreed to approve the President's business expense of \$891.43, Directors business expenses of \$7,434.37 and Attorney's business expense of \$26.86.

**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 2017 in the amount of \$873,781.13:

April 2017	Work Order No. 1266	\$480,118.11
	Work Order No. 1267	\$961.87
May 2017	Work Order No. 1268	\$224,553.46
	Work Order No. 1269	\$1,580.33
June 2017	Work Order No. 1270	\$160,681.04
	Work Order No. 1271	\$5,886.32
	Total	\$873,781.13

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

**NEW BILLING CYCLE** We have started preparing our members for the upcoming changes in the dates their bills are due in the KY Living Magazine. Billing inserts will be in their October bills. Letters have been mailed to Auto-Pay and Draft accounts and information will be posted on our website and facebook. All billing cycle 1 accounts will receive their bills around the 6<sup>th</sup> of each month and will be due on the 20<sup>th</sup> of each month. Cycle 2 accounts will receive their bills around the 13<sup>th</sup> of each month and will be due on the 27<sup>th</sup> of each month. The due dates will not change due to holidays or weekends. We will be very 'forgiving' in the first couple of months on penalties for those that are not usually late. The November bill will be for forty days.



EKPC RATE DECREASE	A rate decrease from EKPC started last week, as approved by the PSC.
PREPAY AND DEBT MANAGEMENT	PrePay and Debt Management continues to grow and more people may go on PrePay.
HONOR FLIGHT	Roger Kitchen and two Korean War Veterans from Greenup County flew to Washington D.C. September 16 <sup>th</sup> on the Honor Flight. They saw the memorials and monuments honoring veterans. Roger was guardian for Veteran Harlan Skaggs.
ENERGY EFFICIENCY	Tina Preece has been busy with energy audits. She completed one Touchstone Energy Home. Consumers have filed twenty-two appliance rebates filed online. We sold thirty EKPC solar panels at a cost of \$13,000 to Matt McGinnis in Greenup County. Director Trent asked how the mowing under the panels will be maintained. We do not have that information.
COMMUNITY PROGRAMS	Carter County Field Day was last week with Tony Brewer and Julie Lewis attending.
ANNOUNCEMENTS	The following announcements was made by Mrs. Bush: Carter County 4 <sup>th</sup> grade conservation at Camp Webb – October 2 and 3 Hosting the Grayson Area Chamber of Commerce at GRECC – October 10 First Responder Training at GRECC – October 10 <sup>th</sup> at 6:00 p.m. Service Awards Dinner at Olive Hill Historical Society – December 8th
TECHNICAL SERVICES	President Fraley reminded the Board that we have been preparing for the discussion of vendor selection for the new metering program. Our proposed timeline would have presented quotes to the Board at the October 2017 Board Meeting. However, the Employee Committee is prepared to make a recommendation today. Once the vendor has been selected by the Board and we have permission from the Public Service Commission, we can start on the metering program upgrade.
METER PROGRAM	Brian Poling reported a committee of four employees worked on this program since the Board approved a study in January 2017. The Committee heard presentations from four vendors. Those vendors were Aclara, Eaton, Sensus (in partnership with NRTC), and Landis+Gyr. Two weeks after the presentation by Sensus, NRTC informed us that their partnership had ended. The Committee chose not to solicit a propagation study from Sensus. The Committee asked for propagation studies from the other three vendors.  After visiting other utilities that utilize these vendors' technologies and evaluating the quotes, the Committee narrowed the choices to Aclara's TWACS (a power line carrier technology) and Landis+Gyr's Gridstream RF (a radio frequency technology). Aclara's Synergize (a radio frequency technology) required access to approximately thirty-five (35) 150' towers, which was not a viable option. Eaton's RF mesh network required 986 collectors, each requiring access to cellular data. This system was not a viable option for our territory due to lack of cellular coverage. It also would be an expensive monthly cost for 986 cellular data plans.  The Committee also asked the staff to rank features of AMI by importance. The top ten items were: longevity, security, remote disconnect/prepaid,

METER PROGRAM  
(CONTINUED)

reliability and maintenance, future capabilities, server environment, GIS and software integration, pinging of meters and Demand/time of use reporting.

Commented [PS1]: ETER

From the beginning, the Committee's approach has been to remain neutral in its selection. Based on the fact that this upgrade is necessary due to Landis+Gyr's discontinuance of products and the perception that they would be most expensive, the Committee believed that we would be changing vendors.

After receiving the vendor budgetary quotes, we decided there were advantages to having remote disconnect switches on all single phase meters. The vendor quotes were recalculated to include remote disconnect switches on all single phase installations. Additionally, an estimate for materials and labor were included in an attempt to make the quotes comparable. The calculated bids are as follows:

Landis+Gyr Gridstream RF	\$3,380,410.80
Aclara TWACS	\$4,284,980.68
Eaton	\$4,743,124.40
Aclara Synergize RF	\$7,162,453.24

The RF technology allows for growth and flexibility in the future with potential distribution automation. It also allows the potential for gas and water utilities to read their meters across the RF network providing additional revenue to the Cooperative.

We have spoken with Mike Norman, RUS Field Representative, who said we would be able to finance 100% of the project through RUS. Currently, we have \$1.2 million remaining in the current work plan for meter upgrades. The remaining balance would be financed in the next Construction Work Plan.

Based on staff input, evaluated costs, and viability, it is the Committee's recommendation to contract with Landis+Gyr for their Gridstream RF solution.

LANDIS & GYR QUOTE

Director Martin made a motion to accept the Landis+Gyr quote, seconded by Director Bentley and unanimously agreed upon.

DAVEY RESOURCES

We are currently focusing on GPSing Mazie and the oil well. They are at Terryville. Bill DeLong will be with Davey next week to help locate oil wells.

CAPITAL CREDITS

In September we paid 8 accounts totaling \$9,675.72 and we have 15 outstanding capital credit applications. This year we have pad capital credit account totaling \$106,127.57.

FINANCIAL REPORT

Bradley Cherry, Manager of Finance and Accounting presented the Financial & Statistical Report for July 2017. Mr. Cherry reported on the following:

FINANCIAL & STATISTICAL  
REPORT FOR JULY 2017

Kilowatt hour sales for the month of July (7/21-8/20) were 8.27% over budget. Purchases for the time period of 7/1-30 were 6.60% under budget. Line loss for the last twelve months was 7.33%. Margins for the month were (\$123,799) and the budgeted year to date (\$644,378).

T.I.E.R

The monthly Operating T.I.E.R was .45 with the rolling 12 month O.T.I.E.R 1.04.

FUEL ADJUSTMENT	The fuel adjustment for the month was (0.006429).
ESC	The environmental surcharge was 10.13% for the month.
DEGREE DAYS	We had 286 cooling degree days and 0 heating degree days.
KWH PURCHASES	Director Whitt questioned why we purchased three million more KWH's than sold. Mr. Cherry explained it is due to the billing cycle and the temperature also plays a factor. The average temperature of daily activity was explained. When you purchase more than you use that is our line loss. The billing cycle change will help with more accurate temperature and sales.
APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR JULY 2017	Motion was made by Director Tent, seconded by Director Martin and unanimously agreed to approve the Financial and Statistical Report for July 2017, as presented for informational purposes only.
CRC	We received from CRC a patronage allocation for fiscal year 2016 in the amount of \$833,712 with a check for the pro-rata portion of \$506. The current balance is \$7,238.80.
UUS PATRONAGE	We received from UUS the 2016 patronage dividend allocation of 20%. The allocation was \$1,351 and the 20% was a check in the amount of \$270.
KAEC PATRONAGE	We received a check for 20% of the 2016 patronage dividend allocation of \$10,937 from KAEC in the amount of \$2,187.
CFC	We received a certificate from CFC's fiscal year 2017 for patronage capital in the amount \$18,982.01 and retirement of \$9,491.01
EKPC	Bradley reported that EKPC has decreased the cost of each KWH sold by \$.00252 by EKPC.
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.
CONSTRUCTION	Construction built one hundred thirteen (113) new work orders, including thirty (30) services added and nine (9) services retired for the month of August and worked zero (0) hours of overtime.
OVERTIME HOURS	The Maintenance Department worked two hundred seventy-one (271) 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	There were 123 delinquents for September. Ninety-five (95) cards were issued to be disconnected and 28 accounts were disconnected by remote meter. Field personnel disconnected an additional 5 meters for a total of 33 disconnects and 12 accounts were reconnected on September 7 <sup>th</sup> . September 8 <sup>th</sup> there were 5 meters disconnected. A total of 3 meters was reconnected.

CONTRACT CREWS

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

Tony Seagraves – State Route 173, Rowan County  
Bruce Wynn – Alcorn, Greenup County  
Clyde Russell Thompson – miscellaneous pole changes  
One crew went to Texas for two weeks.  
One crew went to Florida for one week.  
Our crew went to Georgia for one week.  
Alcorn will be finished this week and will be starting on Lost Creek this week.  
Tony is almost finished and would have been finished if he had not been sent to Texas by Pike.  
We will be ordering material for 201 South this week.

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 980 trees, cut 627 trees, cut 33,650 feet of brush/line and sprayed 216 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 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 Greenup County  
3 spray crews in Greenup County

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

ENGINEERING REPORT

The Engineering Department released one hundred six (106) prints consisting of 22,098 feet of primary line and 1,975 feet of service wire. We currently have two (2) new services to be staked, two (2) to be drawn and twelve (12) miscellaneous jobs to be staked or drawn.

SAFETY REPORT

The following safety meetings were held during August:

August 7, Brian Poling, Manager of Technical Services, showed helpful tools to search consumers and different structures in UPN by using the Futura Catalyst map. Carol Ann Fraley read our Safety Improvement Plan for 2017 and gave us an update on Pike Construction. Kyle Clevenger went over two accidents that involved Priscilla Sparks and Mark Hutchinson. He requested everyone to watch over and take care of each other.

