

On January 26, 2018 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 Whitt gave the invocation.

Chairman Dupuy stated we came through the cold weather good with a minimum of outages. President Fraley said we had one outage on Bays Ridge when a dead tree fell. One three phase pole and a single phase pole were broken a few days before board meeting due to off right of way trees falling.

APPROVAL OF MINUTES

Motion was made by Director Martin, seconded by Director Trent 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:

AMI/PSC

GRECC could have made a request for a hearing or a decision on our AMI project to the PSC on January 3rd. Legal Counsel Scott sent a letter in regard to the project around January 10, 2018.

DAVEY'S INC

Davey Inc. personnel have finished all work in the field for the mapping project. We continue to get the data ready to go on line by substation. Newfoundland is in the process of being finalized and Airport Road Substation will be next. Brian Poling and Robert Brown showed a power point presentation utilizing data already entered and verified.

GIS / SUBSTATIONS

GIS findings were (does not include Sandy Hook or Mazie Substations):

- 11,209 active consumers
- 25,926 poles with 9 poles from the 1940's, 251 poles from the 1950's and 299 poles from the 1960's
- Poles by County:
 - Carter 3,202
 - Elliott 1,813
 - Greenup 2,476
 - Lawrence 3
 - Lewis 157
 - Rowan 828
- 1,366.51 miles primary lines
 - 99.7% overhead lines
 - 3% underground lines
- 255.28 miles secondary lines
 - 87.6% overhead lines
 - 12.4% underground lines
- 3,629 security lights
 - 11.2% LED
- Graph of miles of primary line (Newfoundland, Sandy Hook or Mazie Substations)
- Graph of consumers per substation (Newfoundland, Sandy Hook or Mazie Substations)

GIS / SUBSTATIONS
(CONTINUED)

- Example of unknown birth year was shown. We have several poles like that.
- Poles by decade 1940's – 2010's and unknown

METER READING PROGRAM

Data on the pole includes everything from the ground up. Once the information is analyzed, we will be coming to the Board to determine the next step. At this point, President Fraley announced that the meter reading program will be suspended following the completion of the Argentum Substation in February.

POLE TESTING

Due to the high number of poles without birthdates on them, staff will begin to look at several pole testing options. We are meeting with Mike Norman in February to ask for his recommendations. Osmose came to discuss their pole testing program and there are several other vendors available. We want to see how this will fit into the next work plan and what can be paid for out of work plan money. We have decided to start using pole top covers that cost \$15 each and extends the life of the pole by several years.

CARRY MAP

“Carry Map” has been installed on all linemen’s phones and servicemen’s iPads. Search can be made using this technology by map number, name, address, meter number, structure number or member’s telephone number.

The first year of a pole testing program would be spent spot checking poles in clusters of 50 to 100 poles, up to a total of 1,000. Areas will be randomly selected. We hope to start the spot checking process this year

SUBSTATIONS / METER
READING

President Fraley reported that, after reading Argentum next week we will have read over 15,368 meters. We have reclassified over 289 accounts, created and corrected 823 service orders, and construction has completed 668 retirements.

We discovered safety issues such as low clearances, lines on the ground or not in conduit, not properly buried, member issues such as satellites dishes, bird houses, dog lines, flag poles, night lights, clothes lines, to name a few, and hazardous conditions. Idle services were removed, 686 retirements were completed, oil wells were identified and services belonging to oil companies were required to be corrected, and we mapped and tagged transformers.

MANAGER OF FINANCE
AND ACCOUNTING

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

FINANCIAL & STATISTICAL
REPORT FOR NOVEMBER
2017

Kilowatt hour sales for the month of November (11/1-30) were 6.91% less than budgeted. Purchases for the time period of (11/1-30) were .28% over budget. Line loss for the last twelve months was 9.26% and the month line loss of 3.8 was very, very good for this year. Year to date margins were (\$2,470,884) compared to the projected budgeted amount of (\$869,202).

Purchases and sales are down.

FUEL ADJUSTMENT

The fuel adjustment for the month was (0.002959).

T.I.E.R

The monthly T.I.E.R. was .179 and the rolling twelve month O.T.I.E.R was (1.19). The actual T.I.E.R. is .764 on a normal billing cycle.

ESC

The Environmental Surcharge was 11.94%.

- DEGREE DAYS There were 527 heating degree days and 3 cooling degree days. We had 71 more degree days this year than last year.
- The projected margins of two million dollars was less than expected due to 1.8 million dollars loss of revenue in the billing change and how we recorded it.
- COST OF SERVICE STUDY In changing the billing cycle, we lost 20 days, approximately 1.8 million dollars. If we normalized data and added back in the 20 days lost our actual T.I.E.R. would have been .764. We will look at it again with November data. We will need to consider a cost of service study next month. Bradley will talk to Alan Zumstein on how the billing changeover will affect us.
- The cost of service study will tell us exactly what each classification is paying and how much margin they generate.
- OFF SYSTEM SALES AT EKPC South Kentucky has requested approval for 50 megawatts of off system power purchases. This will, in effect, take the balance of the off system purchases allowed by EKPC. Salt River has also filed for off system purchases. These would probably exceed the allowable amount available from EKPC. Other Coops would have to wait for EKPC to grow and increase the allowance or wait until a contract for off system power purchases was up. Most contracts have been for at least 20 years. A lengthy discussion regarding this issue was held.
- APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR NOVEMBER 2017 Motion was made by Director Whitt, seconded by Director Rice and unanimously agreed to approve the Financial and Statistical report for November 2017 as presented, for informational purposes only.
- FEDERATED INSURANCE Tony Hermesch with Federated Insurance talked to President Fraley about insurance premiums. There is a \$48 reduction for the year on our liability insurance. Coverage remains the same for directors, umbrella, all risk, and other coverage. Insured amounts are: all risk coverage under \$6 million; general liability under \$2 million; directors \$7 million; and umbrella \$4 million.
- LEGAL COUNSELS JEFFREY SCOTT AND PARK PRIEST Legal Counsel Scott has been talking to Park Priest, Federated Insurance's Legal Counsel regarding the [REDACTED] claim. He believes he should bill for the time he spends on this case, because he does not represent Federated. The Board left that decision up to him.
- Motion was made to accept Federated Insurance's proposal as submitted by Director Bentley, seconded by Director Rice and unanimously agreed upon.
- COBANK CoBank ask for re-statement of our loan and revolving credit and approval to keep rates as they are and keep the \$2 million credit limit the same.
- Following thorough discussion, motion was made by Director Whitt to adopt the CoBank re-statement and loan as presented, seconded by Director Trent and unanimously agreed upon.
- DIRECTOR'S ELECTIONS We will not have GRECC director's elections for 2018 or 2019.
- MANAGER OF MARKETING Kim Bush, Manager of Marketing and Member Services, reported on the

AND MEMBER SERVICES

following:

DIRECTORS ELECTION

Approximately \$1,000 to be paid for business reply mail. We keep this so we can use the same one from year to year.

ANNUAL MEETING

The 2017 annual meeting budget was \$56,000. This year the budget is \$48,000. A breakdown of the 2018 annual meeting budget is:

Director Election Expense	2018 Budget
Permit & A/C fees	\$1,000.00
Subtotal	\$1,000.00
Annual Meeting Expense	2018 Budget
Shirts	\$1,000.00
Rentals	\$275.00
Food	\$4,000.00
Door Prizes	\$2,500.00*
Bucket/Bulbs	\$26,000.00
Scholarship Awards/Gifts	\$12,000.00
Children's Activities	\$100.00
Miscellaneous	\$1,100.00
Subtotal	\$46,975.00
2018 BUDGET TOTAL	\$47,975.00

*Billing provider, SEDC, donated \$250.

Tentative date for the GRECC Annual Meeting is Thursday, May 10, 2018.

LIHEAP

The 2017/2018 LIHEAP payments were:

\$178,492.26 November 2017 – January 2018 compared to \$192,136.92 the previous year. We received eight (8) Winter Harship Reconnects and four (4) 30-day extensions through LIHEAP.

PREPAY

We have 679 active prepay accounts with 11 inactive accounts. The average balance on accounts is \$44.69 credit. The average kWh usage is 70 a day and the average payment is \$46.80. Total number of payments in 30 days is 4,298 for a total of \$201,150.90.

Prepay has to be within four days of disconnection to get help from NEKADC in the amount of \$400 (two \$200's) and Gateway in the amounts of \$205 or \$105. You cannot get a winterhardship reconnect on prepay.

DEBT MANAGEMENT

We have 41 active accounts with debt management.

Total amount in Debt Management - \$9,961.68

6% of active PrePay accounts have Debt Management

Under \$100 – 15	\$100-\$199 – 9	\$200-\$299 – 8
\$300-\$399 – 6	\$400-\$499 – 1	over \$500 – 2

We may come up with an email payment. We may push for eBills.

ENERGY EFFICIENCY The energy efficiency for the month consisted of:

Energy Audits – 12 Heap Pump – 1 HVAC Duct Seal – 1 Button-Up – 1
Billing Insights – 1

SOLAR Cooperataive Solar inquires – 1 Coopeative Solar sales – 33
Net Metering Account – 5

 ██████████ in Greenup County purchased 50 solar panels.

APPLIANCE REBATES Consumers received the following Energy Star Appliance Rebates:

clothes washer – 2 dishwasher – 2 refrigerator – 4 heat pump – 1

ANNOUNCEMENTS Scholarship applications are due February 9, 2018
Frankfort Youth Tour applications are due February 21, 2018
Frankfort Youth Tour is scheduled for March 27, 2018

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

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

SAFETY REPORT The following safety meetings were held during December 2017:

December 6 – Kyle Clevenger, Manager of Operations, turned the meeting over to Robert Thornton for the monthly KAEC safety meeting. The topic was “Working in the Winter”; driving, keeping essential supplies for the vehicle and passenger and how to prepare for white ice and black ice. Steve Calvert with Colonial was also present to discuss insurance policies with employees. Kyle said gloves were to be tested.

December 13 – Carol Ann Fraley, President and CEO, was in charge of the meeting, honoring the Right of Way and Contractor crews with a hot breakfast.

December 18 – Mike Martin, Assistant Manager of Operations, read two articles from Incident Prevention, “A Can of Soup”, detailing how employees approach and perform every task with the safest attitude during their workday knowing their company leadership supports them in using safe work practices; and “Defensive Driving”, employees focusing and reducing distractions, so to keep ourselves and others safe. Kyle requested that everyone watch over each other and most of all watch for slips, trips, and falls.

December 27 – Andrea McCleese, Technical Service Supervisor, read from the Safety Manual, Section 506.1 and 506.2, Hand Tools. Kyle Clevenger went over Jamey Withrow’s safety investigation. The safety committee found no safety violations. He advised him to use battery operated tools to relieve stress on his shoulders to aid in wear and tear prevention. Kyle reminded everyone to watch out for slips, trips and falls.

SAFETY REPORT Kyle continues to mention the necessity and importance of hard hats, rubber

(CONTINUED) gloves and the importance of using ground chains. A line is not dead until it is grounded.

CONSTRUCTION Construction built one hundred ten (110) new work orders for the month of December 2017 and worked zero (0) hour of overtime. There was 23 services added and 17 retired.

OVERTIME HOURS The Maintenance Department worked three hundred eighteen (318) hours of overtime during the month of December and Engineering worked zero (0) overtime hours. Maintenance worked thirty-two (32) work order overtime hours.

DELINQUENT NOTICES There were one hundred twenty-six (126) delinquents for January. Sixty-four (64) cards were issued to be disconnected and twelve (12) accounts were disconnected by remote meter on January 10th for cycle 1. Forty-two (42) cards were issued to be disconnected and eight (8) accounts were disconnected by remote meter on January 18th for cycle 2. Field personnel disconnected a total of twenty-three (23) meters and a total of nine (9) meters were reconnected by field personnel and remote.

CONTRACT CREWS There are two (2) Pike crews working in the following areas:

Tony Seagraves – ST RT 173, Rowan County (completed and inspected);
moved to ST RT 201, Lawrence County
Bob Marrow – Lost Creek Road, Greenup County (completed and inspected)

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 948 trees, cut 995 trees, cut 51,490 feet of brush/line and sprayed 32 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

1 Smith Tree Service circuit crew on ST RT 755, Elliott County

ENGINEERING REPORT The Engineering Department released one hundred thirty-one (131) prints consisting of 105,486 feet of primary line and 1,774 feet of service wire. They currently have two (2) new service to be staked, one (1) to be drawn and nine (9) miscellaneous jobs to be staked or drawn.

██████████ Director Bentley said ██████████ talked to him about moving a line(s) for ██████████ without charge. ██████████ said he has a document stating when he pulls clay out that there would be no charge and he will be needing a line or lines moved. President Fraley said he has talked to Scott Speaks about a flood light, but did not mention a service. He can bring in his document and she will look at it.

BLUEGRASS ENERGY Bluegrass Energy cannot get any contractors to work. Not enough people wanting to work.

FEDERATED INSURANCE David Ervin, Safety and Loss Prevention Consultant for Federated Insurance visited Kyle Clevenger in December and did a safety and loss prevention assessment of our operations. The review states that Grayson has established programs for safety and loss prevention and these programs address issues that are of concern to Federated Rural Electric Insurance Exchange.

NO LOSS TIME ACCIDENTS The year 2017 brought no loss time accidents, so the board policy states that employees will be paid for one day's pay.

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve sixty-eight (68) new memberships and retirement of one hundred four (104) existing memberships for January 2018.

BAD DEBT WRITE-OFFS Motion was made by Director Martin, seconded by Director Trent and unanimously agreed to charge off \$3,338.65 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 Trent and unanimously agreed to approve the President's business expense of \$150.04, Director's business expenses of \$20,279.09 and Attorney's business expense of \$1,112.23.

PRESIDENT'S REPORT President Fraley reported on the following:

TONY BREWER Anthony 'Tony' Brewer has achieved first class lineman status.

MAPPING PROGRAM Mapping is finished on the Newfoundland Substations and they expect to be finished soon with Sandy Hook and Mazie Substations data entry.

WINDSTREAM Windstream had not been returning calls on their invoice due GRECC. President Fraley told Mr. Lovell she expected the Board to ask our attorney to help plan a systematic removal of their attachments from our poles. Mr. Lovell promised a reply before 4 p.m. that evening. He called at 4:05 p.m. to say the check was in the process of being sent to us.

GRECC FRONT PORCH The GRECC front porch is becoming a hazardous situation and has to be fixed. Mike Kitchen and others have been contacted for bids.

IRS MILEAGE RATE CHANGE On December 14, 2017 the IRS issued the new standard mileage rates for the use of a car, van, pickup or panel truck effective January 1, 2018. The rate will go up from 53 cents to 54.5 cents per mile.

Motion was made to accept the IRS new standard mileage rate increase for travel from 53 cents to 54.5 cents per mile by Director Bentley, seconded by Director Trent and unanimously agreed upon.

██████████ President Fraley told the Board she has an address for ██████████, should they want to pursue that matter.

W A KENDALL The W. A. Kendall men thanked the Board for the one percent wage increase they received.

SOUTH KY CEO Dennis Holt was named the new South Kentucky RECC's CEO.

ANN WOOD Ann Wood Bridges has returned to work at EKPC. EKP hired Ann to work with Barry Mayfield who will be mentoring her for his position when he retires.

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

Looked over documents with CoBank. An opinion of counsel was mentioned, but was not needed per Bradley Cherry.

Talked to Legal Counsel Park Priest about the potential [REDACTED] law suit.

Legal Counsel's three year contract for employment expired December 31, 2016. He emailed Directors Martin and Dupuy and President and CEO Carol Ann Fraley a copy of the existing contract and the new proposed contract.

KAEC DIRECTOR'S REPORT There wasn't a KAEC Board Meeting this month.

Director Arrington reported a lot of directors from several different coops attended the KAEC – CFC Financial Workshop held at East Marriott in Louisville. There was a lot of discussion concerning strategic issues.

EKPC DIRECTOR'S REPORT Director Arrington reported there was no meeting this month, but EKPC Directors attended the CFC Financial Workshop.

THANK YOU NOTES GRECC received thank you notes from Rowan County Christmas, Lewis County Educational Foundation, Elliott County Christian Community Center, Elliott County Relay for Life, Kentucky Christian University, Grahn School Community Center and Pathways.

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

Rowan County High School – prom night	\$50
and other future high school prom night request	
Greenup Fire Fighters Association	\$100
Greenup County High School Varsity Cheerleaders	\$100
Friends of the Carter County Public Library	\$100
Carter County Wolfpack Baseball 2018	\$150
East Carter High School Archery Team	\$100
Carter City Elementary School –hosting District Governor's Cup	\$200
Elliott County Baseball	<u>\$250</u>
	\$1,050

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

CFC'S DELEGATES FOR 2018 ANNUAL MEETING Director Whitt will serve as the voting delegate to CFC's National Meeting in February and Director Bentley will serve as the alternate delegate.

HOUSE BILL 227 President Fraley reported KAEC and all the Co-ops are backing House Bill 227.

MEETING ATTENDANCE	Those attending upcoming meetings are: Director Whitt, Legislative Reception & KAEC Open House, January 31, 2018, Frankfort, KY
GRECC BYLAWS	Revisions pertaining to the GRECC Bylaws on Director's elections has been tabled indefinitely.
NO CONFLICT OF INTEREST STATEMENT	The No Conflict of Interest Statements were passed out to all Directors to be signed and witnessed.
BOARD MEETING DATE	The next board meeting will be held on Friday, February 23, 2018.
ADDITIONAL BUSINESS	Other business discussed was:
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
EXECUTIVE SESSION	Motion was made by Director Rice to go into executive session at 12:25 p.m. and motion was made by Director Martin to come out of executive session 12:45 p.m.
W JEFFREY SCOTT, LEGAL COUNSEL	Motion was made to table Legal Counsel Scott's contract until February 26, 2018's Board Meeting.
ADJOURN	Director Bentley made a motion to adjourn the meeting at 12:46 p.m. Motion carried.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

Minutes of the Executive Session of the January 26, 2018 GRECC Board Meeting

On January 26, 2018 Grayson Rural Electric Cooperative Corporation held an executive session during its regular board meeting.

EXECUTIVE SESSION

Director Rice asked to go into Executive Session at 12:25 p.m.

The meeting was in regards to Legal Counsel Scott's three year contract that was presented at today's board meeting.

Director Martin called to come out of Executive Session at 12:45 p.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

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

FEBRUARY 16, 2017

A special meeting of the Board of Directors of Grayson Rural Electric Cooperative Corporation was held February 16, 2018, called by Board Chairman Harold Dupuy. Those present in addition to Chairman Dupuy were: Directors Martin, Whitt, Arrington, Bentley, Rice and Trent.