August 15, Andrea McCleese, Technical Services Supervisor, turned the meeting over to Robert Thornton with KAEC. He showed a power point on Distractive Driving, Do Not Talk, Text, or Look off While Driving. He also went over changes made by the Department of Transportation regarding the CDL drivers. Kyle Clevenger requested everyone to be careful and watch over each other.

August 21, Priscilla Sparks, Executive Assistant, turned the meeting over to Carol Ann Fraley, President and CEO. She went over our primary metering accounts and billings for Greenbo and Carter Caves State Parks. She stated

SAFETY REPORT  
(CONTINUED)

that we will soon be working on the new work plan contract and union contract. Kyle Clevenger requested everyone to be careful and have a safe week and watch out for other people during the eclipse.

August 28, Robert Brown, Geographical Information System Technician, presented a power point on Working with Stress and How to Manage Stress and Reducing Job Stress by Taking Care of Yourself, Prioritizing and Organizing and Improving Emotional Intelligence. Kyle Clevenger requested everyone to be careful and have a safe week and watch out for each other.

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.

RESAP CERTIFICATE

We received our certificate of safety achievement for RESAP.

CORRAL PARK

██████████ came to see President Fraley. She keeps Legal Counsel Scott up to date on everything. ██████████ wants us to cut his trees to his specs and wants GRECC to come back when asked at no cost to him. He was told he would have to pay for any additional work and that we have our own specs and rules that is commonly used, approved by the Commission, the KY Vegetation Management and that we would not be doing anything different for him than anybody else. Legal Counsel read from a case that referred to the National Electric Code, SECTION 218 in regards to vegetation and maintaining the growth of vegetation. President Fraley said she talked to the Public Service Commission about our policy on forty feet right-of-way and she was told that whatever the company's common practice is to do what she would do for anybody else in regards to cutting right-of-way.

SAFETY PROGRAM

Our safety program has good attendance and attention, and we try to involve a lot of people in our programs. Some will volunteer for the program.

BREAK FOR LUNCH

The Board broke for lunch at 12:25 p.m. and reconvened at 1:30 p.m.

PRESIDENT'S REPORT

President Fraley reported on the following:

KAEC LINEMAN'S RODEO

we will leave Wednesday afternoon, September 27, 2017, for the KAEC 2017 KY Lineman's Rodeo. Priscilla has all the information for those attending.

Herbie Steagall will be judging this year and the men volunteering for the competitions are Bryan Rogers, Steven Burton, Shane McDavid, Tony Brewer and Justin Staniford. The men have had little time to practice due to going to Georgia to assist in storm work.

2017 BOARD MEETINGS AND  
EVENTS CALENDAR

President Fraley went over the updated 2017 Proposed Board Meetings and Events Calendar. The updated calendars were handed out to everyone.

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PROPOSED BOARD MEETINGS AND EVENTS 2017

Staff Meeting to discuss AMI selection	Friday, September 22	8:30 a.m.
Planning and Review Committee to discuss AMI Selection <i>CANCEL – This Was Board Approved Today, September 25, 2017.</i>	Thursday, October 19	9:30 a.m.
Dan Bruning to conduct Wage and Salary Study	October 25, 26, 27 Wednesday, Thursday, Friday	all day
Board Meeting - vote on Metering Plan	Monday, October 30	9:00 a.m.
Staff Meeting to discuss Wage and Salary Plan	Friday, November 3	8:30 a.m.
Union Negotiation Session	Tuesday, November 7	8:30 a.m.
Planning and Review Committee to discuss Wage and Salary Plan	Wednesday, November 15	9:00 a.m.
Negotiating Committee to discuss Union Contract	Thursday, November 16	9:00 a.m.
Board Meeting /vote on Union Contract and Wage and Salary	Wednesday, November 29	9:00 a.m.
Staff Meeting to discuss Budgets	Tuesday, December 5	8:30 a.m.
Planning and Review Committee to discuss Budget	Thursday, December 14	9:00 a.m.
Board Meeting /Vote on Budget Approval	Thursday, December 21	9:00 a.m.

CLEANING DAY                      President Fraley asked the office to be closed for Columbus Day, October 9, 2017 for the annual fall cleaning of offices, outside cleaning and cleaning of files.

Director Trent made a motion to allow the office to be closed on October 9, 2017 for cleaning, seconded by Director Martin and unanimously agreed upon.

HEALTH INSURANCE                Director Arrington asked if we would be interested in EKPC insurance. President Fraley didn't think so, but would ask for a copy of their policy to read.

COMMITTEES                        The Planning and Review Committee is Eddie Martin, Chair; William 'Billy' T. Rice, Roger Trent and Harold Dupuy, ex-officio.  
The Negotiating Committee is Jimmy Whitt, Chair; Kenneth Arrington; Jim Bentley; and Harold Dupuy, ex-officio.

GREENBO LAKE STATE            A couple of years ago President Fraley had a billing issue with an employee on Greenbo Lake State Park and it happened again. There are expenses with GLSP that were not invoiced.

BUDGET MEETING                 The staff will be having a 2018 budget meeting in October prior to the October Board Meeting. We are trying to keep everything at a minimum and hoping to hold off a rate increase. There are some things we don't need in this budget and will be winterizing the maintenance office. The blacktop was sealed in front and back of the office. We purchased a truck from McFarland Murray.  
Director Trent suggested the front porch entrance be replaced.

MAZIE TOWER                      We are having trouble locating the owners of the Mazie tower. Former Lab-Tronic owner would like to purchase it. President Fraley will ask Legal Counsel Scott and his office to attempt to locate the Ison's.

KAEC DIRECTOR'S  
REPORT

Director Whitt presented the following to the Board:

Income to date for the business is \$31,000.  
Co-Bank, Luke Gaines presented a check in the amount of \$15,000 for the 2017 Statewide Contribution.  
Legislative visits are in January at Buffalo Trace.  
The new office building has no place to have a board meeting.  
A suggestion was made to lay off three employees at Kentucky Living; Tammy Simmons, Paula Sparrow and an 75 year old employee. They will receive 8 weeks severance, plus sick leave and vacation built up.

EKPC DIRECTOR'S REPORT

Director Arrington reported the following to the Board:

Experts on federal and environmental regulations stated while the current administration steps slowed, calls for roll back on environmental regulations related to coal fire power plant are still preceding toward compliance, which could pertain to the Spurlock 2 plant. It's on the table at EK and they don't know hardly what to do, as they have to retrofit the Spurlock 2 to gas, or take a chance and wait on the next president. The good thing is the depreciation is good until 2030.

They are trying to change wet ash to dry ash. They are trying to store it and bring it over to Spurlock, if they should close Cooper.

Rest of the meeting went toward a couple of hours of insurance.

Margins and equity running the same as usual.

Cleaned out some old policies:

Board Policy 205 Investments – Cruise handles and he hedges a lot.

DONATIONS

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

Vanceburg Lions Club – 5 <sup>th</sup> Annual Heritage Fest	\$100
Carl W. McCoy – Olive Hill Nat'l Guard Armory Reunion	\$150
Nicholas Yancy Nischan Foundation – sponsorship Funtober Fest	\$125
East Carter FFA – Farm Safety kickoff sponsor for ECHS & WCHS	\$250
Elliott County 4-H Livestock – purchased goat	\$400
Big Sandy RECC – Wade May Memorial Scholarship Golf Scramble	\$50
Lewis Co Softball – Lewis Co. High School – golf scramble	\$50
Grayson Fire Department – sponsor Rescue & Recovery Dive Team	\$50
Rowan County Christmas	\$100
Lewis County Public Library	\$100
Vanceburg Lions Club – veterans	\$100
Ell. Co. Bd. of Ed. - Lakeside School– scoreboard sponsorship	\$200
Gerald Maggard Holy Roller - donation	\$50

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

MEETING ATTENDANCE

Meetings presented for attendance this month:

The Regions 2 and 3 Meeting is October 12-13, 2017, in Chattanooga, TN.

President Fraley will be attending the Mountain Meeting October 23, 2017 at Fleming Mason Energy.

MEETING ATTENDANCE (CONTINUED)	<p>We may host a meeting for the Public Service Commission on LIHEAP Training, as they are not holding a Statewide meeting this year.</p> <p>KAEC Annual Meeting, Louisville, KY, November 20-21, 2017, Directors Trent, Rice, Dupuy, Whitt, Arrington, Bentley and staff Bradley Cherry, Kim Bush, Priscilla Sparks and President Fraley. Directors Martin and Arrington may be taking education classes.</p> <p>NRECA Director's Winter School is in Nashville, TN, December 1-6, 2017. Directors Martin, Trent, Dupuy, Whitt and Bentley plan on attending.</p>
VOTING DELEGATES TO CFC DISTRICT 3 MEETING	<p>Director Whitt will serve as the Voting Delegate to CFC District 3 Meeting on October 12-13, 2017 in Chattanooga, TN, and Director Trent will serve as the Alternate Voting Delegate.</p>
2017 KAEC ANNUAL MEETING VOTING	<p>Chairman Dupuy will serve as the voting delegate to the 2017 KAEC Annual Meeting and Director Trent will serve as the alternate voting delegate.</p>
DELEGATES AND 2017 BOARD MEMBERS	<p>President Fraley and Director Whitt will serve as the 2017 KAEC Board Members.</p>
BOARD MEETING DATES	<p>The October Board Meeting will be Monday, October 30, 2017.</p>
ADDITIONAL BUSINESS	<p>Director Martin asked to table the Bylaws until the October Board Meeting. Chairman Dupuy said there was a consensus of a change or two.</p>
ADJOURN	<p>Chairman Dupuy adjourned the meeting at 2:27 p.m.</p>

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Harold L. Dupuy, Chairman

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Billy E. (Eddie) Martin, Secretary/Treasurer

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W. Jeffrey Scott, Legal Counsel



On October 30, 2017 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 Trent, seconded by Director Martin and unanimously agreed to approve the minutes from the September Board Meeting for informational purposes only.
MANAGER OF TECHNICAL SERVICES	Brian Poling, Technical Services Supervisor, gave the IT Department report.
DAVEY RESOURCE GROUP	Davey Resource Group has almost completed the field inventory on our system. There will still be someone in the field checking the data for a while. We also will have two people in the Pactolus, Warnock and Low Gap area collecting additional pole attachment data. We changed the way we wanted the attachments counted before they started Argentum, therefore the data on the first three substations will be changed. State Route 201 and couple of oil wells remain to be completed. To date we have spent \$532,952.22 on the project. Our budget was \$800,930.
PSC-CPCN-AMI PSC CASE # 201-00419	<p>We have submitted an application to the Public Service Commission for our proposed AMI upgrade. The PSC has given us a case number of 2017-00419. We also received the 'Acknowledgement Letter' and the 'No Deficiency Letter' meaning the application was properly filed. We expect to answer additional questions on a conference call.</p> <p>Someone with the Attorney General's office called Legal Counsel Scott and he was unavailable. He will return their call and set up a date and time for the conference call.</p>
CYBER SECURITY RISK ASSESSMENT	We have contracted NetGain Technologies to conduct a Cyber Security Risk Assessment. They will be onsite Wednesday and Thursday of this week then evaluate us by remote for the next few weeks. Chairman Dupuy said at the Regions 2 & 3 Meeting the speaker's topic, IT3 Cyber Security Program, had an app that could pick up your cell number/info.
MICROSOFT AUDIT	<p>Microsoft informed us last week that we have been chosen for an audit of all our Microsoft Products and Licenses. They ask for certain information to be returned by the 8<sup>th</sup> of November. Due to the large amount of time required to gather the information, we have asked for an extension.</p> <p>Other cooperatives who have been asked in the past to do the same. Those who ignored the request received a visit from Microsoft's investigation team and ultimately paid fines to Microsoft for violations.</p>
ANITA BELLEW / PEGGY SKAGGS	Brian said that Anita Bellew has moved from the billing department and will serve as Billing Administrator. Peggy Skaggs has become the AMI Administrator, a new position that is needed with the mapping program.

ANITA BELLEW/  
PEGGY SKAGGS  
(CONTINUED)

President Fraley said that leaves four employees In the Member Service Service Department. Our two new billing cycles should spread the work load for those four to handle the work. Half of the work will be done the first two weeks. Then the second cycle will be due and finish the last of the month.

It looks as though EKPC will stop sponsoring Demand Side Management programs and Tina Preece will handle high bill complaints, assist in the Member Services Department and home energy audits. Her job description will need to be redone. We have four additional people answering the phones: Nancy Madden, Caitlin Hutchinson, Sue Roberts and Julie Lewis.

RIGHT-OF-WAY EASEMENTS

President Fraley asked Legal Counsel Scott for his advice on handling GRECC's right-of-way easements. Many easements cannot be identified with current property descriptions. We have many out of state property owners and also a lot of property owned by more than one family member or partner. We are asking all new property owners to provide us with a new Right-of-Way Easement.

Legal Counsel Scott felt we should get an easement on all property owners, and record then along with other easements we have that are not already recorded. The recording fee is \$13 per easement. This establishes a contractual relationship between member and GRECC.

██████████

We received a call from ██████████ regarding work we had done on his property. He would like to be reimbursed for any damages. Upon advice from Legal Counsel Scott, President Fraley notified Federated Insurance.

FINANCIAL REPORT

Bradley Cherry, Manager of Finance and Accounting, presented the Financial & Statistical Report for August 2017, as follows:

FINANCIAL & STATISTICAL  
REPORT FOR AUGUST 2017

Kilowatt hour sales for the month of August (8/21-9/20) were -11.19% over budget. Purchases for the time period of 8/1-30 were -1.62% over budget. Line loss for the last twelve months was 8.23%. Year to date margins were (\$803,167) with the budgeted amount of (\$686,207).

SALES AND PURCHASES

Sales were down (11.19%) and purchases were down (1.62%). This has to do with line loss and temperature data. Next month he will present the last two years of sales and purchases. November thru January and June and July are our kWh sales months. The 2017 projected margins are (\$546,886). Chairman Dupuy pointed out we lost \$400,000 since last year and thinks it would be interesting to see the difference over a 5 year period. Mr. Cherry stated we are \$600,000 off of what our average usually is.

MOUNTAIN GROUP

When the Mountain Group met last week everyone discussed the impact of low usage and kWh sales. Licking Valley, may have to go in for another rate increase after the one they were awarded a few months ago. Big Sandy went in for an increase of \$21.25 on customer charge and hardly anything on kWh. The customer charges for Ohio, Indiana and Tennessee are between \$40 and \$60.

T.I.E.R

The monthly O.T.I.E.R is (1.41%) and the rolling 12 months average is 0.76 O.T.I.E.R.

FUEL ADJUSTMENT

The fuel adjustment factor for the period was (0.006213).

ESC

The environmental surcharge was 9.86%.

DEGREE DAYS	There were 159 degree days; 133 cooling degree days and 26 heating degree days for this period. There was a 6.1 degree difference from last year to this year.
CONSUMERS BY COUNTY	For the month of August the number of bills by county was: Carter 4,607 (30%), Elliott 3,686 (24%), Greenup 4,368 (28%), Lawrence 782 (5%), Lewis 313 (2%) and Rowan 1,771 (11%), an increase of 69 bills.
CAPITAL CREDITS	We paid fifteen (15) capital credits applications in October in the amount of \$16,067.97. The total number of deceased estates paid to date is one hundred twenty-two (122) for a total of \$122,195.54. We have fourteen (14) incomplete applications at this time.
RATE INCREASE	Due to a (\$600,000) deficit, we are possibly going to look at a rate increase, using 2017 as a test year. We will need a Cost of Service Study. Once this is done, the PSC will allow us to structure our rate case.
PLANNING REVIEW COMMITTEE MEETING	The Planning and Review Committee will meet on November 15, 2017 at 9:00 a.m. to review our Wage and Salary Study.
APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR AUGUST 2017	Motion was made by Director Bentley, seconded by Director Whitt and unanimously agreed to approve the Financial and Statistical report for August 2017 as presented, for informational purposes only.
RESOLUTION AUTHORIZING THE AMENDMENT OF THE NRECA 401(K) PENSION PLAN ADOPTION AGREEMENT "A" RUS#: 18061-001; 18061-002	As part of our 401(k) plan the Co-op each year contributes an amount that coincides with the long term disability plan. Next year our long term disability rate goes from \$.0618 per \$100 to \$.0645. We have to change our Employer Based Contribution percentage and that requires a Board Resolution. The Resolution will state the increase shall be from .7416% of the Participant's Base Compensation to .7740% from this year to next year.

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RESOLUTION AUTHORIZING THE AMENDMENT  
OF THE NRECA 401(K) PENSION PLAN ADOPTION  
AGREEMENT 'A' RUS#: 18061-001 18061-002 (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, 2018, 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 increased from .7416% of the Participant's Base Compensation to .7740% of the Participant's Base Compensation. All other Plan provisions shall remain unchanged.

**BE IT FURTHER RESOLVED**, that the Board does hereby authorize and direct Carol Hall-Fraley, the President & CEO or her designee, 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 30<sup>th</sup> day of October, 2017, 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 30 day of October, 2017.

(Seal)

  
(Signature of Secretary)

Motion was made by Director Trent to approve the proposed Resolution Authorizing the Amendment of the NRECA 401(k) Pension Plan Adoption Agreement "A" RUS#: 18061-001; 18061-002 as presented, seconded by Director Martin and 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 5 – Sherry Buckler, Manager of Accounting & Human Resources, turned the meeting over to Robert Brown who presented a power point on Fire Extinguisher Safety and explained where all the extinguishers were at the Co-op. Kyle Clevenger reminded everyone that it is wet outside and to be careful with slips, trips, and falls.

September 12 – Kim Bush, Manager of Marketing and Member Services, turned the meeting over to Robert Thornton with KAEC. He presented a power point on Basic Work Zone Traffic Control and Flagger Refresher Training. He also encouraged Material Handling, check all materials used, “Inspect, Inspect, Inspect”. Chris Mosier had prayer for Jamey Withrow, Justin Staniford, Ryan Rice, and Bryan Rogers that will be going to help our sister Co-op in Georgia with storm work. Kyle Clevenger reminded everyone to be careful this week.

September 18 – Bradley Cherry, Manager of Finance and Accounting, turned the meeting over to Tina Preece who presented a power point on Net Metering, Member’s Responsibility, Grayson’s Responsibility, and the Cooperative Solar Project. Certificates were given to Justin Staniford for Basic Skills Workshop and Roger Kitchen and Joe Sargent for Haz-Mat Refresher. Kyle Clevenger reminded everyone to be careful this week.

September 25 – Kyle Clevenger, Manager of Operations, was in charge of meeting. Gina Damron and Kenny Redmond with Dr. Gupta’s office was here to administer flu shots to the Board members and employees.

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 forty-two (142) new work orders for the month of September and worked zero (0) hour of overtime.

OVERTIME HOURS

The Maintenance Department worked five hundred ninety-eight (598) hours of overtime during the month of September. The Engineering Department worked zero (0) hours of overtime.

DELINQUENT NOTICES

There were 186 delinquents for October. One hundred fifty-two (152) cards were issued to be disconnected and 34 accounts were disconnected by remote meter. Field personnel disconnected an additional 6 meters for a total of 40 disconnects and 14 accounts were reconnected on October 5<sup>th</sup>. On October 10<sup>th</sup> there were 10 meters disconnected. A total of 0 meters was reconnected.