Chairman Dupuy called the meeting to order at 3:00 p.m. The invocation was given by Chairman Dupuy. Director Arrington made a motion to go into Executive Session at 3:03 p.m. and the motion was seconded by Director Martin.

Discussion was on Legal Counsel W. Jeffrey Scott's contract.

Motion was made by Director Arrington to appoint a committee to discuss issues with Legal Counsel Scott and his evaluation. Motion passed unanimously

The second discussion was on President and CEO Carol Hall Fraley's compensation and evaluations.

Motion was made by Director Arrington, seconded by Director Martin Board officers to discuss evaluation and findings with Legal Counsel Scott. Motion was passed unanimously.

Meeting adjourned at 4:25 p.m.

Respectfully submitted,

Harold Dupuy, Chairman

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

On February 23, 2018 at 9:06 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Dupuy called the meeting to order pursuant to the Waiver of Notice signed by the Directors present. William T. Rice was absent. Others present included: Carol Hall Fraley, President and CEO; Brandon Music, 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 Martin and unanimously agreed to approve the minutes from the January 2018 Board Meeting.
MANAGER OF TECHNICAL SERVICES	Brian Poling, Manager of Technical Services gave his report as follows:
AMI / PSC	AMI Application to PSC update: nothing new. Still waiting on the PSC.
METER TESTING FACILITY	Brian and Steve Bush will be touring Luthan Electric Meter Testing in Owensboro the first week of March to review their disposal process. GRECC will be doing a system-wide meter upgrade. They hold them of six months and the cost is approximate \$35,000.
GPS MAP DATA	<p>All GPS map data has been entered for all substations. Now the workload shifts to Robert to ensure they are accurately kept up-to-date and all system changes are documented. Currently accounting has expenses through December 2017 that total just over \$600,000 and our Work Plan budget is \$800,930, so we are currently \$200,000 under budget getting it finished.</p> <p>Original estimation was 38,000 poles and the total was 35,461 poles. We estimated over 2,400 miles of line and we show 1,836.51 primary miles.</p>
ROBERT BROWN – MIP	Robert Brown has been at MIP training in Madison, Wisconsin. He has one more two-week trip beginning April 29 th .
MIKE NORMAN – RUS FIELD REPRESENTATIVE	Mike Norman, RUS Field Representative was here on February 7 th and answered questions concerning our proposed upcoming meter technology change as well as our next work plan. His review of the status of the current work plan indicated we have enough money to last an additional year as well as to pay for the meter upgrade. He said, as of now, we should have a new Construction Work Plan ready to submit to RUS in January of 2020.
RUS FORM 300	A new Form 300, survey of our system, done every four years was completed by Mr. Norman. It is a review of our system facilities, operating and maintenance procedures, engineering procedures and O&M Budgets. All the ratings remained the same as the previous survey with one exception. Our “Maps and Plant Records” reached a Satisfactory rating or “3” which is the highest available, due to our new mapping program. He suggested a 4-year cutting cycle of the right-of-way; keeping current on telephone pole transfers/retiring old pole; and reconciliation of idle services with billing system.

RUS FORM 300

This is a copy of our 2018 RUS Form 300 completed by Mike Norman.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0025. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE					BORROWER DESIGNATION KY 61	
REVIEW RATING SUMMARY					DATE PREPARED February 7, 2018	
Ratings on form are: 0: Unsatisfactory -- No Records 2: Acceptable, but Should be Improved -- See Attached Recommendations NA: Not Applicable 1: Corrective Action Needed 3: Satisfactory -- No Additional Action Required at this Time						
PART I. TRANSMISSION and DISTRIBUTION FACILITIES						
1. Substations (Transmission and Distribution) (Rating)				4. Distribution - Underground Cable (Rating)		
a. Safety, Clearance, Code Compliance				a. Grounding and Corrosion Control		
b. Physical Conditions: Structure, Major Equipment, Appearance				b. Surface Grading, Appearance		
c. Inspection Records - Each Substation				c. Riser Pole: Hazards, Guying, Condition		
d. Oil Spill Prevention						
2. Transmission Lines				5. Distribution Line Equipment: Conditions and Records		
a. Right-of-Way: Clearing, Erosion, Appearance, Intrusions				a. Voltage Regulators		
b. Physical Condition: Structure, Conductor, Guying				b. Sectionalizing Equipment		
c. Inspection Program and Records				c. Distribution Transformers		
				d. Pad Mounted Equipment		
3. Distribution Lines - Overhead				Safety: Locking, Dead Front, Barriers		
a. Inspection Program and Records				Appearance: Settlement, Condition		
b. Compliance with Safety Codes:				Other		
Clearances				c. Kilowatt-hour and Demand Meter		
Foreign Structures				Reading and Testing		
Attachments						
c. Observed Physical Condition from Field Checking:						
Right-of-Way						
Other						
PART II. OPERATIONS and MAINTENANCE						
6. Line Maintenance and Work Order Procedures (Rating)				8. Power Quality (Rating)		
a. Work Planning & Scheduling				a. General Freedom from Complaints		
b. Work Backlogs:						
Right-of-Way Maintenance						
Poles						
Retirement of Idle Services						
Other						
7. Service Interruptions				9. Loading and Load Balance		
a. Average Annual Minutes/Consumer by Cause (Complete for each of the previous 5 years)				a. Distribution Transformer Loading		
PREVIOUS	POWER	MAJOR	SCHEDULED	ALL	TOTAL	
5 YEARS	SUPPLIER	STORM		OTHER		
(Year)	a.	b.	c.	d.	e.	(Rating)
2012		914.5	27.7	323.9	1,266.1	2
2013	1.2	56.0	35.0	232.6	324.8	2
2014	0.3	2,166.6	27.9	315.5	2,510.3	2
2015		1,218.3	49.4	374.3	1,642.0	2
2016	3.7	234.1	40.7	395.8	674.3	2
b. Emergency Restoration Plan						
				3		
PART III. ENGINEERING						
11. System Load Conditions and Losses (Rating)				13. Load Studies and Planning (Rating)		
a. Annual System Losses				a. Long Range Engineering Plan		
b. Annual Load Factor				b. Construction Work Plan		
c. Power Factor at Monthly Peak				c. Sectionalizing Study		
d. Ratios of Individual Substation Annual Peak kW to kVA				d. Load Data for Engineering Studies		
				e. Load Forecasting Data		
12. Voltage Conditions						
a. Voltage Surveys						
b. Substation Transformer Output Voltage Spread						

RUS FORM 300
(CONTINUED)

PART IV. OPERATION AND MAINTENANCE BUDGETS						
YEAR	For Previous 2 Years		For Present Year	For Future 3 Years		
	2015 Actual \$ Thousands	2016 Actual \$ Thousands	2017 Budget \$ Thousands	2018 Budget \$ Thousands	2019 Budget \$ Thousands	2020 Budget \$ Thousands
Normal Operation	1,103	1,263	1,148	1,182	1,218	1,254
Normal Maintenance	3,191	3,500	3,768	3,881	3,997	4,117
Additional (Deferred) Maintenance						
Total	4,294	4,763	4,916	5,063	5,215	5,372
14. Budgeting: Adequacy of Budgets for Needed Work _____ 3 _____ (Rating)						
15. Date Discussed with Board of Directors _____ 2/23/2018 _____ (Date)						
EXPLANATORY NOTES						
ITEM NO.	COMMENTS					
3b.	Telephone poles left standing next to electric poles need to be removed. Cable TV attachments require constant monitoring and follow-up to ensure code requirements are met.					
3c.	A more aggressive tree trimming policy is recommended.					
6b.	The report of idle services should be reconciled with billing records.					
RATED BY:	<i>Brian Bling</i>			TITLE	DATE	
				MANAGER OF TECHNICAL SERVICES	02/07/18	
REVIEWED BY:	<i>Chris Hill</i>			PRESIDENT & CEO	02/07/18	
REVIEWED BY:	<i>Mike Ro</i>			RUS GFR	02/07/18	

OFFICE SPACE President Fraley reported the refurbishing of the small office at the end of the second floor was completed. Scott and Joe will share this office, allowing Anita to have full desk space in the Outage Response Center.

PORCH BIDS Due to eminent safety issues, the front porch must be replaced. The columns are rotting, the floor is slick when wet and there are low spaces just beyond the edges of the porch. Two bids were within \$500 of each other and the third bid was \$20,000 lower than the other two. One of the remaining bids was withdrawn.

The bid includes replacing down spouts and gutters, drainage in the front and the west end, removing and installing new columns, painting, removing the existing floor and replacing with fill and pouring a new 12 inch floor, filling open spaces around porch, and removing the front flower bed. The cost is \$72,500. Mike Kitchen, Chris Bond and Ralph Jordan submitted bids. This project is to be finished before May 1, 2018.

Motion was made by Director Trent to accept the bid of \$72,500 on the front porch bid, seconded by Director Bentley and unanimously agreed upon.

HALL FLOORING President Fraley reported the floor covering in the two halls upstairs and the downstairs hall needs to be replaced. A proposal was made to use the same water proof flooring in the hallways as we used in the small office. The cost would be approximately \$3,500.

Motion was made to replace the two hall floor covering upstairs and downstairs hallways by Director Bentley, seconded by Director Trent and unanimously agreed upon.

Chairman Dupuy asked about the balance of money left in the work plan. Mr. Poling said we are trying to amend the current work plan to include new equipment for our metering program if it is approved by the PSC.

PIKE ELECTRIC Our contractor, Pike Electric, is obligated by contract to complete all work in the current work plan. The metering program would not affect Pike Electric'.

MANAGER OF FINANCE AND ACCOUNTING REPORT Bradley Cherry, Manager of Finance and Accounting presented the Financial and Statistical Report for December 2017. Mr. Cherry reported on the following:

FINANCIAL & STATISTICAL REPORT FOR DECEMBER Kilowatt hour sales for the month of December (12/01-12/31) were 2.84% over budget. Purchases for the time period of (12/1-12/31) were 18.49% over budget. Line loss for the last twelve months was 9.07%. Year to date margins were (\$2,048,484) compared to the budgeted amount of (\$429,926).

T.I.E.R The monthly O.T.I.E.R is 6.06 and the rolling twelve month O.T.I.E.R was (1.09). The year to date was (1.28). If we factored back in our adjustments our O.T.I.E.R. would have been .76 for the year.

Margins were higher, T.I.E.R. was lower due to borrowing money and interest rates going up.

FUEL ADJUSTMENT The fuel adjustment factor for the month was .003476.

LINE LOSS The line loss for the year was 7.53%, just under 3% which is really good.

DEGREE DAYS There was 910 heating degree days. December's average temperature was 35.6 degrees.

BILLS BY COUNTY We produced 15,390 bills. Bills by counties were: Carter 4,585, Elliott 3,646, Greenup 4,286, Lawrence 780, Lewis 316 and Rowan 1,777. We had fewer bills this month due to LIHEAP assistance.

RANDY MARTIN Randy Martin contacted Director Arrington about some transformers he would like to give the Cooperative. Unfortunately, we were unable to use any of them, due to size and configuration. President Fraley thanked him, sent him a card and gave him the name and phone number of a contact who might be interested in them.

CAPITAL CREDITS We issued eighteen capital credits checks totaling \$12,402.71. We have seventeen outstanding capital credit applications.

YEAR-END SUMMARY A summary of the year-end revenue was presented. Total revenue from sales for the year was \$27,461,000, \$3.3 million below our budget of \$30,760,000.

\$1.3 million of this difference occurred when we changed our billing cycle. Our purchased power was down approximately \$1.2 million dollars. Purchased power and sales were off between \$700,000-\$850,000. After talking to Alan Zumstein, we found that if we had not changed the billing cycle and, if we added the \$1.3 million loss back in for the change in the billing cycle, we would have been \$600,000-\$750,000 in the negative with an O.T.I.E.R. of .764. We still would not have made T.I.E.R.

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

RUS WORK ORDERS RUS work orders for the months July, August and September 2017 were presented to the board of directors for approval:

July 2017	Work Order No. 1272	\$193,148.17
	Work Order No. 1273	\$ 5,554.18
August 2017	Work Order No. 1274	\$236,594.45
	Work Order No. 1275	\$ 8,763.56
September 2017	Work Order No. 1276	\$242,464.53
	Work Order No. 1277	\$ 8,939.93
	Total	\$695,464.82

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

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

LIHEAP Total LIHEAP received for 2017-2018 was \$223,415 compared to the total of \$236,642 in 2016-2017. Winter hardship reconnects have doubled. We had sixteen winter hardship reconnects and eight (8) 30 day extensions.

PRE-PAY Pre-Pay currently has 690 active accounts and 4 inactive accounts. The average balance on Pre-Pay accounts is \$47.58 credit and average kWh usage is 48 daily. The total number of payments in 30 days is 3,266. Total payments received \$132,934.63.

DEBT MANAGEMENT Debt Management has 41 active accounts totaling \$10,088.50 with 6% of active Pre-Pay having Debt Management.

ENERGY EFFICIENCY Tina Preece handled energy audits and high bill complaints on the following:

15 energy audits; 1 heat pump; 1 button up; and 1 billing insight.
Energy Star appliance rebates: 3 heap pumps; 3 washers; 4 dishwashers; 1 freezer; 1 water heater; and 4 refrigerators. Consumers can file their own rebates online.
Fifty solar panels sold in January. To date we have sold 83 panels. We have five consumers with solar panels on their home. Those consumers would receive a credit on their account for anything we buy back in the form of kWh for kWh and not what we pay East Kentucky Power.

HOUSE BILL 227 President Fraley reported on House Bill 227 (solar). KAEC supports this bill. She did contact local officials, as requested by Chris Perry, KAEC President & CEO. PSC is working at half of their staff.

ANNOUNCEMENTS The Frankfort Youth Tours for high school juniors is March 27th. We have received three applications. One of them is an employee's child.

The Board will have lunch with our Scholarship winners on March 23rd.

ANNUAL MEETING The Annual Meeting is Thursday, May 10th. Extension cords stamped with GRECC on them will be given out with the buckets. The cost of the cords are \$13.89 for a 25 foot 14 gauge UL approved extension cord and \$12.44 for a 15 foot cord. The Board encouraged Kim to buy the 25 foot cord at the best price she can.

President Fraley stated she would be requesting two armed police officers for the Annual Meeting this year.

BOOKS Schools that have received The Little People's Guide to the Big World books are Isonville, Lakeside, Argillite, Blaine and Sandy Hook.

SCHOLARSHIPS We have 41 scholarship applications that will be judged next Wednesday. The top ten will be notified and will be at the March 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

The following safety meetings were held during January 2018:

January 2 – Brian Poling, Manager of Technical Services, went over the System Coordination and the Optional Recloser/Recloser Combination. Carol Ann discussed that there were no accidents in 2017 and how we needed to work each day to keep 2018 accident free. Kyle requested that everyone need to change out their sleeves, stay warm and watch over each other.

January 15 – Robert Brown, Geographical Information System Technician, went over the new GIS updates, Catalyst Map, Carry Maps, and Pole Numbers. Kyle Clevenger ask everyone to be careful due to ice and snow.

January 24 – Sherry Buckler, Manager of Accounting & Human Resources, turned the meeting over to Tony Dempsey with KAEC. He discussed Near Miss Reports and went over examples of Task Performed, Incident Summary, Job Briefing, Safety Equipment in Use, and Corrective Action Taken. He showed several pictures of family, friends, and co-workers to touch base on making safety personal. Kyle Clevenger reminded everyone that it was soft, slick, and wet outside and to watch out for each other.

January 29 – Kim Bush, Manager of Marketing and Member Services, went over several safety issues by playing a game of BINGO and giving out prizes. Kyle Clevenger requested everyone to be safe and watch over each other. Be cautious for slips, trips and falls.

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.

President Fraley told the Board everyone was appreciative of their safety day check for 2017 they received. KAEC went over a new safety program Wednesday starting with no electrical contacts, reduce slips, trips and falls. The Statewide will suggest and introduce new safety prevention to employees and improve KY Co-ops safety programs. Tony Dempsey was reminded that GRECC has the lowest workers compensation rates in Kentucky.

JUSTIN STANIFORD

Justin Staniford has been promoted to second class lineman.

LOCKDOWN

After the shooting at Taco Bell this week, we was on lockdown along with other businesses in town. Three of our men came up and stood by the door as consumers came in.

CONSTRUCTION

Construction built one hundred seven (107) new work orders (sixteen added and eleven retired) for the month of January and worked no overtime.

OVERTIME HOURS

The Maintenance Department worked two hundred ninety-six (296) hours of overtime during the month of January 2018. Engineering worked four (4) hours of overtime.

DELINQUENT NOTICES

There were 145 delinquents for February. Forty-five cards were issued to be disconnected and two accounts were disconnected by remote meter on February 8th, cycle 1. Eighty-three cards were issued to be disconnected and fifteen accounts were disconnected by remote meter on February 14th for

DELINQUENT NOTICES
(CONTINUED) cycle 2. Field personnel disconnected a total of 26 meters and a total of 15 meters were reconnected by field personnel and remote.

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

Tony Seagraves – State Route 201, Lawrence County, now completed; and currently working on Cains Creek
Bob Marrow – random pole changes in all counties

RIGHT-OF-WAY CREWS We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 562 trees, cut 836 trees, and cut 45,415 feet of brush/line. The crews are working in the following areas:

4 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 Elliott County
1 bucket truck crew in Rowan County
1 tractor crew in Lawrence County

Smith Tree Service has one circuit crew on State Route 755 in Elliott County

ENGINEERING REPORT The Engineering Department released one hundred fifty (150) prints consisting of 5,850 feet of primary line and 837 feet of service wire. They currently have four (4) new services to be staked and two (2) to be drawn. They have approximately six (6) miscellaneous jobs to be staked or drawn.

RYAN RICE Ryan Rice, Construction Lineman, is engaged to marry Sherry Buckler's, daughter, Mikaela Buckler. Chairman Dupuy read Board Policy 109, Nepotism. The Board agreed this would cause no conflict for the Cooperative.

RIGHT-OF-WAY President Fraley reported the following on year-to-date right-of-way: 10,107 trees trimmed, 10,993 trees cut, 478,738 feet of brush, 1,005 spans sprayed (227,600 feet in length, 8,860 feet in width) and bush hogged 275,495.

Kyle reported that all the men have adjusted well and like their laptops in their vehicles. The accuracy is good.

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS Motion was made by Director Martin, seconded by Director Whitt and unanimously agreed to approve eighty-five (85) new memberships and retirement of eighty-three (83) existing memberships for January 2018.

BAD DEBT WRITE-OFFS Motion was made by Director Bentley, seconded by Director Whitt and unanimously agreed to charge off \$1,537.88 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 \$593.86, Director's business expenses of \$21,657.56 and Attorney's business expense of \$517.25.