CONTRACT CREWS

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

Tony Seagraves – ST RT 173, Rowan County. He will be moving to Blaine on ST RT 201.

Bruce Wynn – Alcorn, Greenup County. He moved to Lost Creek, Greenup County the last half of September.

Clyde Russell Thompson – Miscellaneous pole changes. This crew has been let go.

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 593 trees, cut 1,085 trees, cut 42,440 feet of brush/line and sprayed 250 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 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 Greenup County
- 3 spray crews in Greenup County

Bobby Smith Tree Service – circuit crew is working at Corral Park. We will have the left side finished this week.

ENGINEERING REPORT

The Engineering Department released one hundred eighteen (118) prints consisting of 20,247 feet of primary line and 2,486 feet of service wire. We currently have two (2) new services to be staked and two (2) to be drawn. There are approximately seventeen (17) miscellaneous jobs to be staked or drawn.

STATE ROUTE 201 JOB

Director Arrington discussed the ST RT 201 job with Kyle. It stopped at Harris Branch. The next span covers about one tenth to two tenths of a mile to a new house at Raccoon. He thinks there is a creek crossing at the mouth of Raccoon that could be tied together to avoid crossing the creek. Another option might be to bring it along the road, if the state would allow it. Kyle said he would look at the print and check with Joe Sargent.

SCHULTZ – BRIARY R/W

Chairman Dupuy asked Mike Martin if he would look at the Schultz to Briary right-of-way. Mike said there is a tractor working the area now.

██████████

Director Trent asked Kyle if ██████████ was checked and taken care of and Kyle said he was.

MANAGER OF MARKETING AND MEMBER SERVICES

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

NEW BILL CHANGE DATES

The Member Services Department is getting ready for the cycle change coming in November. Over 1,500 letters were mailed to members that utilize our Auto-Pay service as well as Draft on their accounts. We have advertised the changes on our website, facebook page, twitter and with an email blast to all members that have give us an email address.

LIHEAP We are also getting ready for the 2017/2018 LIHEAP season. All employees have been updated on the PSC Rules and Regulations and their requirements have been met. Pre-applications are being taking for the elderly and the sick.

PREPAYS Prepays continue to grow with 688 active prepay accounts.

PrePay Summary:

15 Inactive Accounts  
Average Balance on accounts – ( \$45.15)  
Avg kWh Usage – 28 daily  
Total Number of Payments in 30 days – 2,597  
Average Payment – \$32.39  
Total Payment Amount – \$84,118.32

DEBT MANAGEMENT Debt Management Summary:

64 active accounts with debt management  
Total amount in Debt Management=\$18,035.37  
9% of active accounts have Debt Management  
Under \$100=18                      \$100-\$199=13                      \$200-\$299=11  
\$300-\$399=10                      \$400-\$499=7                      over \$500=5

ENERGY EFFICIENCY Tina is busy with energy audits. Audits performed were:  
12 Energy Audits; 1 Commercial Lighting (in progress); 1 Billing Insights  
Rebates for our members: 3 Clothes Washer; 1 Dishwasher; 1 Refrigerator;  
and Freezers  
We sold 33 Cooperative Solar One panels (3 members).

SCHOOL/COMMUNITY PROGRAMS October 2-3 Robert and Julie worked the Carter County Conservation  
District – 4<sup>th</sup> graders– 500 kids  
October 10 – Carter, Greenup, Elliott and Rowan First Responders – 87  
October 26 - Lawrence County – Blaine Elementary Safe Trick or Treating -  
300 worked by Peggy Wells  
October 7 – Bblaine Autumn Fest – worked by Kenneth and Edna Arrington

ANOUNCEMENTS Dec. 8 – Service Award Dinner 6:00 – 9:00 p.m. Olive Hill Historical Soc.  
Dec. 21 – 12:00 p.m. – Board lunch with the employees

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS Motion was made by Director Trent, seconded by Director Bentley and unanimously agreed to approve ninety-four (94) new memberships and retirement of one hundred four (104) existing memberships for September 2017.

BAD DEBT WRITE-OFFS Motion was made by Director Bentley, seconded by Director Whitt and unanimously agreed to charge off \$2,354.50 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 Rice and unanimously agreed to approve the President's business expense of \$59.51, Director's business expenses of \$6,945.81 and Attorney's business expense of \$.00.

PRESIDENT'S REPORT President Fraley reported on the following:

PROPOSED WRITE-OFF'S

The accounting department gave President Fraley four names to submit to the Board for approval of write-offs on account numbers 142.20 and 142.21. They are:

██████████	- car accident - broken pole at River Park 2014	\$1,080.39
██████████	- car accident - broken pole at Christy Creek 2012	\$1,077.67
██████████	- accident on State Route 2 (7/20/2016) -	\$ 98.20
██████████	- stolen meter (June 2015) - Olive Hill customer using our meter -	\$ 134.33
		<u>\$2,390.59</u>

Total amount asked to be charged off:

Motion was made to write off the four accounts totaling \$2,390.59 by Director Martin, seconded by Director Arrington and unanimously agreed upon.

CALENDAR UPDATES

President Fraley went over the upcoming meeting dates for November and December 2017. The scheduled meeting dates are:

- \*Wednesday, November 1, 10:00 a.m. - EKPC Solar Panel dedication - EKPC - Director Arrington, President Fraley, Tina Preece and Kim Bush will be attending.
- \*Wednesday, November 15, 9:00 a.m. - Planning and Review Committee (Directors Martin, Rice, Trent and Dupuy) to discuss Wage and Salary Study.
- \*Thursday, November 16, 9:00 a.m. - Negotiating Committee (Directors Whitt, Arrington, Bentley and Dupuy) to discuss union contract. President Fraley is having a meeting with the union on Tuesday, November 7, 8:30 a.m. She hopes to have something for the committee to adopt.
- \*Wednesday, November 29, 9:00 a.m. - November Board Meeting. There will also be a vote on the union contract and a vote on the wage and salary plan.
- \*Thursday, December 14, 9:00 a.m. - Planning and Review Committee (Directors Martin, Rice, Trent and Dupuy) to discuss the 2018 budget.
- \*Thursday, December 21, 9:00 a.m. - December Board Meeting and Christmas lunch with the employees.

The Wage and Salary Plan was conducted last Wednesday and Thursday with Dan Bruning from NRECA. He compared our wages to the local co-ops and the job market in Ohio, Kentucky and West Virginia. All staff was involved and worked on job description. We will be presenting the study to the Planning and Review Committee on Wednesday, November 15, 2017.

GREENBO LAKE STATE PARK

President Fraley is working with Greenbo Lake State Park to reconcile some invoices.

RATE CASE

We are going to continue to work on the possibility of a rate case and will keep the Board informed each month.

KAEC VOTING DELEGATES

Chairman Dupuy appointed Director Roger Trent, 2017 KAEC Voting Delegate, Chairman Dupuy, Alternate Voting Delegate, President Carol Hall Fraley and Director Jimmy Whitt as 2018 KAEC Board Members.

OCONEE EMC

Terry Howard, COO at Oconee EMC, Dudley, Georgia, praised Jamey Withrow and his crew for assistance with storm work Hurricane Erma caused in Georgia.



RESAP GRECC received from KAEC a Certificate of Safety Achievement (RESAP) for 2017.

Director Martin mentioned Carl Wright from MACED would pay energy advisors wages for nine months. President Fraley said she would check with Tina.

LEGAL COUNSEL'S REPORT Legal Counsel Scott stated he discussed his report during the meeting.

Legal Counsel asked for permission to attend the legal counsel session at the KAEC Annual Meeting on November 18-20 in Louisville, KY. The Board agreed to him attending the meeting.

KAEC DIRECTOR'S REPORT Director Whitt reported the following:

Handed out KAEC September minutes showing year to date revenue in the amount of \$31,000.

Chris Perry, President, was evaluated by the Board and given a raise.

Handed out KAEC's October's Board Meeting minutes.

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

3 year project to remove ash from Dale Station.

In 2015, 36,000 truckloads of ash was excavated and transported to Dale Station to the landfill at Smith Station. State officials certified that the ash has been removed from several areas of the plant where it had been stored over the years. Last week, over a four day period, crews worked around the clock to remove ash from the sensitive area near the Kentucky River and stack it in former pole yard.

EKPC's solar panels has been completed with 320,000 solar panels installed. More than 400 panels have been licensed. Crews are completing the wiring of feeding the energy to the grid.

Mosier reviewed the option of insuring Spurlock Station to bring into compliance that the regulators was able to meet the governmental impact of coal and ash from the plant.

Rodney Hitch received a Reward of Excellence in Economic Development at the International Economic Development Conference in Toronto, Canada.

Margins and equity running the same.

THANK YOU We received a thank you letter from the Lions Club, Lewis County.

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

Elliott County Archery Team – sponsorship	\$100
First Baptist Church – meals for the holidays	\$125
Friends of the Program – Raider Turkey Trot 5k run	\$100
Project Merry Christmas	\$200

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

KAEC / WIRE MEETINGS Directors that will be attending the KAEC Annual Meeting on November 20-21, 2017 in Louisville, KY are Directors Dupuy, Trent, Whitt and Arrington. Director Arrington will also be attending a class on November 19, 2017. Legal

KAEC / WIRE MEETINGS (CONTINUED)	Counsel Scott will be attending the KAEC Attorney's Meeting on Sunday, November 19 <sup>th</sup> and Monday, November 20 <sup>th</sup> . President Fraley, Kimberly Bush, Priscilla Sparks and Bradley Cherry will be attending the KAEC Annual Meeting and W.I.R.E. Meeting.
BYLAWS	The Bylaws were tabled until the November Board Meeting.
ADDITIONAL BUSINESS	There was no additional business.
BOARD MEETING DATE	The November Board Meeting will be on Wednesday, November 29 <sup>th</sup> .
EXECUTIVE SESSION	President Fraley asked to go into Executive Session at 12:09 p.m.
ADJOURN	Chairman Dupuy adjourned the meeting at 1:04 p.m.

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Harold Dupuy, Chairman

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Billy E. (Eddie) Martin, Secretary/Treasurer

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W. Jeffrey Scott, Legal Counsel

Minutes of the Executive Session of the October 30, 2017 GRECC Board Meeting

On October 30, 2017 Grayson Rural Electric Cooperative Corporation held an executive session during its regular board meeting.

EXECUTIVE SESSION

President Fraley asked to go into Executive Session at 12:09 p.m.

The meeting was in regards to the upcoming union contract.

The meeting was called to come out of Executive Session at 1:04 p.m.

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Harold Dupuy, Chairman

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Billy E. (Eddie) Martin, Secretary/Treasurer

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W. Jeffrey Scott, Legal Counsel

On November 29, 2017 at 9:09 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 Bentley and unanimously agreed to approve the minutes from the October Board Meeting for informational purposes only.
MANAGER OF TECHNICAL SERVICES	Brian Poling, Manager of Technical Services, reported on the following:
DAVEY RESOURCE	Davey Resource Group have three men in the field finishing cleanup of the inventory. Plans are to have the project completed by the end of December.
PSC / AMI / CPCN	<p>Mr. Poling reported on our application to the PSC for the AMI CPCN, since last board meeting.</p> <p>The Commission issued an order outlining the procedures and timeframe for anyone to intervene. November 17<sup>th</sup> was the deadline and no one made application.</p>
ATTORNEY GENERAL	The Attorney General contacted Legal Counsel concerning our redaction in the application, asking for full disclosure to the AG only. It was agreed upon verbally and we are currently awaiting the contractual agreement. Legal Counsel Scott said it was okay to proceed, as they did not intervene.
PSC	The PSC issued their data request concerning this project yesterday. It consists of only four (4) questions with multiple parts to each question. Answers are to be back at the commission on December 14 <sup>th</sup> .
NETGAIN	<p>Mr. Poling turned the meeting over to Andrea McCleese, who talked about NetGain's Vulnerability Risk Assessment Audit and Microsoft Audit.</p> <p>Andrea reported she met with NetGain last month who gathered data for our Risk Assessment, in accordance with NIST standards. There were two parts to the Risk Assessment. The first one was Risk Analysis:</p> <p>1) Risk Analysis had three parts: Administrative Safe Guards, Physical Safe Guards and Technical Safe Guards.</p> <p>A. Administrative Safe Guard – which needs improvement in security awareness and training;</p> <p>a.) BYOD (bring your own devices) and the need for a better board policy;</p> <p>b.) business continuity as related to technology and where we would go in the event our headquarters building was destroyed; and</p> <p>c.) the non-requirement of signing non-closure agreements on personal information we handle.</p> <p>Good marks were given on:</p> <p>a.) complex passwords.</p>

NETGAIN (CONTINUED)	<p>B) Physical Safe Guards – overall was good.</p> <p>a.) we got good reviews on surveillance; limited access to visitors; power management (with backup generation;</p> <p>b.) limiting personal use of internet and computer, as well as work areas with documents exposed.</p> <p>C. Technical Safe Guards – we are not blocking websites from employees that have limited access; encryption of email and data in general and email on personal phones; remote access on personal devices and concern about antivirus protection. We received good reviews on our computer locking after a certain time of inactivity, our firewall, and our antivirus.</p> <p>2) Risk Assessment was second in the Vulnerability Assessment and we received a very good review with very low risk on external network. SilverSky monitors us all the time and blocks anything that try to attack us. We had a couple of vulnerability issues with our hostess domain through our website which will be addressed. One was Touchstone Energy which is a software update. Our internal network in social engineering (emailing) was more at high risk.</p>
MICROSOFT AUDIT	<p>The Microsoft audit is due at the end of this week. They are making sure we are appropriately licensed paying all required fees. We have had an open volume licenses in the past few years on servers and computers for MilSoft, SEDC, Virtualization, etc.</p>
OFFICE & MEMBER SERVICES REPORT	<p>Bradley Cherry, Manager of Finance and Accounting presented the Financial &amp; Statistical Report for September 2017. Mr. Cherry reported on the following:</p>
FINANCIAL & STATISTICAL REPORT FOR SEPTEMBER	<p>Kilowatt hour sales for the month of September (9/21-10/20) were 11.19% under budget. Purchases for the time period of 9/1-30 were 1.62% under budget. Line loss for the last twelve months was 12.95%. Year-to-date margins were (\$2,095,514) and we budgeted for (\$1,028,842).</p> <p>Mr. Cherry noted September is smaller due to the change in the billing cycle. Only Smithfield and the prison were billed on the regular cycle. They reported 10.2% under budget for those ten days. Our purchases for the month of September were down 1.6% with year to date down 10%+. The negative year-to-date two million dollars in margins is due to the change in our billing cycle and lack of sales.</p>
FUEL ADJUSTMENT FACTOR	<p>The fuel adjustment factor for the month was (0.008140).</p>
ESC	<p>The environmental surcharge for the month was 8.80%.</p>
T.I.E.R.	<p>The rolling twelve month O.T.I.E.R. was (0.29) at the end of September.</p>
ELECTRIC CARS	<p>East Kentucky and Grayson Rural Electric are looking at the impact of electric vehicles and their effect on electric rates and usage. They could affect the transformer size due to charging the vehicles, and how will we recoup the investment. One third of vehicle manufacturing is electric. President Fraley said the impact on the member would be a consideration of when we would do this.</p>

**CAPTIAL CREDITS** Twenty four (24) capital credits were issued in the month of November 2017, totaling \$30,312.41. Year to date we have paid \$152,507.95. We have 18 outstanding capital credit applications.

**APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR SEPTEMBER 2017** Motion was made by Director Trent, seconded by Director Whitt and unanimously agreed to approve the Financial and Statistical report for September 2017 as presented for informational purposes only.

**WAGE AND SALARY PLAN / PLANNING & REVIEW** The Planning & Review Committee met on November 15, 2017 at 9:00 a.m. to review the proposed 2017-2018 Wage and Salary Plan. President Fraley read the minutes for Director Martin. Directors Rice and Trent served on this committee with Chairman Dupuy as ex-officio.

Bradley showed a comparison of the COMPensate program (entry, midpoint and end of career). The 3.67% would bring them closer to the minimum in 2018. Nine employees were below the entry level. Adjustments toward the mid-point will start in 2018. If the Board chooses to give 3.67% this year, the cost would be \$48,000 in wages and \$21,723.20 in benefits.

MIN	Market Range			MAX	GRADE
	LWR THD	MP	UPR THD		
\$19,474	\$22,082	\$23,386	\$24,690	\$27,299	1
\$23,307	\$26,481	\$28,068	\$29,654	\$32,828	2
\$27,129	\$30,883	\$32,760	\$34,637	\$38,391	3
\$30,984	\$35,341	\$37,520	\$39,698	\$44,055	4
\$34,872	\$39,855	\$42,346	\$44,837	\$49,820	5
\$38,793	\$44,424	\$47,240	\$50,055	\$55,686	6
\$42,747	\$49,049	\$52,200	\$55,351	\$61,654	7
\$46,732	\$53,729	\$57,228	\$60,726	\$67,723	8
\$50,749	\$58,465	\$62,322	\$66,180	\$73,896	9
\$54,797	\$63,255	\$67,484	\$71,713	\$80,171	10
\$58,876	\$68,100	\$72,713	\$77,325	\$86,550	11
\$62,984	\$73,000	\$78,009	\$83,017	\$93,033	12
\$67,122	\$77,955	\$83,371	\$88,788	\$99,621	13
\$71,290	\$82,964	\$88,801	\$94,639	\$106,313	14
\$75,486	\$88,027	\$94,298	\$100,569	\$113,111	15
\$79,710	\$93,145	\$99,862	\$106,580	\$120,014	16
\$83,962	\$98,316	\$105,493	\$112,670	\$127,024	17
\$88,241	\$103,541	\$111,191	\$118,841	\$134,141	18
\$92,547	\$108,820	\$116,956	\$125,092	\$141,365	19

Director Martin made a motion to adopt the 2017-2018 Wage and Salary Plan retroactive September 1, 2017, seconded by Director Trent and unanimously agreed upon.

Director Martin made a motion to modify the language in the previous motion:

To adopt the Wage and Salary Plan effective September 1, 2017 and, to approve a 3.67% raise to employees for 2017-18 retroactive September 1, 2017, and to give President Fraley a reserve of \$5,000 to be used for merits. She did not spend any of the merit reserve in 2016-17). Motion was seconded by Director Trent, and unanimously agreed upon.

2018 IBEW UNION CONTRACT President Fraley read changes in the proposed union contract effective January 1, 2018.

NEGOTIATING COMMITTEE The Negotiating Committee met on November 16, 2017 at 9:17 a.m. President Fraley read the minutes from the meeting for Chairman Whitt. Mr. Cherry showed a chart reflecting an increase of 50 cents per hour for the first four years, and seventy five cents per hour for the last two years of the contract. Medical insurance would be paid at \$100% by the Cooperative for the life of the contract, in addition to basic life, retirement, 401k, nine holidays, vacation, sick leave, safety incentive, union allowance for FR clothing, an increase of \$1.00 per hour for the Mechanic.

Three grades for the Mechanic's position will be established starting at \$25.82 entry level (or 75% of grade one, \$30.98 or 90% of grade one for second level, and top level at 100% which is \$34.43. Entry level is for the 90 days probationary period. Second and first level will be based on competencies and determined by the Manager of Operations and the Union Steward.