PRESIDENT'S REPORT

President Fraley reported on the following:

RATE INCREASE / E-BILLS

We are constantly seeking ways of keeping our costs down. In light of facing a rate increase, we would like to target e-billing. It costs us fifty-five cents to produce a bill (paper and mail). There are 700 prepays and 300 has signed up for e-billing. We have a tariff in place with the Commission stating we can do this. We are going to start a campaign for paperless e-bills, and our target is approximately 2,000 members. After establishing e-bills we hope to offer an e-mail magazine, saving the Co-op \$2.50-\$3.00 per magazine. We could save a significant amount of money. There was no objection from the Board.

Currently, when you go on pre-pay we charge \$10 per month for a processing fee. We are looking at a policy or tariff for those with good credit who want to go on pre-pay to waive this fee.

YEAR - END - REPORT

President Fraley read her 2017 Year – End – Report to the Board as follows:

- Anita Bellew was promoted to Billing Administrator.
- Peggy Skaggs assumed the duties of AMI Administrator.
- Four Member Service Representatives are left in Billing. We are still working on this arrangement to see if it serves our needs.
- The Staff asked the Board for permission to investigate the installation of a new radio frequency metering system and selection of a metering company.
- All employees were issued new Safety Manuals. We continue to hold tail-gate sessions, Monday Morning Safety Meetings and monthly meetings conducted by a KAEC safety instructor.
- A new roof was installed on the Warehouse and the existing office generator was moved to the Warehouse and installed. A new whole-office generator was installed at Headquarters that will power the building and computer system in case of an outage.
- In January 2017, we had 614 participants in the Pre-Pay Program. In December 2017, we had 698. This program continues to work very well for members who can't afford a deposit and it helps keep our charge-off amounts low.
- Directors Harold Dupuy and Billy E. "Eddie" Martin were re-elected.
- Received an application from Columbia Gas (Trans Canada) for a Large Power Account. This was completed in September. We entered into a Large Power Contract, assisted by Jim Bridges.
- Justin Staniford completed his second year apprenticeship.
- We read 4 substations in 2017: Warnock, Low Gap, Sandy Hook and Newfoundland, for a total of 5,359 meters.
- Shoney's and Days Inn reopened.
- Participated in the Frankfort Youth Tour and sent 3 students to Washington D.C.
- Awarded 10 scholarships to area students and had a luncheon for them and their parents.
- Held the first annual Camp Co-op, with 15 children participating. It was an excellent program.
- Hosted a very successful Annual Meeting with over 1,300 members in attendance.
- Elected Officers of the Board: Harold Dupuy, Chairman, Jim Bentley, Vice Chairman, Billy E. "Eddie" Martin, Secretary /

YEAR - END – REPORT
(CONTINUED)

- Treasurer, Jimmy Whitt, KAEC Board and Ken Arrington, EKPC Board.
- Participated in the Statewide Linemen’s Rodeo at Jackson RECC. Tony Brewer won second in an Apprenticeship competition.
 - Considered with the Board and adopted a 2 cycle billing program. This makes our billing on the same calendar as East Kentucky and helps to normalize our degree days, power purchases and line loss.
 - Replaced the header system on our geothermal unit.
 - Remodeled the small office at the end of the hall upstairs to repair water damage, increase security and give us more office space.
 - Paid deceased estates capital credits in the amount of \$165,592.27.
 - Removed one radio tower in Oldtown, Kentucky.
 - Began discussion on a future rate increase.
 - Bradley Cherry completed the Management Internship Program.
 - Completed a new Wage and Salary program that included all positions. This was adopted by the Board and was very helpful in Union Negotiations.
 - Successfully negotiated a 6 year Union Contract that was signed December 21, 2017. It will run from midnight on December 31, 2017 to midnight on December 31, 2023.
 - Reinstated our Retirement Plan with NRECA.
 - Received a check from Vanceburg Municipal as revenue for our territory there in the amount of \$3,226.88, an increase from last year of \$726.49.
 - Alan Zumstein completed our year-end audit and presented a management letter that showed no deficits and 34% equity.
 - Continued to have the lowest worker’s compensation rate among Co-ops in the state.
 - Residential sales decreased 9%.
 - Retiree’s Health Insurance increased 2.5%.
 - Completed our Mapping Program and concluded our contract for a GIS Field Inventory with Davey, Inc. We now have all substations reporting.
 - Continued to refine our outage reporting system and link it to our mapping program.
 - No Lost Time Accidents.
 - Successfully completed the RESAP Program.
 - Participated in the Cyber Security Vulnerability Risk Assessment and Microsoft Audit for licensing.
 - Started to evaluate how electric cars may impact our system.
 - Extended the Kendall contract with a 1% labor increase for their employees.
 - Maintained our rotation on Right-of-Way work. Cut or trimmed 10,107 trees, cut 10,993 trees, sprayed 1,005 spans of line, cleared 478,738 feet of brush and cut 275,495 feet of brush with a bush hog.
 - Started having the Maintenance Men and Construction Foremen use their iPads to receive and complete their daily work, send remarks, plan their routes, indicate retirements or safety issues, and take pictures of problem situations. This also outlines and maps the system, giving directions by pole number. It will save time, trips and mileage.
 - Mike Norman came to work with us on an amendment to add Corral Park to the work plan. He was very pleased with the progress on work plan jobs. The right-of-way was completed this fall and the job will be completed in the spring of 2018.

YEAR - END - REPORT
(CONTINUED)

o Work Plan Jobs completed in 2017:

Major Projects		Budget	Actual	Status		Budget Variance
301	Airport Road - Rattlesnake R	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 Meac	2015 \$ 18,990				
310	Newfoundland - Stark	2015 \$ 606,270	\$ 1,076,389.99	Completed		\$ (470,119.99)
315	Warnock - Montgomery Rd	2015 \$ 357,000	\$ 283,729.65	Plant	4/30/2016	\$ 73,270.35
302	Argentum - Shultz	2016 \$ 145,860	\$ 124,100.67	Plant	4/30/2017	\$ 21,759.33
378	Elliottville - 173	2016 \$ 255,780	\$ 167,580.59	Completed		\$ 88,199.41
307	Low Gap - Alcorn	2016 \$ 174,970	\$ 125,682.00	Completed		\$ 49,288.00
311	Pactolus - Iron Hill	2016 \$ 80,490	\$ 99,537.95	Plant	4/30/2017	\$ (19,047.95)
312	Pactolus Campbell Lane	2016 \$ 107,060	\$ 98,045.97	Plant	4/30/2017	\$ 9,014.03
303	Argentum - Shultz to Sheep	2017 \$ 11,920	\$ 36,649.06	Plant	12/31/2015	\$ (24,729.06)
375	Carter City - Lost Crk	2017 \$ 166,700	\$ 63,767.66	In Progress		\$ 102,932.34
385	Mazie - Blaine	2017 \$ 120,980	\$ 46,004.02	In Progress		\$ 74,975.98
309	Mazie - Cains Crk	2018 \$ 232,790	\$ 11,447.15	In Progress		\$ 221,342.85
313	Pelphrey - Prater Rd	2018 \$ 6,760				
314	Pelphrey - Bailey Hlw	2018 \$ 68,310				
		\$ 2,853,380	\$ 2,614,064			\$ 115,526

DIRECTOR GOLD PROGRAM	Directors Harold Dupuy and Jimmy Whitt received their Director Gold Renewal Certificates earned from NRECA. To maintain their Director Gold Certificate they must have earned three credits from the Approved List of Continuing Education Programs within a two year period.
CRC DIVIDEND CHECK	We received a \$400 check from CRC for 2017 Class A dividends.
CRC VOTING DELEGATE	Director Bentley will serve as the Voting Delegate to CRC 2018 Meetings. No alternate voting delegate was named.
LEGAL COUNSEL'S REPORT	<p>Legal Counsel Music reported on the following:</p> <p>South KY RECC filed an application with the PSC for approval of 58 megawatts of off-system purchased power. A motion to intervene has been filed on our behalf.</p>
SOUTH KY RECC	<p>South Kentucky RECC notified EKPC of its intention to purchase 58 megawatts of off system power. The source is Morgan Stanley. This would, in effect, use all of South Kentucky's portion under the Memorandum of Understanding. Unfortunately, this would also come close to depleting East Kentucky Power's remaining allotment. None of the other Cooperatives would be able to purchase power under the MOU until another Coop's contract was up or until EKPC grows enough to allow other member Coops to participate. Immediately, several other Cooperatives filed to preserve their allotment.</p> <p>Director Arrington read from his iPad about South KY RECC's request. A thorough discussion was made in regards to SKRECC intervention and Director Arrington said if they give South Kentucky RECC 15% Grayson may be left out. Director Arrington also said this was negotiable from 15% to 5%. Mark David Goss said that SKRECC is not going to negotiate against themselves.</p> <p>President Fraley questioned how Goss Samford can represent EKPC and 9 cooperatives who have two different opinions on this situation. EKPC asked South KY if they would consider dropping their request to 5 or 10%. South Kentucky may be legally obligated to Morgan Stanley.</p> <p>EKPC is considering buying 5 percent on the open market, below cost, for each Coop who doesn't have a part now. This begs the question of why they can't have a rate decrease.</p> <p>Legal Counsel Brandon elaborated on the interventions and said our hope is to try to work it out and getting 5% along with everyone else would be the fairest. This has to be approved by PSC.</p> <p>Legal Counsel Music said there was no other changes since the January Board Meeting.</p>
KAEC DIRECTOR'S REPORT	Director Whitt reported that the KAEC meeting was held in Frankfort on January 31 st with the Legislative Reception in the evening.
EKPC DIRECTOR'S REPORT	Director Arrington reported he had already discussed his topic with Legal Counsel Music's report.

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

Elizabeth Baptist Church – sponsor car show for youth group fundraiser	\$25
Blaine Elementary – 8 th grade field trip	\$250
Charlie Marshall – medical benefit fundraiser (Kim Bush’s uncle)	<u>\$100</u>
	\$375

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

MEETING ATTENDANCE Employees attending upcoming meetings are:

Bradley Cherry, Andrea McCleese and Caitlin Hutchinson along with Directors Trent, Whitt, Bentley and Dupuy to the NRECA Annual Meeting in Nashville, TN on February 25-28, 2018.

Mike Martin will be attending Vegetation Management Association of KY in Lexington, KY on March 13-15, 2018.

BOARD MEETING DATES The next two board meetings are scheduled for March 23, 2018 and April 27, 2018.

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

EXECUTIVE SESSION Director Martin made a motion for the Board to go into Executive Session. President Fraley, Priscilla Sparks, Executive Assistant, Bradley Cherry, Chief Financial Officer, were excused from the board room at 12:09 p.m.

RECONVENE Director Martin made a motion to return to the regular board meeting. Chairman Dupuy reconvened the meeting at 12:30 p.m.

ADJOURN Chairman Dupuy adjourned the meeting at 12:31 p.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

Minutes of the Executive Session of the February 23, 2018 GRECC Board Meeting

On February 23, 2018 Grayson Rural Electric Cooperative Corporation held an executive session during its regular board meeting.

EXECUTIVE SESSION	Director Martin asked to go into Executive Session at 12:09 p.m. Matters concerning Legal Counsel Scott's contract and President Fraley's wage increase was thoroughly discussed.
LEGAL COUNSEL SCOTT	Director Martin made a motion to sign an one year contract with Legal Counsel Scott, seconded by Director Bentley. Evaluations to be in by March 9, 2018 and meet with Legal Counsel Scott the week of March 12, 2018.
PRESIDENT & CEO FRALEY	Director Martin made a motion to give President Fraley a one (1%) percent wage increase retroactive January 1, 2018, seconded by Director Arrington. Director Martin called to come out of Executive Session at 12:30 p.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

Minutes of the Executive Session of the March 23, 2018
Grayson Rural Electric Cooperative Corporation Board Meeting

On March 23, 2018 Grayson Rural Electric Cooperative Corporation held an Executive Session prior to its regular board meeting.

EXECUTIVE SESSION

Chairman Dupuy called for Executive Session at 8:10 a.m. and it was unanimously agreed upon. All Directors were present except Director Rice. Carol Hall Fraley, President and CEO; Priscilla Sparks, Executive Assistant; and Bradley Cherry, Manager of Finance and Accounting, were excused from the board meeting.

W. JEFFREY SCOTT

Matters concerning Legal Counsel W. Jeffrey Scott's contract was discussed.

Motion was made by Director Trent to accept a two year contract, seconded by Director Whitt. When voted upon there was two ayes and three nays.

Director Martin made a motion to offer a one year contract, seconded by Director Arrington and unanimously agreed upon.

Motion was made by Chairman Dupuy to come out of Executive Session at 8:55 a.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

On March 23, 2018 at 9:10 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Dupuy called the meeting to order pursuant to the Waiver of Notice signed by the Directors present. Director Rice was absent due to surgery. Others present included: W. Jeffrey Scott, Legal Counsel, Carol Hall Fraley, President and CEO and Priscilla Sparks, Executive Assistant, and Bradley Cherry, Manager of Finance & Accounting.

Director Rice is in ICU this morning, but doing well. Chairman Dupuy has been in the hospital. Director Martin lost a sister. President Fraley's husband and son are not doing well.

INVOCATION

Director Whitt gave the invocation.

PER DIEM

Chairman Dupuy said one per diem for a special meeting in February (16th) would be paid at the April Board Meeting.

APPROVAL OF MINUTES

Motion was made by Director Trent, seconded by Director Bentley and unanimously agreed to approve the minutes from the February 2018 Board Meeting.

PRESIDENT'S REPORT

President Fraley reported on the following:

FRONT PORCH

Mike Kitchen will have the front porch repaired before annual meeting.

TONY BREWER

Tony Brewer has finished the apprentice program and is now a first class lineman. He will still work on Construction and will act as backup to Richard Easton.

NATIONAL LINEMAN DAY

April 9th is National Lineman Day and we will honor them with a breakfast.

811 CALL BEFORE YOU DIG

We have joined 811's Call Before You Dig, after we finished our mapping and had a correct pole count. Chris Perry with KAEC called regarding legislation concerning 811 and we told him we were joining as soon as the mapping was finished.

AGENDA CHANGE

A motion by Director Martin, seconded by Director Trent, was made to change the order of the Agenda to move Bradley's report up on the agenda. Motion carried unanimously.

FINANCIAL & STATISTICAL
REPORT FOR JANUARY 2018

Bradley Cherry, Manager of Finance and Accounting presented the Financial & Statistical Report for January 2018:

SALES AND PURCHASES

Kilowatt hour sales for the month of January (1/1-1/31) were 18.77% over budget. Purchases for the month of January (1/1-1/31) were 18.56% over budget. Line loss for the last twelve months was 6.52%. Year to date margins were \$573,165 compared to the budgeted amount of \$162,513.

FUEL ADJUSTMENT

The fuel adjustment for January was 0.004874.

ESC

The environmental surcharge was 9.81%.

DEGREE DAYS

There were 1,017 degree days; 1,014 heating degree days and 3 cooling degree days.

T.I.E.R. January 2018's monthly O.T.I.E.R. was 7.37 with the rolling 12 month O.T.I.E.R. of (0.41).

BILLS BY COUNTY There were 15,389 bills for January 2018. Bills per county were Carter 4,590, Elliott 3,666, Greenup 4,281, Lawrence 774, Lewis 313 and Rowan 1,765.

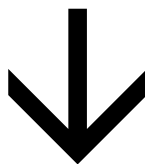
APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR JANUARY 2018 Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve the Financial and Statistical Report for January 2018, as presented for informational purposes only.

RATE INCREASE President Fraley addressed a rate increase for GRECC. Bradley gave a presentation of the past 3-4 years financial reports. She explained that we could expect a letter from RUS concerning T.I.E.R. and that a rate increase would be a recommended part of the reply to that answer.

The chart on page 3 explains data from 2014-2017. Degree days have decreased by 1,400 days, dropping our revenue by almost \$5.4 million. Even though our expenses have decreased by \$3.5 million, we are at the point where our revenue is insufficient. A good portion of the increase appears to be due to weather. We have to make T.I.E.R. of 2.25 and O.T.I.E.R of 1.1, for two out of three years.

Our rate case will be based on the following reasons:

- A decrease in kWh sales, resulting in diminished operating revenue.
- A decrease in member accounts.
- An increase in debt coverage.
- Inability to meet T.I.E.R. in 2017.
- Budgeted financials that indicate Grayson R.E.C.C. will be unable to meet T.I.E.R. in 2018.



RATE INCREASE
(CONTINUED)

	2017	Adj 2017	2016	2015	2014
Operating Revenue	\$ 27,461,142	\$ 28,777,284	\$ 30,511,143	\$ 31,182,099	\$ 32,828,910
Purchase Power	\$ 17,151,603	\$ 17,151,603	\$ 17,917,378	\$ 18,455,285	\$ 19,923,071
Operating Expense	\$ 25,184,733	\$ 25,184,733	\$ 26,052,417	\$ 26,165,024	\$ 28,483,318
Depreciation	\$ 3,477,092	\$ 3,477,092	\$ 3,341,888	\$ 3,221,794	\$ 3,088,646
Interest on LTD	\$ 980,167	\$ 980,167	\$ 895,352	\$ 904,235	\$ 950,337
Margins	\$ (2,048,485)	\$ (732,343)	\$ 368,368	\$ 1,013,267	\$ 449,400
OTIER	-1.09	0.25	1.19	2.04	1.34
Degree Days	4440	4524	5344	5524	5926
<i>Heating</i>	3249	3275	3754	4387	4955
<i>Cooling</i>	1191	1249	1590	1137	971
Total					
kWh	223,362,793	239,862,793	245,076,512	247,930,543	
Consumers	14,158	15190	15,366	15,344	
Revenue	\$ 26,471,472	\$ 27,787,614	\$ 29,536,811	\$ 30,176,842	
Residential					
kWh	150,816,986	165,505,327	169,779,049	171,910,692	
Consumers	13,061	14194	14,166	14,117	
Revenue	\$ 19,932,584	\$ 19,173,454	\$ 22,545,309	\$ 23,009,195	
Commercial					
kWh	41,448,656	43,175,303	44,032,345	44,956,666	
Consumers	1,094	1193	1,197	1,224	
Revenue	\$ 4,635,609	\$ 5,001,771	\$ 5,015,628	\$ 5,175,936	
Industrial					
kWh	3,105,291	31,182,163	31,214,964	31,012,164	
Consumers	2	2	2	2	
Revenue	\$ 1,896,723	\$ 3,612,390	\$ 1,968,298	\$ 1,984,197	
Street Lights					
kWh	44,187	-	50,154	51,021	
Consumers	1	1	1	1	
Revenue	\$ 7,006		\$ 7,576	\$ 7,514	

President Fraley said we should not file for a rate increase until after our application for the metering program is approved.

We can proceed with a Cost of Service Study that will help us evaluate how a rate increase should be implemented. We need to plan to meet T.I.E.R. requirements for five years or more, with the least impact on our members. There is concern that EKP may go in for a rate increase in March 2019, which will pass through to our consumers.