1. The Cooperative will help search for Dental and Optical Insurance Coverage, to be paid for by the employee. The Cooperative withholds coverage costs, as a courtesy for those members who participate.
2. Cell Phone coverage will be \$50, straight for all eligible employees.
3. The Cooperative and the Union agree to work together to keep overtime hours equitably distributed. Language shall be included as follows: Article II, Section 17.

It is the intention of the Cooperative to offer overtime to all qualified employees. Certain classifications such as Metering, Engineering, Mechanic, Warehouseman, Groundmen and Apprentices should be considered for all overtime work for which they are qualified. When calling CRC, Maintenance Leadman and Crew Foremen should be specific when asking for additional help. The 40 hour differential shall be considered at all times. However, restoration of power and service to our members shall remain our top priority.

4. The contract shall commence January 1, 2018 and continue through December 31, 2023.
5. Grayson Rural Electric Cooperative Corporation and Local Union 317 of the International Brotherhood of Electrical Workers, AFL-CIO, agree to abide by the Kentucky Right to Work Law, legislated in 2016.
6. Wages will increase 50 cents per hour in 2018, 50 cents per hour in 2019, 50 cents per hour in 2020, 50 cents per hour in 2021, 75 cents per hour in 2022, and 75 cents per hour in 2023.

Director Whitt, Negotiating Committee Chairman, made a motion to accept the proposed union contract as presented by President Fraley, seconded by Director Rice and unanimously agreed upon.

MANAGER OF MARKETING AND MEMBER SERVICES Kim Bush's report was read by Julie Lewis, Member Service Secretary, who reported on the Marketing and Member Services:

LIHEAP 2017/2018 LIHEAP payments received from:

Northeast	\$61,994
Gateway	\$ 3,724
Licking Valley	<u>\$ 1,246</u>
TOTAL	\$66,964

LIHEAP (CONTINUED)	# of Winter Hardship Reconnects – 1 # of 30-day extentions through LIHEAP – 1
PREPAID	Summary of PrePay's: 690 Active PrePay Accounts Total Payment Amount=\$121,874.72
DEBT MANAGEMENT	Debt Management summary: 60 active accounts with Debt Management Total amount in Debt Management=\$15,556.43 9% of active accounts have Debt Management
SOLAR	Cooperative Solar Farm One Inquiries=2    Total Panel Sales to Date=33
SCHOOL/COMMUNITY PROGRAMS	11/22 – Reality Store—Carter County—500 students 11/15 & 16 – Reality Store—Greenup County—700 students 11/27 – Carter Caves Display Windows for Christmas
ANNOUNCEMENTS	12/8 – Service Awards Dinner at 6 p.m., Olive Hill Historical Building
LICENSE PLATE SALES	Lineman license plate sales totaled approximately \$9,172, an increase of \$500 since 2016.
OPERATIONS REPORT	Mike Martin, Assistant 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.  The following safety meetings were held during October:
SAFETY MEETING REPORTS	October 5 – Carol Fraley, President and CEO, discussed the rodeo and our cleaning day scheduled for Monday, October 9 <sup>th</sup> . Linville Spangler with EKPC was present and was scheduled to perform Substation Restoration.  October 11 – Mike Martin, Assistant Manager of Operations, turned the meeting over to Robert Thornton with KAEC who discussed Hurt Man Rescue, Mayday Calls, Rigging, Tools, and Bucket Truck Rescue and the lower controls on the truck. The men were dismissed to perform Pole Top Rescue. Kyle Clevenger reminded everyone to work safe.  October 16 – Andrea McCleese, Technical Services Supervisor, turned the meeting over to Chase Krigler with KAEC spoke on the Action Committee for Rural Electrification (ACRE) and Political Action Committee (PAC). Breakfast and a gift was given in honor of Boss's Day for Carol Ann Fraley. Kyle Clevenger reminded everyone to work safe and asked for maintenance men to mark the map of their areas where the radio service is not working for East Kentucky.  October 23 – Brian Poling, Manager of Technical Services, turned the meeting over to Cindy Poling, Respiratory Therapist at St. Mary's Medical Center. She discussed the use of Cigarettes and Smokeless Tobacco and had employees to fill out a survey for the evidence of nicotine dependence. She also explained how smokeless tobacco equals up to smoking cigarettes and



SAFETY MEETING REPORTS (CONTINUED) remedies to use to try to stop this addiction. Kyle Clevenger stated that it would be slick and wet outside today and to be careful.

October 30 – Priscilla Sparks, Executive Assistant, asked Nancy Madden to read the Bloodborn Pathogens exposure control plan and asked employees questions. Kyle Clevenger requested everyone to be careful and watch for slips, trips and falls.

CONSTRUCTION Construction built one hundred one (101) new work orders for the month of October which included 22 services added and 2 services retired and no overtime hours.

OVERTIME HOURS The Maintenance Department worked three hundred seventy (370) hours of overtime during the month of October. Engineering Department worked zero (0) overtime hours.

DELINQUENT NOTICES There were zero (0) delinquents for November. Zero (0) cards were issued to be disconnected and zero (0) accounts were disconnected by remote meter. Field personal disconnected an additional zero (0) meters for a total of zero (0) disconnects and zero (0) accounts were reconnected in November.

CONTRACT CREWS We have three (3) Pike crew working:  
Tony Seagraves – State Route 173, Rowan County (finished); State Route 201 Blaine  
Bruce Wynn – Lost Creek Road, Greenup County  
Clyde Russell Thompson – Miscellaneous pole changes

RIGHT-OF-WAY CREWS We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 716 trees, cut 819 trees, cut 26,620 feet of brush/line and sprayed 111 spans of line. The crews are working in the following areas:

- 2 cutting crews in Carter, Lewis and Greenup Counties
- 2 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 Greenup County
- 2 spray crews in Carter County

The Bobby Smith Tree Company has a circuit crew at Corral Park, Carter County. They are almost finished.

ENGINEERING REPORT The Engineering Department released one hundred ninety-one (191) prints consisting of 8,128 feet of primary line and 4,372 feet of service wire. They currently have fifteen (15) new services to be staked, two (2) to be drawn and eight (8) miscellaneous jobs to be staked or drawn.

RIGHT-OF-WAY President Fraley asked the Board how they wanted to handle the recording of right-of-way easements commencing with today and into the future. Director Martin made a motion to start filing the recording of all right-of-way easements and pick up those in the past that have not been recorded, seconded by Director Rice and unanimously agreed upon.

APPROVAL OF NEW MEMBERSHIP & RETIREMENT OF EXISTING MEMBERSHIPS	Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve one hundred fourteen (114) new memberships and retirement of one hundred twenty (120) existing memberships for October 2017.
BAD DEBT WRITE-OFFS	Motion was made by Director Bentley, seconded by Director Martin and unanimously agreed to charge off \$1,421.16 worth of bad debts and turn them over for collection.
APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY 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 \$40.88, Director's business expense of \$10,674.99 and Attorney's business expense of \$.00.
PRESIDENT'S REPORT	President Fraley reported on the following:
WAGE & SALARY	Most of her work time has been spent working on the Wage & Salary Plan and the Union Negotiating Contract.
METERING	A lot of time has been spent with Brian Poling on the metering program proposal. We have three (3) filed with the PSC and the additional information needed by the Commission.
BUDGET MEETING	The budget meeting is scheduled for the 18 <sup>th</sup> December 2017.
██████████	We have been working with Park Priest on the ██████████ lawsuit. Mr. Whitt has retained a lawyer in Lexington, McBrayer McGinnis law firm.
KAEC 2016	We received a check in the amount of \$8,968 for November 2017 dues rebate from KAEC based on the performance of KAEC in 2016.
LEGAL COUNSEL'S REPORT	Legal Counsel Scott reported on the following:
KAEC LEGAL SEMINIAR	He attended the KAEC Legal Seminar. There are some new lawyers in the program; Earl Rogers at Fleming Mason, Marvin Suit retiring. Capital credits were also discussed.
KAEC DIRECTOR'S REPORT	Director Whitt had no report, as the KAEC Annual Meeting was held last week instead of a November monthly meeting.
EKPC DIRECTOR'S REPORT	Director Arrington reported updates given at the EKPC monthly board meeting:  Maintenance is top priority on Spurlock Unit 1. Crews will be working on a major planned outage on Spurlock Unit 2 in September and another one on Unit 1. Largest scheduled outage EKPC has ever seen in manpower (120,000 man hours) and outage. The cost would be \$28.9 million. Crews will shorten planned outage on Spurlock Unit 1. Forced outages caused interruption to the International Paper Plant adjacent to the Spurlock Station. Don Mosier said EKP was working closing with International Paper to assure ongoing communication. CFO Mike McNally, reported on complying with coal combustion residuals (CCR).

EKPC DIRECTOR'S REPORT (CONTINUED) President Fraley said she phone conferenced the Manager's Quarterly Meeting yesterday with EKPC and they discussed capital credits. A lot of Cooperatives oppose this, because they would have to return them to members immediately. They would not improve our T.I.E.R. or O.T.I.E.R. Many suggested pre-paying Smith Plant expenses.

THANK YOU GRECC received a thank you note from Wade May Memorial Golf Scramble and from Hope's Place Child Advocacy Center Golf Scramble.

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

Elliott County Pride Cheer Team	\$100
Sandy Hook First Baptist Church – backpack ministry	\$150
Carter County Community Chorus – Christmas chorus	\$50
KCU – basketball challenge	\$100
Shop With a Trooper – Elliott & Rowan Counties kids	\$200
Grahn School Community Center – family Christmas give away	\$100
East Carter Boys Basketball – tournament	\$250
West Carter Boys Basketball – Jack Fultz Classic	<u>\$100</u>
	\$1,050

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

MEETING ATTENDANCE The following request to attend upcoming meetings were presented to the Board:

Kyle Clevenger, Priscilla Sparks and Nancy Madden are scheduled to attend the 2017 Safety Coordinators' Conference in Lexington, KY on December 7-8, 2017.