RATE INCREASE
(CONTINUED)

After careful study, a motion was made by Director Arrington, seconded by Director Whitt and unanimously voted to begin preparation for a rate case and to file a Letter of Intent to do so with the Kentucky Public Service Commission, at the appropriate time.

Motion was made to use Alan Zumstein and Jim Adkins to work on the rate study case by Director Martin, seconded by Director Whitt and unanimously agreed upon.

EKPC DIRECTOR

Cooperative Directors designated to serve on the EKPC Board are to file the paperwork for background checks. Kenneth Arrington is the current director representing GRECC.

Motion was made by Director Bentley, seconded by Director Martin to keep Director Kenneth Arrington as the EKPC's director and unanimously agreed upon.

FEDERATED REIE

Federated Rural Electric Insurance Exchange issued a check in the amount of \$6,030 for our 2017 margin distribution.

RUS WORK ORDERS

RUS work orders for the months of October, November and December 2017 were presented to the board of directors for approval:

October 2017	Work Order No. 1278	\$208,383.86
	Work Order No. 1279	\$1,348.59
November 2017	Work Order No. 1280	\$192,276.68
	Work Order No. 1281	\$2,090.19
December 2017	Work Order No. 1282	\$860,804.86
	Work Order No. 1283	\$5,183.29
	Total	\$1,270,087.47

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

SCHOLARSHIP WINNERS

President Fraley read the list of the scholarship winners. There were:

Aisha Al-Sawafi – West Carter High School
 Parker Ball – Raceland-Worthington High School
 Conner Barker – Rowan County High School
 Shannon Mabry – West Carter High School
 Haley Nyderek – Greenup County High School
 Erin Rice – Greenup County High School
 Baylor Ruark – Greenup County High School
 Heather Smith – Elliott County High School
 Sydney Sturgill – Elliott County High School
 Abigail Yates – Elliott County High School

KAEC DIRECTOR'S REPORT

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

- *The first KAEC Board Meeting was held in the new building this month.
- *Mike Williams reported that the NRECA Annual Meeting held in Nashville, Tennessee had an attendance of over 9,000 and the largest one held to date.
- *Financial report given by Richard Lacy reported on the consolidated margins, revenue, product sales, sales by state, transformer units, expenses, debt and line of credit, and the Discontinued Operations Pension Liability. Three options was discussed and option 3 was agreed upon allowing KAEC to use the existing line of credit to finance the \$1.3M liability to be paid back to NRECA for the pension. The key points are that this gives flexibility, minimizes interest expense and has no early penalties for prepayments.
- *There was no margins. Capital credits
- *Easement filing was discussed and a lot of coops are having trouble.
- *House Bill 227 – solar net metering. Some are holding out maintaining we should pay more for clean green power and we maintain to only pay what we are paying now, purchased power.
- *The KAEC Annual Meetings will be held at the Louisville Marriott Downtown through 2020. The Louisville Marriott East was considered but after investigation, would not accommodate our group.
- *Discussions regarding logo change and a brand name for KAEC making it more recognizable. No sign is up at the new location yet.
- *The upcoming NRECA Legislative Conference in Washington D. C. was discussed. It is the week of April 8, 2018.

EKPC DIRECTOR'S REPORT

Director Arrington reported the following on the EKPC Board Meeting this month:

Board okay's Spurlock project to ensure CCR/ELG compliance. EKPC's Board of Directors on Tuesday approved full implementation of a project at Spurlock Station to ensure the power plant's continued compliance with tightening federal regulations.

EKPC has begun initial steps in the project to ensure Spurlock Station remains in compliance with federal regulations related to potential environmental impacts of wastewater and coal ash from the plant. The Board has received frequent updates on the regulations, including options for compliance and the costs and risks involved.

The project is subject to the approval of the Kentucky Public Service Commission (PSC). In November, EKPC sought PSC approval and the agency's decision is expected in May.

The project includes new handling systems for bottom ash and fly ash from Spurlock Units #1 and #2; a wastewater treatment system to process scrubber wastewater and blowdown from the units; closure of the plant's ash pond; and establishment of a smaller impoundment to receive effluent from various plant processes. The total cost is estimated at \$262 million.

EKPC DIRECTOR'S REPORT
(CONTINUED)

The Board also approved replacement of absorber spray headers to control sulfur dioxide emissions on Spurlock Units #1 and #2 at a cost of \$21 million. The headers have shown evidence of significant corrosion. The replacement headers will have features to resist future corrosion.

Also Tuesday, the Board approved adding a backup fuel oil system at Bluegrass Station to ensure the plant can continue operating in the event the primary fuel, natural gas, is not available. Under the capacity performance rules of PJM Interconnection, the plant could incur significant penalties, totaling as much as \$75 million, if it is unable to operate during some high-demand situations.

The fuel oil backup system is estimated to cost \$62 million and is subject to approval of the PSC. Various alternatives were considered for mitigating the risk, including purchasing firm delivery of natural gas, purchasing insurance and using liquid natural gas as a backup fuel.

Mike McNalley, Chief Financial Officer and Executive Vice President, reported that January's cold weather drove sales higher. But the cost of additional fuel and purchased power offset the added revenue. O&M expenses were below budget, resulting in margin of \$18.2 million, \$2.2 million better than budget. Cost to member systems was higher than budget because of high fuel prices and a large carry-over of the environmental surcharge from December.

The Board authorized EKPC to seek up to \$300 million in private placement issuance or tax exempt financing. This will allow EKPC to affordably finance capital expenditures and manage interest rate risk.

SOUTH KENTUCKY

Director Arrington reported President Campbell sent a letter to the EKPC directors excluding Boris Haynes of South Ky. R.E.C.C. The letter summarized Dennis Holt's request for South Kentucky to utilize 58 megawatts of off system purchased power. This could be problematic because of the impact EKPC says it will have on other member owners.

President Fraley pointed out she felt that South KY was within their right to request the full amount of their allotment. Keep in mind Dennis Holt or Boris Haynes were not on the Board when the Amendment 3 explanation or definition which is the MOU was adopted. President Fraley said the numbers did not add up when each Cooperative used their full 15%.

Mark David Goss is the attorney for South Ky. R.E.C.C. At some point, SKY began to look for off system power sources. They signed a contract with Morgan Stanley for 58 megawatts of purchased power, as they believed was allowed under Amendment 3 and the MOU. South KY talked to Tony Campbell last August (2017) and Mr. Campbell told them EKPC could absorb any financial impact on the other cooperatives.

Director Arrington said a special committee was formed of managers and directors to review this issue for EKPC, specifically to see if they could get the amount South KY asked for lowered to 5% or 10% instead of the full 15%. South KY's manager and Board allege they are in the right to ask for 58 megawatts. President Fraley said she thought Mark David Goss would have cautioned South KY's Board about checking to make sure of the procedure.

SOUTH KENTUCKY
(CONTINUED)

South KY signed a contract with Morgan Stanley and gave EKPC proper notice about their plans to purchase 58 megawatts of power off system.

Tony asked the entire Board if they went out and purchased 5% of low cost power for every Coop that had not utilized Amendment 3 or the MOU, would that satisfy everyone? President Fraley told him she would accept the 5%, as we would never receive anything from the MOU or Amendment 3 any other way. East Kentucky does not seem to acknowledge Grayson RECC's attempt to purchase 9-10 megawatts of off system power a few years ago.

We received a memo from Brandon Music that Goss Sanford has filed on behalf of South KY an application for PSC approval of their intent to purchase power from an off system source under Amendment 3 and the MOU. They cited the Grayson case in their application. EKPC and South KY are now both going to use our case. Right after the South KY application was announced, several coops filed for their allotment of power under the MOU and Amendment 3.

The other 15 EKPC Cooperatives intervened in South KY's application to the PSC in order to preserve our opportunity to purchase off-system produced power. EKPC intervened, as well as Gallatin Steel and several others.

Legal Counsel Scott says the Commission has responded to the South KY's application. If South KY does not receive approval from the PSC by May 31, 2018, they would have to give East Kentucky notice that they want to get back in and purchase the 58 megawatts from East Kentucky." But under the MOU there is likely an 18 month period that must pass before this can happen.

Legal Counsel said the committee wanted our response by today and he did not feel that he or President Fraley had the authority to make that decision. Jeffrey said he would let them know our decision after the board meeting.

Director Arrington suggested to stay neutral unless it impacts Grayson and our 5%. Jim Miller is representing a lot of the Coops. There will likely be a hearing the first week in May. Legal Counsel thinks we should stay with the group. The question is the application of the MOU on this request and Amendment 3. Mark David Goss has filed to withdraw from this case due to conflict of interest.

Following thorough discussion, a motion to protect Grayson Rural Electric's financial interest, with respect to South Kentucky's application and do what is necessary to foster that financial interest, concern and impact was made by Director Arrington, seconded by Director Trent and unanimously agreed upon.

Director Martin asked to amend the previous motion to include it is okay for South Kentucky to come back into East Kentucky without having to wait 18 months, seconded by Director Trent and unanimously agreed upon.

EXECUTIVE SESSION Director Martin made a motion to go into Executive Session to discuss legal matters at 11:12 a.m., seconded by Director Bentley.

The following Motion was agreed upon by all Directors present:

LEGAL COUNSEL SCOTT The Board agreed to a contract with Legal Counsel Scott that commences on January 1 of each year and expires on January 31 of the following year. The Board agreed to an annual contract with Legal Counsel Scott. The Board agreed to put Legal Counsel's contract on the Agenda as an item every year.

Motion was made to come out of Executive Session and reconvene at 11:23 a.m.

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

RIGHT-OF-WAY EASEMENTS Reviewed 79 easements and signed off on those. A few of the easements had problems and the office was contacted. Those will be corrected before recording. An invoice was received for the recording fees and a check was mailed yesterday.

SOUTH KENTUCKY RECC We have been involved in South Kentucky Rural Electric's case.

██████████ There are no updates on ██████████ property above the Carter Caves entrance.

AGENDA ITEM Director Trent stated he felt the Manager of Finance and Accounting Report should be listed on the Agenda prior to the Legal Counsel's Report.

CAMP CO-OP Grayson Rural Electric's Camp Co-op won a silver medal at NRECA. Dates for this year's camp will be announced next month.

OPERATIONS & SAFETY 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 The following safety meetings were held during February 2018:

February 5 – Bradley Cherry, Manager of Finance and Accounting, discussed the new Teladoc benefits and the procedures to get in touch with a Board Certified doctor to discuss and treat your illness. Robert Brown and Scott Speaks were presented a Certificate of Completion for attendance to the Pipeline Emergency Response and Damage Preventions. Kyle Clevenger went over three accidents that involved Ryan Rice, Caitlin Hutchinson and Tony Brewer. He also asked everyone to be careful, because it was going to be slick outside and watch for slips, trips, and falls.

February 12 – Kyle Clevenger, Manager of Operations, updated everyone on the meter readings and went over some of the items that were discussed in the recent Storm Coordinators meeting. He explained that this meeting will now be conducted during one of our safety meetings during the year commencing in 2019. Kyle requested that everyone be careful, as it is dangerous doing meter readings and to have a safe day.

SAFETY REPORT
(CONTINUED)

February 21 – Carol Ann Fraley, President and CEO, turned the meeting over to Tony Dempsey for KAEC’s monthly safety meeting. He discussed an accident that Owen Coop had on January 20, 2017 regarding a large tree that fell on the line and while trying to get it off it came back and hit the lineman in the shoulder. Carol Ann and Tony went over new goals that the Federated has suggested to help reduce our TCIR, DART, and LTR by 2020 and eliminate employee contacts. Randolph Brewer was presented a Certificate of Completion of Apprenticeship and Justin Staniford was moved to 4th Class Lineman. Carol Ann issued all employees their incentive check for No Loss Time Accidents for 2017.

February 26 – Mike Martin, Assistant Manager of Operations, turned the meeting over to Carol Hall Fraley, President and CEO, who discussed electrical inspections: rough-in’s, not for occupancy, and final inspections. She also went over meters in residences, bad meter poles, right-of-way easements and sewer stickers. Kyle Clevenger explained to everyone that it will still be wet this week and remember to watch for slips, trips and falls, along with high water and broken roads.

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

CONSTRUCTION

The Construction Department built one hundred twelve (112) new work orders for the month of February and worked zero (0) hours of overtime.

OVERTIME HOURS

The Maintenance Department worked two hundred eighty-three (283) hours of overtime during the month of February 2018 and the Engineering Department worked zero (0) hours of overtime. Work order overtime hours worked by maintenance was eighty-seven (87).

DELINQUENT NOTICES

There were 194 delinquents for March. Eighty-five (85) cards were issued to be disconnected and 7 accounts were disconnected by remote meter on March 7 for cycle 1. Eighty-two (82) cards were issued to be disconnected and 20 accounts were disconnected by remote meter on March 14 for cycle 2. Field personnel disconnected a total of 19 meters and a total of 15 meters were reconnected by field personnel and remote.

CONTRACT CREWS

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

Tony Seagraves – Cains Creek in Lawrence County
Bob Marrow – random pole changes in all counties; small job on Bauer Road off US 60 West

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 590 trees, cut 1,077 trees and cut 38,550 feet of brush/line. The crews are working in the following areas:

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

RIGHT-OF-WAY CREWS
(CONTINUED) Smith Tree Service – circuit crew finished up on Ruin on ST RT 755 in Elliott County and now going forward to Isonville

ENGINEERING REPORT The Engineering Department released seventy-one (71) prints consisting of 555 feet of primary line and 1,020 feet of service wire. They currently have three (3) new services to be staked and three (3) to be drawn. They have approximately eleven (11) miscellaneous jobs to be staked or drawn.

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS Motion was made by Director Trent, seconded by Director Bentley and unanimously agreed to approve ninety-one (91) new memberships and retirement of ninety (90) existing memberships for February 2018.

BAD DEBT WRITE-OFFS Motion was made by Director Bentley, seconded by Director Trent and unanimously agreed to charge off \$4,106.67 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 \$696.60, Director’s business expenses of \$10,596.03 and Attorney’s business expense of \$254.78.

SCHOLARSHIPS Chairman Dupuy and President Fraley presented ten scholarships to the following recipients:

Aisha Al-Sawafi from West Carter High School
Parker Ball from Raceland-Worthington High School
Conner Barker from Rowan County High School
Shannon Mabry from West Carter High School
Haley Nyderek from Greenup County High School
Erin Rice from Greenup County High School
Baylor Ruark from Greenup County High School
Heather Smith from Elliott County High School
Sydney Sturgill from Elliott County High School
Abigail Yates from Elliott County High School

The Board and employees had lunch with the scholarship winners and their parents.

THANK YOU We received a thank you letter from Rowan County High School for Project Prom.

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

Elliott County Conservation – 4 th grade annual field trip	\$ 50
28 th Annual Shriners Bluegrass Festival – sponsorship	\$250
Rudy Fest – sponsorship	\$275
Halderman Community Center	\$200
Grayson Area Little League – co-sponsorship with EKPC	\$400
	<u>\$1,175</u>

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

MEETING REPORTS Director Trent reported there was a good crowd at the NRECA Annual Meeting this year in Nashville, Tennessee.

BOARD MEETING DATE The April Board Meeting is scheduled for Monday, April 27, 2018.

ADDITIONAL BUSINESS Director Arrington thanked Director Martin and Chairman Dupuy for doing a good job.

 Jeromy Poling has been in hospital with pancreatitis.

 Peggy Skaggs is having issues with her right side of her body.

ADJOURN Chairman Dupuy adjourned the meeting at 11:45 a.m. A luncheon followed with our Scholarship Winners and their parents.

Harold L. Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On April 27, 2018 at 9:06 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Dupuy called the meeting to order pursuant to the Waiver of Notice signed by the Directors present. Others present included: W. Jeffrey Scott, Legal Counsel; Carol Hall Fraley, President and CEO; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Whitt gave the invocation.
APPROVAL OF MINUTES	Motion was made by Director Bentley, seconded by Director Trent and unanimously agreed to approve the minutes from the March 2018 Board Meeting.
PRESIDENT'S REPORT	President Fraley reported on the following:
FRONT PORCH	The front porch is just about finished and looks good. The weather has held up work. The blacktop may not be finished by annual meeting due to rain.
MANAGER'S MEETING	President Fraley attended the KAEC Managers Meeting in Lexington, KY April 25 th . They discussed the impact of the latest legislative session, heard a report on NRECA Programs and heard from a representative of Kentucky Farm Bureau regarding international crop sales and how our trade with foreign countries could be affected.
METERS UNDER WATER	Letters were emailed to Legal Counsel Scott regarding meters that are under water. Several have complied with our request to put their meters at the top of a twenty five foot pole. They have been given until May for corrections to be made.
EKPC REBATES	<p>EKP has curtailed their incentives on high efficiency air to air heat pumps, the Button-up program, and other programs. If we need someone from EKP to trouble shot a problem for us, the cost is \$400 a day. This changes the nature of Tina's job. She will be assisting in the Member Services Department three days a week and will go out in the field two days a week for energy audits and high bill complaints, as necessary.</p> <p>Kim is teaching Julie how to balance at the end of the day and assist her with other duties, as she will be having knee surgery in May.</p>
EKPC ANNUAL MEETING	June 5 th , 2018 is EKPC'S Annual Meeting. Roger Trent will be voting Representative and Harold Dupuy will be the Alternative Representative.
CLARK ENERGY	We received a letter from Clark Energy expressing appreciation for Richard Easton, Tony Brewer, Shane McDavid and Bryan Rogers for helping with storm work last month.
CFC INTEGRITY FUND	A letter was received from CFC thanking GRECC for donating 5% of our CFC patronage capital retirement to the Integrity Fund for 2018.
KAEC DIRECTOR'S REPORT	Director Whitt reported there was no KAEC monthly board meeting this month.
EKPC DIRECTOR'S REPORT	Director Arrington reported the following on the EKPC Board Meeting this month:
EKPC DIRECTOR'S REPORT	· EKPC is going back to basics to keep the program fresh. To do that EKP

(CONTINUED)

will again survey employees to see what the organization is doing right and identify opportunities for improvement. Thirty-eight percent of current employees were not working at EKPC when the first survey was conducted.

- One million ton of gravel was purchased for Cooper and Spurlock plants.
- 2017 was the worst safety year of the previous three with an OSHA Recordable Rate of 2.80 and 20 injury accidents. Currently through the end of March, there have been zero injuries incidents this year.
- The Board authorized a wastewater treatment system contract for the CCR/ELG compliance project. The project is subject to approval of the KY PSC, and it includes a new handling system for bottom ash and fly ash from Spurlock Units #1 and #2, a wastewater treatment system, closure of the plant's ash pond and establishment of a smaller pond.
- The Board also authorized an engineering services contract for a backup fuel oil system at Bluegrass Station to ensure the plant can continue operating if natural gas is not available. The project is subject to approval from the PSC and will cost several million dollars.
- Denver York updated the Board on NERC compliances.
- Barry Mayfield said there is a chance that House Bill 227, Net Metering Bill, could be passed by the Senate in Frankfort.
- Mike McNalley reported that February's \$11.3 million margin was slightly less than budget due to mild weather reducing sales. But that was primarily offset by lower fixed cost and O&M expenses. Cost to Member Systems was over budget for the month at \$71.73 per megawatt-hour because of high fuel prices and power purchases from early in the year, but EKPC expects these costs to even out as the year progresses. Other financial metrics are sound. The year-to-date margin through February was \$29.4 million.
- EKP's cost of service presentation reviewed strategies used to realize significant savings including joining PJM, refinancing debt, purchasing higher sulfur coal and holding head count steady. One result is that EKPC has become cost competitive with investor-owned utilities.
- Board accepted 2017 Independent Audit Report.

FINANCIAL & STATISTICAL
REPORT FOR JANUARY 2018

Bradley Cherry, Manager of Finance and Accounting presented the Financial & Statistical Report for February 2018:

SALES AND PURCHASES

Kilowatt hour sales for the month of February (2/1-2/28) were 5.49% under budget. Purchases for the month of February (2/1-2/28) were 5.69% under budget. Line loss for the last twelve months was 5.87%. Year to date margins were \$750,375 compared to the budgeted amount of \$129,311.

FUEL ADJUSTMENT

The fuel adjustment for January was 0.007926.

ESC

The environmental surcharge was 6.36%.

DEGREE DAYS

There were 561 degree days; 554 heating degree days and 7 cooling degree days.

T.I.E.R

February 2018's monthly O.T.I.E.R. was 3.03 with the rolling 12 month O.T.I.E.R. of 5.23.

BILLS BY COUNTY

There were 15,385 bills produced for January 2018. Bills per county were Carter 4,591, Elliott 3,668, Greenup 4,280, Lawrence 768, Lewis 317 and Rowan 1,761. Counties are about the same.

RATE CASE

Jim Adkins and Allen Zumstein met with President Fraley and Bradley last week and gave a preliminary report on what is needed for the rate case and what we may be looking at in the rate case. President Fraley asked them to clearly define:

- what each class was using and the costs associated with each class
- look at churches with high demand
- look at 400 amp residential services compared to 200 amp services
- look at the customer charge and keep as much as we can off of our residential
- look at camps, barns, leisure type situations such as recreational
- holding power in reserve; example – consumers that have other heat options
- do not burden small commercials and large powers, but put costs where they incur
- make a decision on the amount of revenue we actually need and the length of solvency without going in for another increase
- President Fraley explained the classifications and said we need to add new and different categories.
- The study will take two months to do; another month for the Board to analyze the study; number of miles of lines, terrain, number of employees, etc. The amount of consumers per mile is now 8 instead of 5; according to our meter reading program.

Expenses were down \$3 million since 2015, but our revenue was down \$4 million.

APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR FEBRUARY 2018

Motion was made by Director Whitt, seconded by Director Bentley and unanimously agreed to approve the Financial and Statistical Report for February 2018, as presented for informational purposes only.

CFC LINE OF CREDIT

Mr. Cherry presented to the Board a renewal of the Revolving Line of Credit with CFC for one million dollars revolving credit. Legal Counsel Scott reviewed the agreement and paper work and did a Letter of Opinion of Counsel.

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CFC LINE OF CREDIT
(CONTINUED)

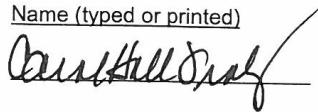
CERTIFICATE OF RESOLUTIONS AND INCUMBENCY

I, Billy E. "Eddie" Martin do hereby certify that (i) I am the Secretary of Grayson Rural Electric Cooperative Corporation (hereinafter called the "Cooperative"); (ii) the following are true and correct copies of resolutions duly adopted by the board of directors of the Cooperative at a meeting held on 04/27/2018; (iii) the meeting was duly and regularly called and held in accordance with the bylaws of the Cooperative; (iv) the Cooperative is duly incorporated, validly existing and in good standing under the laws of the state of its incorporation and there is no pending or contemplated proceeding for the merger, consolidation, sale of assets or business or dissolution of the Cooperative; (v) forms of the loan documents were submitted to the meeting and were authorized by the board of directors to be executed; (vi) none of the following resolutions has been rescinded or modified as of this date; and (vii) the persons authorized below have been duly elected or appointed to their respective positions and occupied such positions on the date of actual execution of the loan documents:

RESOLVED, that the Cooperative establish a line of credit and authorize borrowing from National Rural Utilities Cooperative Finance Corporation ("CFC") in an amount which shall not at any one time exceed \$4,200,000.00 (the "Line of Credit Amount"), subject to the provisions of the Line of Credit Agreement substantially in the form submitted to this meeting (the "Line of Credit Agreement"); and,

RESOLVED, that the individuals listed below are hereby authorized to execute and to deliver to CFC the Line of Credit Agreement.

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

<u>Office or Title</u>	<u>Name (typed or printed)</u>
<u>President + CEO</u>	
_____	_____
_____	_____
_____	_____

IN WITNESS WHEREOF I have hereunto set my hand and affixed the seal of the Cooperative this 27th day of April, 2018

(SEAL)


Secretary

CFC INCUMB
KY061-R-5111(BURDICM)
223785-1

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CFC LINE OF CREDIT
(CONTINUED)

shall survive and be construed as if such invalid or unenforceable term, provision or condition had not been contained therein.

Section 8.15 Binding Effect. This Agreement shall become effective when it shall have been executed by both the Borrower and CFC and thereafter shall be binding upon and inure to the benefit of the Borrower and CFC and their respective successors and assigns.

Section 8.16 Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original and all of which together will constitute one and the same document. Signature pages may be detached from the counterparts and attached to a single copy of this Agreement to physically form one document.

Section 8.17 Schedule 1. Schedule 1 attached hereto is an integral part of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION

(SEAL)

By: *Carroll Hill*
Title: *President + CEO*

Attest: *[Signature]*
Secretary

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION

(SEAL)

By: _____
Assistant Secretary-Treasurer

Attest: _____
Assistant Secretary-Treasurer

Effective Date: _____ (to be filled in by CFC)

Loan Number: KY061-R-5111

CFC LOCAGMT
KY061-R-5111(BURDICM)
223782-1

(CONTINUED) million dollars revolving credit by Director Trent, seconded by Director Whitt and unanimously agreed upon.

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

LEGAL COUNSEL CONTRACT Chairman Dupuy asked Legal Counsel Scott to read his contract to the Board, as was agreed upon at the March 27, 2018 Board meeting. The agreement is made and entered into the 27th day of April 2018 to commence February 1, 2018 and expire January 31, 2019.

Motion was made to accept Legal Counsel, W. Jeffrey Scott's contract by Director Martin, seconded by Director Trent and unanimously agreed upon.

ATTORNEY'S REPORT Legal Counsel Scott read the Attorney Report for April 2018, covering several discussions, document preparation, review of documents and filing of documents with the KY PSC in connection with the South Kentucky RECC application. President Fraley's testimony was prepared and filed with the PSC.

SOUTH KENTUCKY RECC The South Kentucky RECC hearing will be at the PSC on May 15th and 16th, 2018. Grayson's position is to point out that we have a right to the use of an alternate source the same as any other distribution cooperative. The Attorney General's office has intervened as have nearly all of the distribution cooperatives and East Kentucky Power.

Director Arrington asked about Mark Stallons' filing. He has pre-filed testimonies for Owen Electric and Shelby Energy. Owen Electric possibly found out about SKRECC filing in November. Owen reported to their Board in December that South Kentucky was going to be asking for the 58 megawatts. Owen noticed their request for 60 megawatts. Several others will file by the February Board Meeting. Most likely Owen did this for a defensive measure. A question to Stallons testimony was, "did any other coop request megawatts previously" and he did not name Grayson. This was one reason Carol Ann's testimony was filed. In 2012 GRECC asked for the same thing with Morgan Stanley.

Director Arrington questioned how South Kentucky made a contract with Morgan Stanley. South Kentucky said they could under Amendment 3, the Wholesale Power Contract, we can get 15% of power, as long as it does not exceed 5% of EKP production. Tony Campbell said he always implicated that no one buys off system power. Their formal testimony to SK is no by EKP.

Legal Counsels Brandon Music and Jeffrey Scott, President Carol Fraley and Bradley Cherry will be at the May 15, 2018 hearing. The SK contract has to be approved by May 31.

██████████ Talked to Park Priest regarding the ██████████ case, which is ongoing although no suit has actually been filed. Federated Rural Electric Insurance is providing the defense of this case and has expended much time, effort and money in trying to litigate it.

RIGHT-OF-WAY EASEMENTS Met with Kim Bush, Sherry Conley and Bradley Cherry regarding easements. Several easements have been reviewed, executed and recorded in the various County Clerk's offices during April. The recording fee is \$17 per easement and has resulted in over \$1,000 in recording fees.

██████████, CONSUMER Had a long telephone conference with ██████████ concerning an easement. He is a landlord who doesn't want to grant an easement for his tenant. Rosemary Tuttle with the Public Service Commission told ██████████ he had to sign the right-of-way easement.

ADVANCED METERING INFRASTRUCURE SYSTEM Review an Order from the Commission on our advanced metering infrastructure system and prepared a Notice of Filing Amended Petition to refile the Petition without any redacted material. The Commission had denied our request for confidential treatment of some of the material so we refiled without the confidentiality request last Friday.

The past 2 months, costs to member systems has been \$68 or more instead of the target of \$65. They have had margins over what they projected of \$16m and \$11m the past two months. We suggested EKPC should true up the amount charged to member systems out of the excess margins.

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

AMI APPLICATION UPDATE The PSC notified Grayson on the 17th of April, denying our request for confidentiality on the AMI application. This information was redacted at the request of Landis and Gyr. However, it was supplied when the Attorney General's office said they would not intervene if we supplied that information, which we did. We provided the information requested by the PSC the next day and it was received by the Commission on the 23rd. We are still awaiting their decision.

We are also awaiting the final propagation study from Landis+Gyr that will give us the final pricing on the equipment. All the quotes we used for comparison were 'budgetary' and were not contractual figures.

FUTURA An agreement with Futura was signed to add another piece of software to our mapping system called Field Pro, allowing corrections found the field to be sent directly to Robert Brown. It will also allow "forms" for gathering information in the field.

First, we will create forms for Padmount Transformer Inspections, Right-of-Way Inspections and our upcoming AMI Equipment. Once we get a good feel for how this all works, we have several other forms we would like to convert to Field Pro.

CORP OF ENGINEERS The Corp of Engineers want to install 70 kW of solar. The Net Metering Contract and Tariff say 30 is the maximum allowed by our contracts and approved by the PSC. East Kentucky is to meet with the Corp of Engineers at Grayson RECC's office next Monday.

OPERATIONS & SAFETY 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

The following safety meetings were held during March 2018:

March 7 – Andrea McCleese, Technical Services Supervisor, went over Cyber Security and showed videos on different scenarios that can cause major complications in our organization. The most critical vulnerability that was discovered during our recent vulnerability assessment was people and the need to properly train employees on cybersecurity. Phishing emails were discussed and employees were told to never send their user credentials in an email. Also, sender names on emails cannot always be trusted and links or attachments in emails should not be opened if they are not expected or if any employee is not certain of what they are. Employees were shown how to hover over links in emails to see where the link would actually take them. Ransomware was also discussed. Ransomware can render our files and data useless and can be costly to recover. Ransomware can occur by an employee clicking on infected email attachments, link in emails, or browsing on the Internet. Securing the Human videos were shown on the following topics: You Are the Target, Social Engineering, Browsing, and Email & Messaging. Kyle Clevenger went over the safety investigation report for Scott Speaks and requested that everyone change out their gloves and get new gas cards from Caitlin Hutchinson.

March 12 – Brian Poling, Manager of Technical Services, turned the meeting over to Robert Brown who showed a power point on the “Call Before You Dig KY 811”. He went over the procedures and process that will be taken place when a member calls to check on underground services. Kyle Clevenger requested everyone to stay safe and we would be on standby for outages.

March 19 – Priscilla Sparks, Executive Assistant, showed a video about Hepatitis A that had been reported in our area and read an article on the symptoms, diagnose, and treatment for Hepatitis A. Kyle Clevenger asked everyone to work safe.

March 27 – Robert Brown, Information System Technician, turned the meeting over to Tony Dempsey with KAEC for our monthly safety meeting. He showed a power point on Protective Grounding, Why You Ground, Tools and Devices Used to Ground, Steps for De-energizing, Test for Voltage, Single Point Grounding, Bracket Grounding and Underground Grounding. He had a few sayings to remember: “short cuts breed more short cuts”, “ground lines to save lives” and “clear it, test it, ground it; go home safe”. Kyle Clevenger requested the men to have all the grounds tested today after the meeting.

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

CONSTRUCTION

The Construction Department built one hundred twenty-one (121) new work orders for the month of February and worked zero (0) hours of overtime.

OVERTIME HOURS The Maintenance Department worked six hundred seventy-eight (678) hours of overtime during the month of March 2018 and the Engineering Department worked two (2) hours of overtime.

DELINQUENT NOTICES There were 122 delinquents for April. Sixty (60) cards were issued to be disconnected and 3 accounts were disconnected by remote meter on April 9 for cycle 1. Sixty-two (62) cards were issued to be disconnected and 14 accounts were disconnected by remote meter on April 16 for cycle 2. Field personnel disconnected a total of 16 meters and a total of 10 meters were reconnected by field personnel and remote.

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

Tony Seagraves – Cains Creek in Lawrence County
Bob Marrow – Bailey Hollow, 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 866 trees, cut 1,081 trees and cut 49,695 feet of brush/line. The crews are working in the following areas:

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

Smith Tree Service circuit crew is working on State Route 32 between Sandy Hook and Isonville, Elliott County.

ENGINEERING REPORT The Engineering Department released one hundred one (101) prints consisting of 2,089 feet of primary line and 747 feet of service wire. They currently have three (3) new services to be staked and two (2) to be drawn. They have approximately eight (8) miscellaneous jobs to be staked or drawn.

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

LIHEAP LIHEAP is finished and was approximately \$10,000 less than last year. The money mainly comes from Northeast.

WINTER HARDSHIP We had 20 winter hardship reconnects and 10 30-day extensions through LIHEAP, and that number is way down.

PREPAY ACCOUNTS We have 698 active prepay accounts and 11 inactive accounts.

DEBT MANAGEMENT We have 50 active accounts with debt management.

ENERGY There was 25 energy audits; 4 heat pumps; 3 button-ups; 4 billing insights; and 1 commercial lighting in progress.

Energy Star appliance rebates: 8 washers; 3 dishwashers; 3 refrigerators; 2 freezers; 4 energy star heat pumps; and 1 water heater.

SOLAR We had 2 coop solar inquires. To date the coop solar panel sales is 83. The panels earned \$88 this month and is over 4 accounts.

ANNUAL MEETING Annual Meeting is Thursday, May 10, 2018 with the same format. We will have EKPC's electric car on display at the meeting.

CAMP COOP June 13-14, 2018 is Kid Coop Camp. Students must have completed 4th, 5th and 6th grades. It will start at 8:30 a.m.
NRECA and Touchstone Energy Spotlight on Excellence recognized Grayson for its Kid Coop Camp program and won a 2nd place silver award for its excellence.

BOOK SPONSORSHIP Books sponsored by GRECC will be given to Heritage Elementary.

E-BILLNG Members may sign up for E-billing at the annual meeting. We will have a drawing for a prize for anyone that is already signed up or who signs up for E-billing at the Annual Meeting.

MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS Motion was made by Director Trent, seconded by Director Bentley and unanimously agreed to approve sixty-two (62) new memberships and retirement of one hundred (100) existing memberships for March 2018.

BAD DEBT WRITE-OFFS Motion was made by Director Trent, seconded by Director Rice and unanimously agreed to charge off \$5,708.14 worth of bad debts and turn them over for collection.

APPROVAL OF CEO'S, DIRECTOR'S & ATTORNEY'S BUSINESS EXPENSES Motion was made by Director Trent, seconded by Director Rice and unanimously agreed to approve the President's business expense of \$326.53 Director's business expenses of \$7,333.91 and Attorney's business expense of \$2,174.70.

EXPENSES President Fraley reported are some additional expenses we are incurring.
██████████ - \$200
PSC Case – South KY \$5,850
Recording fees of easements - \$816
Totaling \$6,866

LOAD FORECAST Our Load Forecast with East Kentucky is still zero. Ours may need adjusted sometime.

THANK YOU We received a thank you letter from: Kenneth and Edna Arrington for remembering his sister's passing; Heather Smith for her scholarship; and Barbara Adkins on behalf of the Haldeman Community Center after School Program.

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

Lewis Co. Extension Office – KY Youth Seminar	\$ 125
Commercial Bank of Grayson – Christmas in July 5K	\$ 100
Grayson Fire Department – Cruise In – Car Show	\$ 100
Rough Terrain Rescue – fundraiser	\$ 200
Carter County Thunder (check for \$500; EKPC donates \$250)	\$ 250

DONATIONS (CONTINUED)	East Carter High School Soccer – scoreboard donation	\$ 250
	Lewis County High School - golf scramble	\$ 100
	Grayson Meals on Wheels – March for Meals 2018	\$ 100
	Lewis County High School – golf scramble sponsor	\$ 100
	King’s Daughters Health Foundation – Rocky Adkins Cure for Cancer Golf Tournament – hole sponsor	<u>\$ 250</u> \$1,575

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

MEETING REPORTS There was no meetings to report.

BOARD MEETING DATE The May Board Meeting is scheduled for Friday May 25, 2018.

ADDITIONAL BUSINESS There was no additional business.

ADJOURN Chairman Dupuy adjourned the meeting at 11:43 a.m.

Harold L. Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On May 10, 2018, 6:33 p.m., the Directors of Grayson Rural Electric Cooperative Corporation held an Organizational Meeting at its office in Grayson, Kentucky, for the purpose of electing officers for the coming year.