Robert Brown leaves for the Management Internship Program in Madison, Wisconsin on December 3, 2017 for two weeks.

The Planning and Review Committee will meet at the Cooperative on Monday, December 18, 2017 at 9:00 a.m.

Directors attending the Winter School in Nashville, TN in December are Jimmy Whitt, Roger Trent, Jim Bentley and Harold Dupuy.

BYLAWS President Fraley said Board Policy 530, Cell Phone Policy, will show a \$50 cell phone allowance in the policy.

BOARD MEETING DATES The December Board Meeting is scheduled for Thursday, December 21, 2017 at 9:00 a.m. and we will have our annual Christmas lunch with the employees following the adjournment of the board meeting.

ADDITIONAL BUSINESS There was no additional business reported.

ADJOURN

Chairman Dupuy adjourned the meeting at 12:52 p.m.

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Harold Dupuy, Chairman

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Billy E. (Eddie) Martin, Secretary/Treasurer

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W. Jeffrey Scott, Legal Counsel

On December 21, 2017 at 9:09 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 Trent, seconded by Director Martin, and unanimously agreed to approve the minutes from the November Board Meeting for informational purposes only.
TECHNICAL SERVICES	Andrea McCleese, reported on the following:
DAVEY RESOURCE GROUP	Davey Resource Group has completed the GIS field inventory. One employee remains in the field checking on questions from the office. They will have all the field inventory data from all substations except Mazie sent to Futura by the end of December. Futura added Leon to the map this week. Airport Road, Newfoundland and Sandy Hook are expected to be added to the map at the first of the year.
AMI PROJECT	The blanket order of all meters has been canceled in preparation of the AMI Project.
PSC / AMI / CPCN	The initial AMI CPCN data request from the Attorney General only had four questions. There was subparts to the four questions. We submitted eight pages back to them and are awaiting their response. President Fraley had some concern on the inventory and Bradley has talked to Alan Zumstein about it.
MANAGER OF FINANCE & ACCOUNTING REPORT	Bradley Cherry, Manager of Finance and Accounting presented the Financial Statistical Report for October 2017. Mr. Cherry reported on the following:
FINANCIAL & STATISTICAL REPORT FOR OCTOBER	Kilowatt hour sales for the month of October (10/01-10/31) were 26.44% over budget. Purchases for the time period of 10/1-31 were 2.53% over budget. Line loss for the last twelve months was 9.85%. Year to date margins were a deficit of (\$306,528.97) compared to the budgeted deficit amount of (\$2,402,043.18). When we switched billing cycles we are 20 days revenue difference (little over 1.4 million dollars) and will be through the end of the year. In January it will be actual month to month.
FUEL ADJUSTMENT	The fuel adjustment for October was (0.010194).
ESC	The environmental surcharge for October was 9.70%.
OCTOBER T.I.E.R.	The T.I.E.R for October was (2.65).  November and December could get us back closer to the breaking even point and hopefully closer to our budget numbers, depending on the weather. Our equity is running at 32%.
BILLS BY COUNTIES	Bills by counties have picked up except for Lawrence County. The month of October was: Carter 4,572, Elliott 3,662, Greenup 4,319, Lawrence 774, Lewis 316 and Rowan 1,770.

- CAPITAL CREDITS We paid seventeen (17) Capital Credits accounts in the amount of \$13,084.32 totaling 163 accounts paid to date in the amount of \$165,592.27. We have seventeen (17) outstanding applications.
- KWH SALES Bradley gave a presentation on kWh sales on President Fraley's account from 2010-2017 with a month by month breakdown. In 2010 usage was 46,315 – a month ago year-to-date usage was 21,564, a 55% decrease. Part of the decrease was due to 2012 MACED program and part of it due to weather. Chairman Dupuy's usage for the same period was presented. His usage went from 27,018 to 16,947, a 27% decrease. Part of the decrease was due to changing out all light bulbs, but most of it was weather related.
- APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR OCTOBER 2017 Motion was made by Director Bentley, seconded by Director Trent and unanimously agreed to approve the Financial and Statistical report for October 2017 as presented for informational purposes only.
- 2018 PROPOSED BUDGET Chairman Dupuy turned the meeting over to Director Martin, Chairman of the Planning and Review Committee, who presented the 2018 Budget. He reported that Bradley Cherry presented the proposed budget December 18<sup>th</sup> to the Planning and Review Committee. Chairman Martin, turned the meeting over to President Fraley to read the minutes of the December 18<sup>th</sup> Planning and Review Meeting, as follows:

MINUTES OF THE PLANNING AND REVIEW COMMITTEE  
December 18, 2017

The Grayson R.E.C.C. Planning and Review Committee met Monday, December 18, 2017 at 9:20 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 reported on plans recommended by the Staff for the 2018 budget. President Fraley explained, that in light of our current financial condition, every recommendation made about the budget was made with that in mind. There were more IT purchases than normal, based on the required Risk Assessment Audit that was done late this fall. The point of the assessment was to help us identify our vulnerabilities, and recommendations were made concerning access by staff, passwords to be changed regularly, cyber security and other methods and programs critical to the integrity of our system. IT requirements and processes change rapidly.

President Fraley called on Bradley Cherry to assist with two budget scenarios. He and President Fraley met with the Staff to determine the needs of their departments for the coming year. All Staff members were cautioned to plan for only what was necessary this year. Once those needs were identified, he prepared two different versions of the budget. One budget contained a \$500,000 reserve for storm trouble and \$100,000 for a cost of service study that would be necessary if we file for a rate increase. Preparation of a new four year work plan was also included. However, the current work plan may be extended for another year. If so, the \$38,000 would be transferred to next year's budget. It is not unusual to extend the work plan, based on the amount of work remaining in the current work plan and how the balance of the loan funds. This plan did not meet our T.I.E.R requirements.

The second scenario did not include \$500,000 for storms. It was noted that, if we don't have any storms, we still would be at less than 1.1 for our T.I.E.R. requirements.

President Fraley said that, as usual, the 2018 budget was based on zero growth. Revenue was based on an average of the past three years. The work plan investment of \$4.175 million is based on the work we have planned for that year. In 2018, the Board will need to be ready to decide whether an addendum or extension will be needed. Permission from the Public Service Commission for our new metering program will play a big part in Board's decision to finish or extend the current work plan.

CFO Cherry handed out a list of specific projects included in the 2018 budget. The budget highlights are:

Work Plan Investment	\$4,175,481
Vehicles	\$ 122,295
Projects/Items for 2018	\$ 146,350

PLANNING AND REVIEW COMMITTEE  
DECEMBER 18, 2017  
PAGE 2

Chairman Martin asked that an overview of the proposed 2018 budget be presented to the Board of Directors at the December 21<sup>st</sup> Board Meeting.

Following thorough discussion, motion was made by Director Trent, seconded by Director Rice to recommend approval of the 2018 Budget to the full Board at the December Board Meeting. Motion was approved unanimously by those present.

Director Martin adjourned at 10:24 a.m.

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

2018 PROPOSED BUDGET      The meeting was turned back over to Director Martin, who made a motion on behalf of the Planning and Review Committee to accept the budget as presented. Motion was seconded by Director Trent and unanimously agreed to approve the proposed 2018 budget as presented.

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 9 – Robert Brown, Geographical Information System Technician, turned the meeting over to Cheyenne Holbrook who led the employees in the Pledge of Allegiance. Julie Lewis presented a video of the Honor Flight and a breakfast was served to honor our Veterans. Kendall Bush, KAEC safety personnel, discussed "Being Your Brother's Keeper, Safety is Not About You It's About Everybody" and "Reach, Extend Reach, and Add Two Feet". Kendall will be retiring January 2018. Bradley Cherry went over our insurance and the annual enrollment. Certificates were presented to Brian Poling and Scott Speaks for attendance at the EKPC/Member System Engineering, Operations & Reliability Conference. Becca Bender and Sherry

SAFETY REPORT  
(CONTINUED)

Conley has successfully completed the Service Excellence Part 4 Courses. President Fraley requested everyone to wear their safety gear and to be careful.

November 13 – Sherry Buckler, Manager of Accounting and Human Resources, read an article on Protecting Workers from Cold Stress. Common types of cold stress, hypothermia, frostbite, trench food, risk factors and how to protect yourself and others and what to do when a worker suffers from cold stress. Kyle Clevenger stated it was damp and cold and to watch out for each other, most of all slips, trips, and falls.

November 20 – Kim Bush, Manager of Marketing & Member Services, turned over meeting to Julie Lewis who showed a video on Thanksgiving Safety. Kyle Clevenger went over Safety Investigations on Carol Ann Fraley and Peggy Wells. The safety committee met and found no safety violations. Kyle asked everyone to watch out for slips, trips and falls.

November 27 – Bradley Cherry, Manager of Finance & Accounting, turned the meeting over to Ann Altieri with Energy Insurance agency. She went over changes to the accident plan and lump sums for critical illness and met with employees to go over any changes that they needed to make. Carol Ann Fraley requested to meet with Union members and staff after the meeting

Mr. Clevenger continues to mention the necessity of ground chains and that a line is not dead until it is grounded.

KAEC SAFETY MEETING

Kyle Clevenger and Nancy Madden attended KAEC's safety meeting in Lexington the first week in December. The PSC has requested that we report if a house fire was caused by electric. If someone hits a pole and goes to the hospital, this also is to be reported.

Federated reported that not wearing gloves and sleeves was the number one cause of accidents.