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

CHAIRMAN	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 Music to conduct the election of officers.
ELECTION OF OFFICERS	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 Trent. Motion was carried unanimously.
ANNUAL MEETING	President Fraley asked the Board for any suggestions or changes to the annual meeting, as well as possible ways to keep more members for the business portion of the meeting. The Board discussed some ideas, but was overall satisfied with the way the meeting was.
ADJOURNMENT	Motion was made by Chairman Dupuy to adjourn the meeting at 6:53 p.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin,
Secretary/Treasurer

Brandon Music, Legal Counsel
in for W. Jeffrey Scott, Legal Counsel

On May 25, 2018 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 Dupuy gave the invocation.
APPROVAL OF MINUTES	Chairman Dupuy asked for approval of the minutes of the April Board Meeting. President Fraley said that a correction of the January 2018 memberships should have been 62 new members and retirement of 100, and March 2018 should have been 77 new members and retirement of 94 memberships. Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve the corrected minutes from the February 2018 Board meeting and the April 2018 Board Meeting for informational purposes only.
APPROVAL OF ORGANIZATIONAL BOARD MEETING	Chairman Dupuy asked for a motion to approve the minutes of the Organizational Meeting, held directly after the Annual Meeting. Director Martin pointed out that the motion he made regarding election of officers should have read "Motion was made by Director Martin, seconded by Director Bentley and unanimously approved that all officers and representatives be re-elected to their current positions.
PRESIDENT'S REPORT	President Fraley reported on the following:
BRAIDY INDUSTRIES	There will be a ground breaking dedication for Braidy Industries at the Industrial Park on June 1, 2018 at 1:00 p.m. We have been invited to lunch at the FIVCO Building at 11:00 a.m. We can park at the FIVCO Building and transportation will be provided to the ground breaking site.
E-BILLS	At the Annual Meeting, we signed up 192 members for e-bills, a savings of \$1,152 per year by eliminating mailed paper bills.
NRECA-MANAGEMENT INTERN PROGRAM	Robert Brown has finished the six weeks NRECA'S Manager's Internship Program.
SUMMER WORKERS	We are starting on vacation schedules and have four summer workers to help fill in and for special projects. They are working on right-of-way easements for existing property and new residences. They will be helping with Co-op Camp next month. Director Arrington asked what we do about right-of-way easements when someone already has an account. President Fraley said if someone applies for service and there is not a valid easement we try to get a new one. If they are already on we would not disconnect. New services require a right-of-way easement along with their membership. [REDACTED] still has not presented a signed right-of-way easement, as agreed upon when his renter's electric was turned on. The Public Service Commission said we are well within our rights not to connect a service if a member did not sign an easement.

██████████ has never signed a right-of-way easement for his renter, so the electric has not been connected.

KAEC DIRECTOR The KAEC Board Meeting is scheduled for May 30th next week.

EKPC DIRECTOR Director Arrington attended the East Kentucky Power Cooperative Board Meeting. Their regular Board Meeting is June 4, 2018 and their Annual Meeting is June 5, 2018 at Headquarters.

MANAGER OF FINANCE
& ACCOUNTING REPORT Bradley Cherry, Manager of Finance and Accounting presented the Financial & Statistical Report for March 2018. Mr. Bradley reported on the following:

FINANCIAL & STATISTICAL
REPORT FOR MARCH Kilowatt hour sales for the month of March (03/01-03/31) were 10.75% over budget. Purchases for the time period of (3/1-31) were 10.40% over budget. Line loss for the last twelve months was 5.61%. Year to date margins were a \$1,214,347 compared to the budgeted amount of \$163,940.

O.T.I.E.R. The O.T.I.E.R. for the month was 6.36 and the year to date was 5.60. Rolling O.T.I.E.R is .60 for 12 months and close to 1.03 at this point.

FUEL ADJUSTMENT The fuel adjustment for the month was 0.000850.

ESC The environmental surcharge for the month was 4.19%.

DEGREE DAYS We had 698 degree days. They were all heating degree days and no cooling degree days were recorded.

CAPITAL CREDITS In May 2018 we paid 48 capital credit applications totaling \$43,617.02. We received 0 applications and have 19 incomplete applications.

APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR MARCH 2018 Motion was made by Director Bentley, seconded by Director Rice and unanimously agreed to approve the Financial and Statistical report for March 2018 as presented, for informational purposes only.

RATE CASE President Fraley gave a handout on GRECC rate increase history stating:

1999 GRECC was granted 6.71%
2009 GRECC was granted 13% (by PSC) along with EKP 5% pass through.
2010 EKPC pass through 5% (by PSC)
2012 GRECC granted 8% (by PSC)
2019 proposed increase is equivalent to \$1.3 million (reach 2.0 T.I.E.R.).

T.I.E.R. can be achieved in a number of ways. The GRECC Staff has studied this issue and determined the fairest and most equitable way to reach the \$1.3 level we need is by raising the Customer Service Charge, as needed, and by adjusting certain tariffs, as needed.

Kilowatt hour charges cause greater hardship on those members who have high usage and less income. Actual costs for each tariff will be examined as the Cost of Service Study is completed.

We expect a presentation to the full Board this July 2018 by Alan Zumstein and Jim Adkins. The Board should anticipate action on this issue at that time in order for Jeffrey, Bradley, Andrea and myself to prepare notice to the PSC.

GREENUP TAX

President Fraley talked to Mary Kay McGinnis Ruark about the Greenup County tax that would be collected on the GRECC bills. Chairman Dupuy stated this would not happen until January. President Fraley said she wrote an article on Facebook and received no replies.

LEGAL COUNSEL'S REPORT

Legal Counsel Scott reported on the following:

SOUTH KENTUCKY CASE

Brendan Music, Carol Ann and Jeffrey attended the three day hearing on South Kentucky RECC at the Public Service Commission last week. It started Tuesday and ended on Friday.

The Commission directed that there be post hearing data request to be done by Monday. Those got done and the response has to be done by this coming Tuesday. Grayson's brief is due July 2. Jeffrey has already done a draft of this brief.

South Kentucky, under Amendment 3, wants to buy 58 megawatts of power through a contract with Morgan Stanley, the same as Grayson Rural Electric in 2012, Case 2012-503ESPK.

This would leave EKPC with an extra 58 megawatts of power to sell. EKPC says that would shift stranded costs to the other 15 cooperatives and cause EKPC to have to make up that revenue.

Expert testimony was offered by EnerVision for South Kentucky. Greg Shepler prepared their contract, as he did for Grayson. Greg is no longer with EnerVision. Carter Babbitt, who replaced Mr. Shepler, testified for South KY along with Mr. Sealy. The distribution coops hired John Wolfram from Louisville to testify. Don Mosier, Mike McNalley, David Crews and Tony Campbell all testified for EKPC. Ted Hampton (Cumberland Valley), Bobby Sexton (Big Sandy) and Kerry Howard (Licking Valley) all took the stand and said they didn't want to buy alternate power and would never exercise their right to do so.

Mike Schmitt is Chairman of the PSC. Robert Cicero is vice chairman and Talina Mathews who has a PHD in economics is a Commissioner. They all heard testimony.

Mr. Campbell revealed that EKP has a cushion of credit in the amount of \$513 million dollars. That is not their retained earnings they have in some account. That is not their accumulated margins. It is in excess of their accumulated margins

We believe that if South Kentucky can do this and save their members money without affecting our members, they should be allowed to do so.

Legal Counsel felt EKP did not put a strong enough argument on why they cannot assimilate this difference, especially when they have half a billion dollars in some account so their credit rating can look good. Mr. Scott thinks the Commission will wipe out the MOU. Brandon and Jeff found some cases yesterday.

He is going to file a brief that 5% of East KY load is 148.5 MW. If they take 148 megawatts and divide by 16, Grayson gets the same as 15%. We would get what we requested in 2012.

SOUTH KENTUCKY CASE
(CONTINUED)

East Kentucky is willing to go to 148 megawatts. Jackson Energy believes they have never withdrawn their original filing. Licking Valley, Big Sandy and Cumberland Valley don't want any. South Kentucky asked East Kentucky to make a proposal and they ignored them. Director Arrington said 10% was discussed in the Negotiating Committee.

GRECC agreed to sign the MOU before filing with PSC, but we had not signed. Tony testified that we signed the MOU before the case was concluded.

Legal Counsel said if divided equally we would get about 10%. Five (5%) percent gives us 3.6 megawatts.

President Fraley said Don Mosier testified that "EKPC agrees to provide up to 1,600 hours of professional assistance to the member systems over a 10 year period. He testified that we had been getting our hours. They asked him who authorized it or asked for them and Mr. Mosier said Carol Ann Fraley did. Following Mr. Mosier's testimony, President Fraley asked Mr. Mosier for a complete list of services provided, dates and costs of services. She requested the same of Mr. McNalley. When she did not receive the requested information that next week, she called Mr. Mosier and he was out. She then called Mr. McNalley and left a message. He said he thought they did some things for Bradley too. She asked him to make a list, telling what date they were incurred, how many hours and how much they were worth, and who authorized them. She asked for them before Friday for The Grayson Board Meeting. The morning of the Board Meeting, she received an email reading, "Carol Ann, Although many people are on vacation today, I was able to get some records. The two-way radio work Denver's team performed amounted to about 2 hours. I think all other unbilled work which would qualify probably amounts to less than 2 more hours, for a total under 4 hours. As you know, we agreed to make 100 hours available to each owner-member, at their request. Regardless of how the hours are added up, we always strive to be responsive and helpful to each owner-member. I hope this answers your question – feel free to call me prior to your board meeting today if you want. Best Regards, Mike McNalley, EVP & CFO, East Kentucky Power Cooperative, Inc., 859-745-9209 O, 859-595-3897 C, Michael.mcnalley@ekpc.coop."

Legal Counsel read the following paragraph 2 from the MOU:

"Upon receipt of the last Order dismissing the final pending claim against either party, EKPC will agree to provide up to 100 hours of professional services annually to each of the 16 members systems, for a total of 1,600 hours for a period not to exceed 10 years upon acceptance of this agreement. The types of services to be provided will be at the discretion of the members, provided the services are customary and reasonable. On no less than a semi-annual basis, EKPC will provide a summary of any services provided to the Owner-Member's respective Boards."

It is three years later and they have not provided 100 hours annually, the email read said all they have only provided was two (2) hours service in 36 months.

SOUTH KENTUCKY CASE
(CONTINUED)

At this point, Director Martin said the gist of the agreement was that we would ask, but we didn't have legal counsel at the final settlement. He said our attorney was "missing in action".

Legal Counsel disagreed. Conversation ensued regarding what had taken place at the settlement in 2015. Chairman Dupuy moved on to the next order of business.

President Fraley said the agreement with East Kentucky was supposed to have an annual meeting to review the terms and conditions of the agreement on an annual basis

Director Martin said anytime we do anything with them, do it in writing.

Discussion followed regarding the signing of the agreement with EKPC in 2015. Priscilla Sparks was asked to read the minutes from the May 14, 2015 Organizational Meeting, GRECC VS EKPC – CB CASE "Directors were reminded of the meeting with EKPC tomorrow, May 15, 2015, to review the Charleston Bottoms issue. The Board had requested that Mr. Music attend on their behalf. Mr. Music was not aware of the date of the meeting and may have a conflict with depositions that he is involved in. Some discussion was held regarding the Board's approach and remedy that would be satisfactory to conclude this matter." Several Directors made comments regarding the situation.

Chairman Dupuy said the discussion was over.

LEGAL REPORT

Mr. Scott reported on the following:

EASEMENTS

He did a lot of work on easements, reviewing them, and taking them to different county clerk offices to get them recorded, and answering questions for the Member Representatives.

President Fraley stated we are making a lot of progress on easements and checking files for those that may have already been recorded.

We have more trouble getting easements on existing property than on new accounts.



On the [REDACTED] claim, Federated agreed to pay money to reseed. Kyle met with Park Priest last week and was asked to make sure the pole we changed out was on [REDACTED] property. We went back to a 1927 deed. He read a deed that allowed for a road in it. Mediation is in Lexington on May 31 on the case. He thought it would be good for President Fraley to be there for a while, but she doesn't have to be there the duration of the mediation. Federated Insurance will be there.

MANAGER OF TECHNICAL
SERVICES

Brian Poling, Manager of Technical Services reported on the following:

AMI UPDATE

No updates have been received from the PSC on the AMI application. President Fraley, after talking to Jim Adkins and Alan Zumstein, thinks the Board should have Legal Counsel call the PSC every Monday morning. Brian said it would take 20 weeks to get the order in.

SCOTT MCGUIRE	Scott McGuire completed another week of meter training in Murfreesboro, TN.
DRONE PILOT'S LICENSE	<p>Robert Brown and Tony Brewer will be attending a Drone Pilot's Training for Lineman program in Morehead. The program is offered to only five (5) lineman and will consist of 8 online courses, 40 hours of classroom and hands-on training and 24 hours of drone safety training. Once completed, they will be FAA Remote Pilot Certificate ("Part 107" Commercial Drone Operators License), Visual Sight Operator Certificate and Professional Remote Operators Certificate.</p> <p>In addition, Robert plans to obtain a SUAS (Small Unmanned Aircraft Systems) Safety Certificate that required an additional 140 hours of training.</p> <p>The program is being offered through a grant. Ritchie Katko of the Maysville Community & Technical College will teach the course.</p>
REMODELING PROJECT	Our construction/remodeling project continues...we still have to get the drain pipe across the parking lot out front, check the leak in the porch ceiling, finish the treads on the stairs outside the kitchen, touch-up paint on baseboards, restripe the parking out front and add handicap signs.
BRIAN POLING	President Fraley said Brian has been an excellent resource and has done a great job in handling these projects.
MANAGER OF MARKETNG & MEMBER SERVICES	Kim Bush, Manager of Marketing & Member Services presented the member services and marketing report.
ANNUAL MEETING	<p>Kim reported she didn't have all the information for a full annual meeting report.</p> <p>We registered 1,236 members and had 2,300 people on the grounds.</p> <p>The EKPC electric car was enjoyed by the members.</p> <p>The e-bill promotion went well. We had 192 members sign up and signed up 184 members prior to the annual meeting. We will draw in August and December for another Amazon Echo (Alexa)</p>
PREPAY	We have 710 active prepay accounts with 9 inactive. The average balance is (\$43.87). Total number of payments in 30 days is 2,884, with an average payment of \$32.96.
DEBT MANAGEMENT	Eight (8) percent of active accounts have debt management. We have 55 active accounts. Total amount in debt management is \$14,044.60.
ENERGY EFFICIENCY	<p>Tina is working inside 3 days a week and work two days in the field. She performed the following audits:</p> <p>12 Energy Audits, 1 Touchstone Energy Home Audit, 1 Button-Up; 1 CARES and 1 Commercial Lighting in Progress.</p> <p>Ten Energy Star appliance rebates were done online by our consumers.</p>
SOLAR	We are still at 83 solar panels sold.
SCHOOL/COMMUNITY	Lewis Central Elementary –kids for the health and safety awareness in May program.
WASHINGTON YOUTH TOUR	We are sending 3 high school juniors on the Washington Youth Tour June 8-15.

CAMP CO-OP	The Camp Co-op will be held at GRECC June 13-14.
KIDS IN THE RACE	The Greenup County Fair in August will have the Kids in the Races on August 31.
ELECTRIC VEHICLES	Kim attended a meeting last month and there is a lot of information on electric vehicles (EVs). Brian Poling said in staff meeting that there are electric line trucks on the market.
G & T COMMUNICATOR'S MEETING	Kim has been invited to the G & T Communicator's Conference in Indiana next month.
2018 SEDC USER'S CONFERENCE	Kim will be attending the 2018 SEDC User's Conference in Atlanta in June.
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 April 2018:</p> <p>April 2 – Sherry Buckler, Manager of Accounting and Human Resources, read from the safety manual on Personal Protective Equipment, Section 401 PPE, 402 Eye and Face Protection, 403 Head Protection, 404 Hearing Conservation, 405 Wearing Apparel and 406 Clothing pages 97-100. Kyle Clevenger explained that it was still wet weather and to slow down, be cautious, and watch driving the big trucks too close to the side of the road due to the road breaking off. All hard hats were replaced.</p> <p>April 9 – Kim Bush, Manager of Marketing and Member Services, asked Julie Lewis to read the article that Carol Ann Fraley wrote for the Kentucky Living magazine regarding our Lineman. Carol Ann gave each lineman a gift for Lineman's Appreciation Day and they were treated to breakfast. Kyle Clevenger spoke about a Lineman that had passed away due to not using safety equipment. He asked everyone to be careful due to wet and nasty conditions and he reminded everyone that it was prime conditions for slips, trips and falls.</p> <p>April 16 – Bradley Cherry, Manager of Finance and Accounting, was in charge of meeting. Gina Damron and Kenny Redmond with Dr. Gupta's office was here to administer the Hepatitis A shots. Mike Martin went over safety investigation for Richard Easton's accident with the boom on his vehicle. Mike Martin requested everyone to be careful and work safe today.</p> <p>April 24 – Kyle Clevenger, Manager of Operations, turned the meeting over to Tony Dempsey for the monthly KAEC safety meeting. The topic was avoiding Slips, Trips and Falls. He also went over a fatality in Mississippi. Kyle Clevenger asked that everyone be careful during the week.</p> <p>April 30 – Carol Ann Fraley, President and CEO, discussed the functions of a Coop, how and why it is formed for the members. She informed every one of the Fallen Lineman checks that can be ordered and a \$5.00 donation will be made to the organization thru the Credit Union. Kyle Clevenger requested everyone to change out their gloves today after safety meeting.</p>

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	The Construction Department built one hundred twenty-two (122) new work orders (12 services added and 47 services retired) for the month of April and worked zero (0) hours of overtime.
OVERTIME HOURS	The Maintenance Department worked two hundred sixty-four (264) hours of overtime during the month of April 2018. Number of work order overtime hours was one hundred forty-four (144). Engineering worked zero (0) overtime hours.
DELINQUENT NOTICES	There were 161 delinquents for May. Fifty-three (53) cards were issued to be disconnected and 6 accounts were disconnected by remote meter on May 8 for cycle 1. Eighty (80) cards were issued to be disconnected and 22 accounts were disconnected by remote meter on May 15 for cycle 2. Field personnel disconnected a total of 10 meters and a total of 16 meters were reconnected by field personnel and remote.
CONTRACT CREWS	Two Pike crews have been working in the following areas: Tony Seagraves—Cains Creek, Lawrence County Bob Marrow—Bailey Hollow, 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 662 trees, cut 1,184 trees, cut 33,980 feet of brush/line and sprayed 0 spans of line. The crews are working in the following areas: 2 cutting crews in Carter, Lewis and Greenup Counties 2 cutting crews in Lawrence County 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 Lawrence County Smith Tree Service has a circuit crew on State Route 32 between Sandy Hook and Isonville in Elliott County.
ENGINEERING REPORT	The Engineering Department released one hundred fifteen (115) prints consisting of 1,635 feet of primary line and 2,732 feet of service wire. They currently have four (4) new services to be staked and four (4) to be drawn. They have approximately eight (8) miscellaneous jobs to be staked or drawn.
PIKE ELECTRIC	Pike Electric has changed their field representative. Terry Gilbert replaced Ronnie Gilbert.
CORRAL PARK	Mike Martin reported there are few issues in Corral Park and are handled as they come up.
APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS	Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve seventy-seven (77) new memberships and retirement of eighty-three (83) existing memberships for April 2018.

- BAD DEBT WRITE-OFFS Motion was made by Director Rice, seconded by Director Martin and unanimously agreed to charge off \$7,777.79 worth of bad debts and turn them over for collection.
- APPROVAL OF CEO’S,
DIRECTOR’S & ATTORNEY
BUSINESS EXPENSES Motion was made by Director Martin, seconded by Director Bentley and unanimously agreed to approve the President’s business expense of \$31.00, Director’s business expenses of \$17,138.58 and Attorney’s business expense of \$6,269.00.
- PRESIDENT’S REPORT President Fraley reported on the following:
- THANK YOU NOTES President Fraley said GRECC had receive a thank you a card from Rowan County Senior High School Prom 2018.
- DONATIONS President Fraley presented to the Board for their consideration the following donation requests:
- | | |
|--|--------------|
| Old Fashion Days - 53 rd annual celebration | \$100 |
| Rocky Adkins Public Library – reading program | \$200 |
| Grayson He“Art” of the Parks | \$150 |
| Elliott County 4H Council – one camper for 4H camp | \$205 |
| 4 J-C Committee – 4 th of July fireworks | \$100 |
| 504 Fire Department – fish fry fundraiser | <u>\$100</u> |
| | \$855 |
- Motion was made by Director Bentley, seconded by Director Martin and unanimously agreed to approve the donations as presented.
- MEETING ATTENDANCE President Fraley and some of the staff will be attending EKPC’s Annual Meeting on June 5, 2018 along with Directors Dupuy, Arrington, Trent, Whitt and Bentley.
- BOARD MEETING DATE The Regular Board Meeting in June will be held Friday, June 22, 2018.
- ADDITIONAL BUSINESS Amish Oven, a new business, opened at mouth of Little White Oak.
- ADJOURN Chairman Dupuy adjourned the meeting at 11:50 a.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On June 22, 2018 at 8:00 a.m. Grayson Rural Electric 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 present.

Chairman Dupuy immediately called for an executive session at 8:00 a.m.

EXECUTIVE SESSION Following discussion, Chairman Dupuy closed the Executive Session and commenced the regular Board Meeting Agenda at 9:00 a.m.

At that time, the meeting was joined by President and CEO, Carol Hall Fraley, Priscilla Sparks, Executive Assistant, and Bradley Cherry, Manager of Finance & Accounting.

INVOCATION Director Whitt 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 2018 Board Meeting.

PRESIDENT'S REPORT President Fraley reported on the following:

GREAT HORN OWL A Great Horned Owl was electrocuted on one of our transformers in South Shore yesterday. We received a call from the Department of Fish and Wildlife representative, Kate Flankard. A member of the Cooperative, Danny Murray, had sent a report to Fish and Wildlife. President Fraley spoke with Ms. Flankard to see what our responsibilities might be. President Fraley asked maintenance man, Mike Blevins, to investigate this incident and measure and take pictures.

JEFF MOORE/PSC Jeff Moore with the Public Service Commission was here Monday, Tuesday and Wednesday this week to do our system inspection. He will return in three weeks with a report.

RIGHT-OF-EASEMENTS The right-of-way easements are continuing to be recorded. Director Trent said several have been recorded in Rowan County.

████████████████████ President Fraley has been advised by Rosemary Tutt at the KPSC to send a certified letter to the renter and inform them that property owner, ██████████ has refused to sign a right-of-way easement, so service will be disconnected on a certain day. This should give them time to make other arrangements.

PUBLIC SERVICE COMMISSION We are waiting on the Public Service Commission to rule on our metering request. This issue is holding up our work plan, coordination plans and a number of other things.

RATE INCREASE The Board continues to study plans and options for our rate case. We don't want to file a rate increase until we get a ruling on the metering from the PSC. Alan and Jim will report on the cost of service study at the July meeting.

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

KAEC DIRECTOR'S REPORT
(CONTINUED)

There have been two meetings since the last board meeting, May 30th and June 19th.

The financial report included two months and indicated a profit for the first time in five or six years. They used the sale of the building to show a profit of \$80,000 this year to date.

KENTUCKY SALES TAX

The state is considering sales tax on right-of-way. This would be very costly for the Cooperatives. We are working against this and hope to make our lawmakers understand that our right of way programs are not landscaping.

CUSHION OF CREDIT

When RUS interest rates started to raise, EKP decided to check other sources of financing. They were able to find sources of financing on the stock exchange at good interest rates. When RUS was finally able to offer competitive interest rates, EKPC began to move financing back to RUS. However, they also decided to establish a separate "cushion of credit" on the market. At this point, they have \$513 million dollars or more invested in a cushion of credit.

Tony Campbell presented information on the Impact of Changes to Cushion of Credit and options for relief. The "Cushion of Credit" is a special deposit account at USDA-RUS. Deposits made into this account by RUS borrowers, including East Kentucky Power Cooperative ("EKPC"), can only be used to make scheduled principal and interest payments to RUS for RUS/FFB debt. Funds in the cushion cannot be withdrawn nor used for any other purpose. Funds in the cushion earn interest at an annual, statutory rate of 5%. Senate Provision in the Farm Bill: reduces the interest rate on balances in the cushion to the 5-year treasury rate (about 2.8% today), and prohibits any new deposits, both effective October 1, 2018. Mr. Campbell encouraged all cooperative managers to call and email house and senate representatives regarding this issue.

STATE PARKS

Several state parks served by Cooperatives want all work inside the state parks done for free. President Fraley said they send us a description of the work and we respond with an estimated price. Once this is approved, they send us a work order. We complete the work and bill the park.

EKPC DIRECTOR'S REPORT

Director Arrington reported the following on the EKP Board Meeting this month:

Everyone enjoyed the good food at the Annual Meeting. Everything seems to be going well.

He talked to Mike McNeely and Don Mosier Thursday about the South Kentucky case and they both said the Public Service Commission has not made any decision.

A brief was filed to see if we can ask what the PSC is going to rule on. It appears the PSC would like to change Amendment 3 to Amendment 5, so EKP would have 100% control over these small projects.

FINANCIAL & STATISTICAL
REPORT FOR APRIL 2018

Bradley Cherry, Manager of Finance and Accounting presented the Financial & Statistical Report for April 2018:

SALES AND PURCHASES	Kilowatt hour sales for the month of April (4/1-4/30) were 11.12% over budget. Purchases for the month of April (4/1-4/30) were 11.46% over budget. Line loss for the last twelve months was 5.49%. Year-to-date margins were (\$128,463) compared to the budgeted amount of (\$203,633).
FUEL ADJUSTMENT	The fuel adjustment for January was (0.011216).
ESC	The environmental surcharge was 7.74%.
DEGREE DAYS	There were 439 degree days; 418 heating degree days and 21 cooling degree days.
T.I.E.R.	April 2018's monthly O.T.I.E.R. was (0.15) with the rolling 12 month O.T.I.E.R. of .65. The year to date is 3.89.
BILLS BY COUNTY	There were 15,366 bills for April 2018. Bills per county were Carter 4,585, Elliott 3,660, Greenup 4,274, Lawrence 766, Lewis 316 and Rowan 1,765. Two more bills compared to the month of March.
CAPITAL CREDITS	We paid 17 capital credits totaling \$14,454.29. We have 9 outstanding applications, received 2 applications and have 17 incomplete applications. The checks will be mailed Monday.
APPROVAL OF FINANCIAL & STATISTICAL REPORT	Motion was made by Director Martin, seconded by Director Rice and unanimously agreed to approve the Financial and Statistical Report for April 18, 2018, as presented for informational purposes only.
LEGAL COUNSEL'S REPORT	Legal Counsel Scott reported on the following:
RIGHT-OF-WAY EASEMENTS	Since May 25 th through June 19, 2018, he has reviewed 168 easements and signed off on those. There was 141 recorded and returned back to the Coop, and we are waiting for a few more to be returned. There have been 37 recorded in Elliott County, 23 in Rowan County, 1 in Lewis County, 18 in Lawrence County, 60 in Carter County, 2 in Greenup County and several other easement sent to Greenup. The cost was \$2,023 for recording; \$17 fee for recording each easement.
SOUTH KENTUCKY RECC	Mr. Scott continues to work on the South Kentucky case. South KY has filed their brief and Nucor (formerly Gallatin Steel), an intervenor, has filed their brief. They are opposed to South Kentucky's right to buy off system power. He is working on our brief and it will be filed by next Friday.
MANAGER OF TECHNICAL SERVICES	Brian Poling, Manager of Technical Services, reported on the following:
AMI CASE	We haven't heard from the PSC concerning our AMI Case Number. We have asked Jeffrey to write a letter to expedite the request.
PSC INSPECTION	Mr. Moore with the PSC, spent a lot of time with metering last week. He went through a check list. As far as we know, we were in compliance.
CORP OF ENGINEERS SOLAR PROJECT	We will meet with the Corp of Engineers on Monday regarding their solar project. They plan to install 30 kW of solar at the spillway instead of the originally proposed 70kW, to comply with our net metering tariffs.

LOAD FORECAST

Carol Ann and part of the staff met with Sally Witt and the Load Forecast team from East Kentucky and developed our next Load Forecast. This data is used with our long term work plan. A power point summary was shown for 2022 and 2027.

2018 Load Forecast Resolution – We expect our residential consumers to increase in the next 10 years, from 14,222 to 14,484 and their kW consumption to increase from 972 to 1,033. We project based on history and economic indicators. Our Commercial loads may have a small increase, with no increase on the commercial/industrial load, Elliott County Prison and Smithfield. Our load factor shows a tendency to decrease. This does not include any load increase from electric cars, although we are studying and planning for that situation. Our current projects will use 77.9 megawatts as our peak. We are reducing our analysis by .10 megawatts.

Priscilla Sparks was asked to read the Resolution regarding the Load Forecast.

SEE ATTACHED RESOLUTION ON NEXT PAGE

LOAD FORECAST (CONTINUED)

Grayson Rural Electric Cooperative Corporation

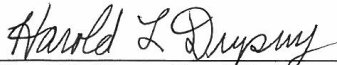
109 Bagby Park • Grayson, KY 41143-1292
Telephone 606-474-5136 • 1-800-562-3532 • Fax 606-474-5862

**GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION**

RESOLUTION

WHEREAS, the 2018 Load Forecast Study has been prepared by East Kentucky Power Cooperative (EKPC) using an end-use model, with full participation of Grayson Rural Electric Cooperative's President and Staff;


NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors approves the 2018 Load Forecast Study for use in the Four Year Work Plan, Financial Forecast and other studies, and as part of the EKPC Load Forecast Study.



Harold L. Dupuy, Board/Chairman

June 22, 2018

Date

A Touchstone Energy Cooperative 

Motion was made by Director Martin, seconded by Director Bentley to adopt the Load Forecast Resolution. Motion carried unanimously.

MANAGER OF MARKETNG & MEMBER SERVICES	Kim Bush, Manager of Marketing & Member Services presented the member services and marketing report.
ANNUAL MEETING	Kim reported she didn't have all the information for a full annual meeting report.
NATIONAL COMMUNICATOR CONFERENCE	She was in Bloomington, Indiana this week presenting Camp Co-op. She shared a picture of Director Martin's son at the National Communicator Conference. Several Co-ops were interested in starting their own camps.
CAMP CO-OP	The Camp Co-op was a success again this year with 16 kids. They were with us for two days. Fleming Mason brought up their safety trailer and Alan and Nancy Kuehner gave a great presentation on electricity. Our summer employees were a great help with the campers.
PREPAY	We have 753 active prepay accounts with 8 inactive accounts. The average balance is (\$45.36). Total number of payments in 30 days was 3,033, with an average payment of \$33.73.
DEBT MANAGEMENT	We have 69 active accounts with debt management, totaling \$16,974.71.
ENERGY EFFICIENCY	Tina performed the following audits: 4 Energy Audits and 1 Touchstone Energy Home Audit, and 1 Commercial Lighting in Progress.
SOLAR	We are still at 83 solar panels sold.
KIDS IN THE RACE	The Greenup County Fair in August will have the Kids in the Races on August 31.
ANNOUNCEMENTS	December 14th is service awards dinner at the Olive Hill Historical Society.
2018 SEDC USER'S CONFERENCE	Kim, Caitlin Hutchinson, Anita Bellew and Andrea McCleese will be attending the 2018 SEDC User's Conference in Atlanta, June 24-28, 2018.
OPERATIONS & SAFETY	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	The following safety meetings were held during May 2018: May 7 – Mike Martin, Assistant Manager of Operations, turned the meeting over to Kim Bush, who handed out job duties for the Annual Meeting, Thursday, May 10 th . May 14 – Andrea McCleese, Technical Services Supervisor, read from the safety manual, Metering. She also went over how to handle tick bites and the signs of Lyme Disease. Carol Fraley stated how pleased she was with the Annual Meeting. Kyle Clevenger asked everyone to have a safe day and due to the hot weather make sure you keep plenty of Gator Aid and water to stay hydrated.

SAFETY REPORT
(CONTINUED)

May 21 – Brian Poling, Manager of Technical Service, turned the meeting over to Robert Brown, who did a power point on Electric Vehicles, explaining the different models, charging stations, fast charge, kWh to gasoline, growth of electric vehicles in Kentucky, cooperative impacts and strategies, and suggestion for GRECC Tariff. Kyle Clevenger went over Sherry Buckler’s accident. He asked everyone to be careful over the weekend.

May 29 – Priscilla Sparks, Executive Assistant, was in charge. Shane McDavid and Justin Staniford discussed water safety. A video of Bobber the Water Safety Dog and a power point on Water Safety was shown. The main topics were drowning, boating/swimming, flooding, working with water, slips, trips, falls, low visibility, and slick roads. Kyle Clevenger explained that it is hot and muggy and we need to slow down and drink plenty of liquids and watch out for 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.

CONSTRUCTION

The Construction Department built one hundred sixteen (116) new work orders for the month of February and worked zero (0) hours of overtime.

OVERTIME HOURS

The Maintenance Department worked four hundred forty-seven (447) hours of overtime during the month of May 2018 and the number of work order overtime hours worked by maintenance was one hundred thirty-six (136). The Engineering Department worked eleven (11) hours of overtime.

DELINQUENT NOTICES

There were 144 delinquents for June. Eighty-two (82) cards were issued to be disconnected and 17 accounts were disconnected by remote meter June 7th for cycle 1. Sixty-two (62) cards were issued to be disconnected and 22 accounts were disconnected by remote meter on June 14th for cycle 2. Field personnel disconnected a total of 5 meters and a total of 31 meters were reconnected by field personnel and remote.

CONTRACT CREWS

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

Tony Seagraves – Cains Creek, Lawrence County and Corral Park, Carter County

Bob Marrow – Bailey Hollow, Carter County and Coordination and Pole Changes, Greenup and Carter Counties

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew’s trimmed 545 trees, cut 1,019 trees and cut 20,000 feet of brush/line. The crews are working in the following areas:

2 cutting crews in Carter, Lewis and Greenup Counties

2 cutting crews in Lawrence County

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 Elliott County

Smith Tree Service – circuit crew at State Route 32 between Sandy Hook and Isonville, Elliott County

ENGINEERING REPORT The Engineering Department released one hundred twenty-one (121) prints consisting of 3,367 feet of primary line and 1,803 feet of overhead secondary service wire. They currently have four (4) new services to be staked and four (4) to be drawn. They have approximately eight (8) miscellaneous jobs to be staked or drawn.

President Fraley said KAEC would be hosting a NUTSEA meeting the week after the rodeo. We would like to have some people attend because it is usually too far away to go.

APPROVAL OF NEW Motion was made by Director Trent, seconded by Director Martin and MEMBERSHIPS & unanimously agreed to approve one hundred twenty-one (121) new RETIREMENT OF memberships and retirement of ninety-five (95) existing memberships for MEMBERSHIPS February 2018.

BAD DEBT WRITE-OFFS Motion was made by Director Martin, seconded by Director Rice and unanimously agreed to charge off \$13,816.35 worth of bad debts and turn them over for collection.

APPROVAL OF CEO’S, Motion was made by Director Trent, seconded by Director Whitt and DIRECTOR’S & ATTORNEY’S unanimously agreed to approve the President’s business expense of BUSINESS EXPENSES \$23.34, Director’s business expenses of \$10,416.63 and Attorney’s business expense of \$8,171.40.

THANK YOU We received a thank you letter from ”HeArt of the Parks” sponsored by the Grayson Gallery & Art Center and a thank you note from the Greenup County Cheerleaders.

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

Ohio University Southern Campus – Equestrian Team sponsor	\$50
Carter Christian Academy – golf scramble 6/9/18 - 2 holes sponsored	\$100
Elliott Co. Family Resource & Youth Service Center – Redi-Fest	\$100
Lewis Co. Educational Foundation – Back to School event	<u>\$100</u>
	\$350

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

MEETING REPORTS Upcoming meetings will be attended by the following directors and employees:

Robert Brown and Tony Brewer – drone school in Maysville, KY
Kim Bush, Anita Bellew, Andrea McCleese and Caitlin Hutchinson – SEDC User’s Conference in Atlanta, GA, June 23 – 28, 2018
Jimmy Whitt – NRECA Directors Summer School, Savannah, GA, July 26 – 30, 2018
Priscilla Sparks, Kyle Clevenger and Nancy Madden – KAEC 2018 Accident Investigation and Record Keeping Training, McKee, KY, July 30-31, 2018

BOARD MEETING DATE The July Board Meeting is scheduled for Friday, July 20, 2018.

ADDITIONAL BUSINESS Director Rice announced his decision to retire, effective immediately, due to family responsibilities and health reasons. A retirement dinner will be held for him at the July Board Meeting. The Board will consider action on this issue.

EXECUTIVE SESSION Director Martin made a motion to go to executive session at 11:30 a.m. including President Fraley. Following thorough discussion, Director Bentley made a motion to conclude the Executive Session at 11:45 a.m.

ADJOURN Chairman Dupuy adjourned the meeting at 11:50 a.m.