President Fraley also attended KAEC's safety meeting and they are going to start sharing accident reports statewide. Chris Perry will give a report to the Board every month. Kentucky's incident rate is 50% compared to Federated Insurance's national average of 11% on slips, trips and falls.

FEDERATED INSPECTION

Dave Erwin from Federated was here last week and spent the day in the field checking on crews. He reported to President Fraley that crews and their procedures looked very good.

JAMEY WITHROW

The doctor has taken Jamey Withrow off duty, due to his shoulder which continues to give him problems when he is working.

JURY DUTY

President Fraley wrote a letter to Greenup and Carter County Court Clerks, due to excessive jury duty among the Cooperative's employees. Over 24 employees have been called in Carter County over the past three years. This indicates the lack of random selection. The cost is \$141 in wages for a first class lineman to attend jury duty for ½ day.

CONSTRUCTION

Construction built one hundred thirty-seven (137) new work orders for the month of November and worked zero (0) hours of overtime.



OVERTIME HOURS                   The Maintenance Department worked three hundred eight (308) hours of overtime during the month of November; work order overtime hours was one hundred twenty-eight (128). Engineers worked zero (0) overtime hours.

DELINQUENT NOTICES            There were 147 delinquents for December. Sixty-three (63) cards were issued to be disconnected and ten (10) accounts were disconnected by remote meter on December 7<sup>th</sup> for cycle 1. Fifty-three (53) cards were issued to be disconnected and twenty-one (21) accounts were disconnected by remote meter on December 18<sup>th</sup> for cycle 2. Field personnel disconnected a total of 20 meters and a total of 7 meters were reconnected by field personnel and remote.

CONTRACT CREWS                 We have two (2) Pike crews working.

  Tony Seagraves – ST RT 173, Rowan County and moved to ST RT 201 in Lawrence County  
  Bob Marrow – Lost Creek Road in Greenup County

RIGHT-OF-WAY CREWS            We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew’s trimmed 714 trees, cut 802 trees, and cut 23,410 feet of brush/line and sprayed 76 spans of line The crews are working in the following areas:

  2 cutting crews in Carter, Lewis and Greenup Counties  
  2 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 Greenup County  
  2 spray crews in Carter County

  The Smith Tree Service has a circuit crew at Corral Park in Carter County.

ENGINEERING REPORT            The Engineering Department released seventy-five (75) prints consisting of 1,272 feet of primary line and 1,482 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.

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

LIHEAP                                In November and December we received \$94,082 from LIHEAP, compared to last year’s \$94,935.

PREPAY                                In January delinquents that are within ten days of disconnections, including PrePay’s, can file for assistance with their utility bill. They could receive from \$200 (at a time) up to \$400. Consumers only get the disconnect amount.

  PrePay continues to grow and we currently have 698. The average payment is \$38.86 and the average credit was \$46 in the last 30 days. In the last 30 days we have taken 3,291 payments.

DEBT MANAGEMENT                Out of 749 accounts we have 49 in debt management. Fifteen are under \$100.

PROMOTIONS We currently do not have any promotions on energy efficiency at this time. East Kentucky Power wants us to advertise solar.

AUDITS Energy audits reported by Tina Preece were:  
  
14 Energy Audits, 1 Heat Pump, 1 Button-Up, 1 Billing Insight, 1 Touchstone Energy Home, 1 CARES, 1 Commercial Lighting Complete and 1 Energy Star Heat Pump.

SOLAR One person inquired about solar this month, but no new sales on the solar farm panels.

NET METERING We have 5 Net Metering Accounts and one inquiry this month.

BOOK SPONSORSHIP We have been asked to help sponsor the book, "The Little People's Guide to the Big World". The book is about bullying, drugs, exercise, guns, being different and many other issues facing children today. The books would be given to first graders in 3 Carter County schools (Carter City, Olive Hill and Tygart Creek; 160 books), all 3 of Elliott County elementary schools; 150 books, 1 Greenup County school (Argillite; 57 books), 1 Lawrence County school (Blaine; 30 books), and Carter Christian Academy. The contract is for two years (2018-2019) and the cost is \$800 a year. We can cost share (25%-50%) with East Kentucky Power.  
  
Motion was made to sponsor the book program by Director Trent, seconded by Director Bentley and unanimously agreed upon.

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS Motion was made by Director Rice, seconded by Director Bentley and unanimously agreed to approve eighty-five (85) new memberships and retirement of eighty-three (83) existing memberships for November 2017.

BAD DEBT WRITE-OFFS Motion was made by Director Trent, seconded by Director Whitt and unanimously agreed to charge off \$3,514 worth of bad debts and turn them over for collection.

APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY BUSINESS EXPENSES Motion was made by Director Bentley, seconded by Director Trent and unanimously agreed to approve the President's business expense of \$523.21, Director's business expenses of \$23,191.31 and Attorney's business expense of \$.00.

PRESIDENT'S REPORT President Fraley reported on the following:  
  
This fall she has:  
Completed wage and salary review.  
Finalized union contract.  
Finalized 2018 budget.  
Filed for our metering contract.  
  
She expects to:  
File for a possible rate increase in 2018, if necessary.  
Start planning for a new four year work plan.  
Bid a construction work plan based on the next work plan.  
Make a decision if a new Right-of-Way bid if necessary.

PRESIDENT'S REPORT  
(CONTINUED)

Motion was made by Director Martin, seconded by Director Whitt to give 1.5% increase directly to the right-of-way men. No raise was asked for by the company. Motion carried unanimously.

Motion was made to table the discussion on bidding a new Right of Way Contract until more information was available by Director Martin and seconded by Director Trent. Motion carried.

If no one files for a director seats in Carter, Elliott or Rowan Counties by January 15, 2018, there will not be an election for these seats in 2018.

NRECA GOLD DIRECTOR  
CERTIFICATION

Roger Trent received his Director Gold Certificate and lapel pin from NRECA.

TOUCHSTONE ENERGY

We received a request from Doug Miller who wants to be on the Touchstone Energy Board.

LEGAL COUNSEL'S REPORT

Legal Counsel Scott reported on the following:

██████████

██████████, a consumer who owns property on Carter Caves Road, his lawyer, Federated Attorney Park Priest and Smith Management Group are meeting tomorrow, December 22, 2017 at Carter Caves State Park Lodge with Kyle Clevenger and Chris Mosier at 9:00 a.m. Park and Smith Management will go on out to the site. Discussion is ongoing about whether a permit is required. It is 1,200' from the road back to the site.

RIGHT-OF-WAY EASEMENTS

Last month the Board voted to record Right of Way Easements. We plan to start as soon as possible.

Chairman Dupuy asked for quarterly reports on right-of-way easements recordings.

KAEC DIRECTOR'S REPORT

Director Whitt reported he attended KAEC's Board Meeting this past Tuesday. He reported the following:

Revenue compared to last year was a million dollars less.  
KY Living Magazine Advertising Revenue was slightly up, \$28,000.  
KAEC has to be out of the building by January 8, 2018. Future monthly board meetings will be held at the hotel.

Mr. Whitt reported on Wage and Salary changes.

The Legislative Meeting will be held at Buffalo Trace on January 31 from 6:30 p.m. – 8:30 p.m.

EKPC DIRECTOR'S REPORT

Director Arrington attended the December EKPC Board Meeting and reported the following:

EKPC is considering consolidating with Old Dominican (ODEC) in Marilyn, VA.

EKPC DIRECTOR’S REPORT  
(CONTINUED)

Scott Madden provided a comparison for EKPC’s Board. EKP and ODEC are similar in many areas. Execution-wise, the companies are very different. Some of the comparisons are:

	EAST KY POWER	ODEC
Member System	16	11
Number of Employees	696	104
Customer Population	1.1 million	1.4 million
Electric Transmission Miles	2,847	110
Total Megawatts	2,429	2,074
Electric Sales	12.9 mgw	12.7 mgw
Total Assets	\$3.7 billion	\$2.1 billion
Total Reserve	\$8.87 million	\$8.79 million
Equity Ratio	15.5	19.2
State of Operations	KY and PJM	VA, MD, DE and PJM

THANK YOU NOTES

We received a thank you note from the Raceland Rams for GRECC’s sponsorship.

DONATIONS

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

Raccoon Baptist Church – clothing pantry	\$100
Rowan Co. Quilters – honor Nat’l Quilters Day Out	\$100
Pathways to Bright Futures Foundation – substance abuse prevention	\$100
The Elliott County Christian Community Center – Christmas food asst.	\$100

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

PATTY PORTER

We received a call from Patty Porter, a single mother who’s daughter Bethany will graduate this year from the RN program. She expressed her thanks and how much our scholarship meant to her daughter.

MEETING ATTENDANCE

Directors Trent, Dupuy, Whitt and Bentley along with President Fraley and some of her staff will be attending the NRECA National Meeting and Tech Advantage Expo in Nashville, TN on February 25-28, 2018.

2018 UNION CONTRACT

The signing of a new Union Contract dated January 1, 2018 thru December 31, 2023 was signed by President and CEO Carol Hall Fraley, Chairman Harold Dupuy, Vice Chairman Jim Bentley, Secretary – Treasurer Eddie Martin, Local Union Agent, James ‘Jimmy’ Gillette, and GRECC Union Officers, President Roger Kitchen, Vice President Herbie Steagall, Secretary Willis Barker.

BOARD MEETING DATE

The next board meeting is schedule on Friday, January 26, 2018.

ADDITIONAL BUSINESS

Directors Bentley, Rice and Trent informed the Board they would seek the Board seats in 2018 and filed necessary paper work stating so.

ADJOURN

Chairman Dupuy adjourned the meeting at 12:04 p.m.

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Harold Dupuy, Chairman

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Billy E. (Eddie) Martin, Secretary/Treasurer

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W. Jeffrey Scott, Legal Counsel