Harold L. Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On July 20, 2018 at 9:07 a.m. Grayson Rural Electric 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. The Waiver of Notice was signed by those Directors present, Eddie Martin, Jimmy Whitt, Roger Trent, Kenneth Arrington and Harold Dupuy. Director Jim Bentley was absent. Others present included: W. Jeffrey Scott, Legal Counsel; Carol Hall Fraley, President and CEO; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Whitt 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 June 2018 Board Meeting.
PRESIDENT'S REPORT	President Fraley reported on the following:
WILLIAM 'BILLY' T. RICE	President Fraley read a Resolution of Respect for William 'Billy' T. Rice. Motion was made by Director Martin to adopt that Resolution of Respect for William T. Rice, in honor of his retirement, seconded by Director Whitt and unanimously agreed upon.
PSC INSPECTION	We had an excellent system inspection report and score by the Public Service Commission. Jeff Moore was here three weeks ago. There were no deficiencies or no recommendations. President Fraley gave a brief update on the previous work week:
NEWFOUNDLAND SUBSTATION	Monday, lightning hit the Newfoundland Substation. We had a non-reportable long outage. East Kentucky came and repaired it with our help.
AMISH FAMILY	Wednesday morning, an Amish family in Greenup County in Mike Blevins's territory, installed a pulley for a clothes line on our 3-phase pole. Steven Burton talked to them and helped them take the pulley down.
DRONE	Thursday, another consumer in Mike's territory called in and said her neighbor has a drone and was turning her electric on and off. Steven Burton checked the call out and assured the consumer that they could not use a drone to disconnect her power. Two weeks ago on Thursday, a three-phase pole was broken by wind on the Don Gullet Farm. Another pole was broken on Plum Fork, causing a major outage. All of our men and the two Pike crews were called out. The three-phase pole was snapped below the crossarm. The other pole was down on the ground.
ROBERT BROWN	Robert Brown has completed his master degree in Business Administration.
██████████	██████████ has again requested that we remove three-phase poles from his property. President Fraley responded again, outlining the same reasons why the poles could not and did not need to be moved or replaced.
CITY OF VANCEBURG	The Electric Plant Board of the City of Vanceburg Utilities has paid Grayson \$159.36 more than last year. The total amount of the check was \$3,770.36 for the period July 1, 2017 thru June 30, 2018.

INVENTORY	Inventory was excellent again this year. The physical count of inventory for the period May 1, 2017 thru April 30, 2018 was a difference of \$2,734.58. The adjustment amount is 1.05% of the average material.
EPA	The EPA stopped in at our warehouse recently and checked our oil tanks and the disposal of our old transformers. There was no violations found.
KAEC 2018 RODEO	The KAEC 2018 Rodeo is in Mayfield, KY on September 13-14, 2018.
RETIREMENT LUNCH	We will have a retirement lunch for Director William 'Billy' T. Rice today.
VACATION	President Fraley will be on vacation the week of August 6 th .
GREENUP COUNTY TAXES	Director Martin said there was 2,500 plus signatures turned in on a petition against the additional Greenup County School Board tax; 2,127 signatures were verified. The school board plans to put the issue on the ballot in November. Kentucky is second in the nation for collecting the most pennies on the dollar on taxes for school.
KAEC DIRECTOR'S REPORT	Director Whitt reported there was no KAEC Board Meeting this month.
EKPC DIRECTOR'S REPORT	Director Arrington show a presentation on the Summer Edition of Power Pulse. The video discussed the following topics: Bluegrass Generating Station to add alternative fuel source. Kentucky co-op students win at VEX Robotics World Championship. Employees showcase EKPC life to keep workers engaged, productive and satisfied with their jobs. Co-ops plug into electric vehicles. EKPC to switch ash systems at Spurlock. Special Olympics 2018 highlights completed the presentation.
EKPC RATE INCREASE	East Kentucky has based part of their impending rate increase to the Senate version of the Farm Bill. They have a \$580 million cushion credit in New York. The House Bill will allow us to keep the cushion. The Senate bill would rescind the cushion of credit. According to EKPC, the interest earned on the cushion of credit is a large portion of their margins each year. Loss of that interest will contribute to their need for a rate increase. President Fraley is on Governance Committee Meeting and they met yesterday. They want to train CEO's, board of directors, etc. and to eliminate their fiduciary responsibilities to the Coops. They do not want our representative board members to consider the effects of their decisions on the Member Owner systems and to concentrate on East Kentucky. Legal Counsel Scott said Tony Campbell stated at the hearing that they earned \$16 million in 2017 on their cushion of credit of \$516,000 million (mentioned in their brief). Now it is \$580,000 million; how did it increase from May to June? He stated Senate and House have each passed a Farm Bill version.
SOUTH KENTUCKY RECC	Legal Counsel said the Commission brief has to be submitted next week. Any reply briefs have to be submitted by Monday. The Commission's order said it will stand as submitted at midnight Monday, as we can file everything electronically.

FINANCIAL & STATISTICAL REPORT FOR MAY 2018	Bradley Cherry, Manager of Finance and Accounting presented the Financial & Statistical Report for May 2018:
SALES AND PURCHASES	Kilowatt hour sales for the month of May (5/1-5/31) were 11.12% over budget. Purchases for the month of May (5/1-5/31) were 11.46% over budget. Line loss for the last twelve months was 5.34%. Year-to-date margins were \$691,574 compared to the budgeted amount of (\$215,877).
FUEL ADJUSTMENT	The fuel adjustment for May was (0.014245).
ESC	The environmental surcharge was 8.11%.
DEGREE DAYS	There were 238 degree days; 6 heating degree days and 232 cooling degree days.
T.I.E.R.	May 2018's monthly O.T.I.E.R. was (3.18) with the rolling 12 month O.T.I.E.R. of 0.26. The year to date is 2.47.
BILLS	We had 15,432 bills for the month of May, so we are up 25 bills compared to 2017.
MAY REVENUE	The total revenue of May is a little over \$2 million.
INSURANCE	██████████ asked Director Trent to discuss health care coverage for his spouse if he gets married. Bradley Cherry explained that a retired employee is entitled to the coverage he has when he retires. In ██████████ case, that was single coverage. He also pointed out that Humana Insurance will not add anyone under the age 65. There is no option for the situation ██████████ inquired about.
HUMANA INSURANCE	We received a quote from Humana Insurance for Grayson RECC employees. They dropped the premium \$27 from \$325.61, making it \$298.61 per person per month. Board consensus was for Mr. Cherry to renew with Humana for retiree coverage.
APPROVAL OF FINANCIAL & STATISTICAL REPORT	Motion was made by Director Trent, seconded by Director Jimmy and unanimously agreed to approve the Financial and Statistical Report for May 2018 as presented for informational purposes only.
RATE INCREASE	<p>President Fraley reported to the Board Chairman that we will need to ask for a rate increase of \$1.42 million, based on the Cost of Service Study that was completed by Alan Zumtsein and Jim Adkins on our rate case.</p> <p>President Fraley asked for the staff to attend during the rate case discussion and permission was granted. Those present were Robert Brown, Brian Poling, Andrea McCleese, Kim Bush, Kyle Clevenger and Mike Martin.</p> <p>When the Board authorized a Cost of Service Study by Alan Zumstein and Jim Adkins, we asked them to determine which classes were paying for themselves and if any were being subsidized. They presented their conclusions and recommendation to the staff. Staff has made every effort to evaluate the study and reach a conclusions that fulfill the needs of the Coop, with the least impact and most fair distribution of costs upon our members.</p>

ALAN ZUMSTEIN

Alan Zumstein presented the determination of revenue requirements, and Jim Adkins gave the results of the Cost of Service Study. PSC requires normalization entries (payroll, payroll taxes, property taxes, interest expenses, depreciation, etc.) for the test year. With all those normalizations, the test year showed a deficit of \$275,000. The Commission generally allows a T.I.E.R. of 2. In order to meet that level, we would need a rate increase of \$1.42 million.

JIM ADKINS

To meet that requirement, Jim Adkins explained the results from the Cost of Service Study and how that money is allocated into schedules and classes. Some proposed classes eliminated or combined are:

1. Eliminate Off-Peak Marketing Rate (ETS unit contracts). Members will have the option of going to regular rate or time-of-day rate.
2. Street Lighting Service and Outdoor Lighting Service (eliminating two schedules) will be combined into one rate class.

Each rate class was presented with a normalized price and percentage, proposed revenue and percentage increase amount, and dollar increase amount and percentage. Minimizing the increase to the residential classes was also looked at. The largest increase was General Service Rate (barns, camps, garages, (non-necessity or luxury items) at 15.3% and Outdoor Lighting at 22.3%. Mr. Adkins said based on the Cost of Service Study, we could raise rates for these classes substantially higher.

RATE DESIGN

President Fraley said we looked at different scenarios for the best way to raise the \$1.4 million with the least impact for our members. We looked at several different factors, the profile of our members, our needs, the weather, fairness, terrain, aiding low income members with the highest bills, etc. and the impact it can have on us. We can do it two different ways: put it on kWh charge and change classification or we increase the customer service charge.

After thorough discussion and calculations, Staff believes an increase in the customer service charge would best serve our members. The increase is warranted due to terrain, ratio of members to employees, high percentage of residential accounts, and the fact that members who have the lowest income often have the highest usage. This would not assign any increase to the kWh, but would simply increase each residential member's customer charge by \$7.50 per month.

The increase of \$7.50 per account per month, with no kWh increase, and based on 67% residential service would generate \$973,000 of the needed \$1.42 million. Additional revenue would come from minimal increases in other classifications.

We plan to mail a Letter of Intention to file for a rate increase in late August or early September.

Mr. Zumstein suggested the following timeline for filing, once the initial Letter of Intent to file has been mailed: 2) another 2 to 3 weeks to advertise; so we are looking at the first of September, and 3) up to 6 months at PSC to make a decision and issue an order.

RATE DESIGN
(CONTINUED)

Motion was made to file for a rate increase of \$1.42 million, as recommended by the staff by Director Martin, seconded by Director Trent and unanimously agreed upon. Motion passed.

President Fraley said we would send the notification at the end of August and file the application in September.

LEGAL COUNSEL'S REPORT

Legal Counsel Scott reported on the following:

██████████ SUIT

Grayson Rural Electric was sued on the ██████████ suit in Elliott County. He did an answer and cross-claim.

BOARD RECESS

The Board went into recess at 11:54 a.m. for Director Rice's retirement lunch.

The Board reconvened at 1:00 p.m.

MANAGER OF TECHNICAL
SERVICES

Brian Poling, Manager of Technical Services, reported on the following:

AMI

The Public Service Commission approved our AMI application as of July 23, 2018.

Our salesman with Landis + Gyr has been working on a propagation study and a firm contract price. Our meter vendor will be Stuart Irby. It could be five months before material is delivered. A lot of paperwork and training remain to be done. The plan is ready, pending testing and analysis. Rattlesnake Ridge is interested in joining with us. Grayson Utilities may be interested.

Brian went over the Work Plan and Metering schedule for the next two years:

2015-2018 Construction Work Plan Status, approximately \$8 Million unencumbered.

Of the \$8 million, \$1.988 Million is designated for meter changes and an additional 2 Million has been re-allocated for AMI Upgrade.

WORK PLAN

CWP has been currently extended through 2019.

New 2020-2023 Construction Work Plan:

- March 2010 – Begin study for new CWP
- September 2019 – Present proposal to Mike Norman
- October 2019 – Present to Board of Directors
- November 2019 – Present Contractor Bids to Board of Directors
- November – December 2019 – Submit to PSC for approval
- December 2019 – Submit to RUS for approval
- (Estimated approval time is 6-12 months)

Begin new Work Plan in January 2020.

AMI

Advanced Meter Infrastructure (AMI) – Radio Frequency

October 2017 - Submitted CPCN Application
December 2017 - Submitted responses to PSC Inquiry
June 2018 - Originally Anticipated PSC Approval
July 16, 2018 - PSC Approved AMI Upgrade
December 2019 - Estimated AMI Completion date

Advanced Meter Infrastructure (AMI) – existing

Stopped purchase of TS2 meters in December 2017
Current Lead time for RF equipment orders is 20 weeks
Training estimated to take 4-5 months (based on availability)
Begin building RF network January 2019
Begin setting RF meters in February 2019

OPERATIONS & SAFETY

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

The following safety meetings were held during June 2018:

June 6 – Robert Brown, GIS Technician, turned the meeting over to KAEC Safety personnel, Tony Dempsey for the monthly safety meeting. He showed a Power Point on Spring/Summer Hazard, went over several items; storms, wind, snakes, hornets, wasp, yellow jackets, spiders, ticks and several kind of skin cancers and their preventive measures. Kyle encourage safety and watch over each other.

June 11 – Sherry Buckler, Mgr. of Acctg. & Human Resources, read Office Safety, pages 127-128 in our Safety Manual. Dewey Smith with Cintas was here to do the semi-annual check on the first-aid kits. Kyle requested to watch out for the heat and wetness, and to keep an eye out for ticks.

June 18 – Kim Bush, Mgr. of Mktg. and Member Services, turned the meeting over to Rita Sexton, Carter County Health Department, to speak on Overdose Recognitions and How to Give NARCAN. Kyle asked everyone to be safe.

June 25 – Bradley Cherry, Mgr. of Finance and Acctg., read an article about Fireworks and the statistics of injuries and death that are caused each year with fireworks. Kyle asked everyone to change out their gloves and sleeves.

CONSTRUCTION

The Construction Department built one hundred twenty (120) new work orders for the month of February and worked zero (0) hours of overtime.

OVERTIME HOURS

The Maintenance Department worked four hundred thirty-five (435) hours of overtime during the month of June 2018 and the number of work order overtime hours worked by maintenance was one hundred twenty-eight (128). The Engineering Department worked two (2) hours of overtime.

DELINQUENT NOTICES There were 131 delinquents for July. Seven (7) cards were issued to be disconnected and 4 accounts were disconnected by remote meter on July 9 for cycle 1. One (1) card was issued to be disconnected and 14 accounts were disconnected by remote meter on July 16 for cycle 2. Field personnel disconnected a total of 8 meters and a total of 10 meters were reconnected by field personnel and remote.

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

 Tony Seagraves – Corral Park, Carter County
 Bob Marrow – poles changes and coordination’s in Greenup and Carter Counties

RIGHT-OF-WAY CREWS We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew’s trimmed 728 trees, cut 942 trees, cut 53,500 feet of brush/line and sprayed 251 feet of line. The crews are working in the following areas:

 1 cutting crews in Carter, Lewis and Greenup Counties
 1 cutting crews in Lawrence County
 1 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 Elliott County
 3 spray crews in Greenup County

 Smith Tree Service – circuit crew at RT 32 between Isonville and Sandy Hook

ENGINEERING REPORT The Engineering Department released eighty-seven (87) prints consisting of feet of 1,506 primary line and 1,408 feet of overhead secondary service wire. They currently have four (4) new services to be staked and four (4) to be drawn. They have approximately eight (8) miscellaneous jobs to be staked or drawn.

 Jim Bridges is doing regular inspections and inspected US 60 and Cains Creek.

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF MEMBERSHIPS Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve one hundred eight (108) new memberships and retirement of one hundred three (103) existing memberships for May 2018.

BAD DEBT WRITE-OFFS Motion was made by Director Martin, seconded by Director Trent and unanimously agreed to charge off \$7,670.87 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 Trent and unanimously agreed to approve the President’s business expense of \$102.73, Director’s business expenses of \$ 6,816.21 and Attorney’s business expense of \$25,876.24.

██████████ ██████████ of Lambert Hollow inquired about the Director's seat in Rowan County and the procedure for election. President Fraley talked to him on the telephone.

THANK YOU We received thank you cards from Ohio University Southern Equestrian Team, Lewis County Educational Foundation, Carter County Shrine Club and Grayson Meals on Wheels.

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

Elliott County Tobacco Festival	\$150
Plum Grove Baptist Church – Greenup Co. Back to School Readifest	\$250
Grayson Rotary Club – Funtober Fest 2018	\$150
Carter County Fair – patron sponsor	\$150
Pathways – 12 th annual golf scramble	<u>\$100</u>
	\$800

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

MEETING REPORTS Upcoming meetings will be attended by the following directors and employees:

Director Whitt will be attending the NRECA 2018 Directors Summer School in Savannah, GA July 27-30, 2018.

BOARD MEETING DATE The August Board Meeting is scheduled for Friday, August 24, 2018.

ADJOURN Chairman Dupuy adjourned the meeting at 1:28 p.m.

Harold L. Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On August 24, 2018 at 9:10 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman 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; Priscilla Sparks, Executive Assistant and Bradley Cherry, Chief Financial Officer.

INVOCATION

Director Whitt 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 July Board Meeting for informational purposes only.

ALAN ZUMSTEIN – AUDIT

Alan Zumstein, CPA, presented the Management Letter of the Independent Auditor's Report and the results of the Audit for the Fiscal Year for June 1, 2017 through May 31, 2018. He stated the following:

*No real significant changes in assets. Accounts Receivable decreased significantly since last year due to change in billing cycle. Equity is 35% of our assets. Excluding East Kentucky Power's capital credit allocations, our true equity is approximately 19%.

*The Financial Statement was reduced by a little less than \$.7 million due to the change in our billing cycle. Operating expense, without purchase power, increased little less than 5%.

*We are filing a rate application with the PSC. Non-rate making expenses such as donations for charitable organizations, scholarships, health insurance premiums for directors and attorney, and non-recurring items cannot be included in the rate case.

*Patronage Capital has not changed. We refunded over \$3 million dollars to our members. Cash flows from Operating should be higher than cash flows from Investing, instead of borrowing (Cash Flows from Financing), which affects T.I.E.R. and equity. There were no changes in depreciation and there were no changes in the Notes to the Financial Statement.

The FFB (Long Term Debt) increased this year from .203% to 1.738%. The Pension Plan with NRECA has kept the contribution rate level. Internal Controls (work orders, material, payroll, invoices, and reimbursement of directors and employees trips, etc.) showed no deficiencies. We have complied with Aspects of Contractual Agreements and Regulatory Requirements for electric borrowers.

Chairman Dupuy asked if it was okay to use the same firm year after year for audits and asked if there was any authority that would frown on Grayson using the same auditor year to year. Mr. Zumstein said no.

Motion was made by Director Trent to accept the 2017-2018 Financial Audit as presented, seconded by Director Whitt and unanimously agreed upon.

PRESIDENT'S REPORT	President Fraley reported on the following:
PSC INSPECTION	Jeff Moore with the PSC visited Grayson's territory for a Periodic Vegetation and Maintenance Inspection July 16-19, 2018, reviewing utility operations and management practices. No deficiencies were identified.
ACRE	We receive a certificate from Action Committee for Rural Electrification (ACRE) for 100% Management enrollment.
KAEC VOTING DELEGATES AND BOARD MEMBERS	Voting Delegates to the 2018 KAEC Annual Meeting remain the same. Roger Trent will serve as Voting Delegate and Harold Dupuy will serve as Alternate Voting Delegate. The 2019 Board Members are Director Jimmy Whitt and President and CEO, Carol Hall Fraley, alternate.
CFC VOTING DELEGATES	The 2018 CFC Voting Delegate is Director Jimmy Whitt and Harold Dupuy, Alternate.
NRUCFC BOARD SEAT	Mike McNalley is running for NRUCFC At-Large Board of Directors – Financial Expert position.
VACATION	President Fraley took one week off for vacation in August.
AUDIT AND RATE CASE	We have been working with Jim Adkins and Alan Zumstein on the audit as well as the rate case.
JULIE LEWIS	Julie Lewis has submitted her resignation, so she can help her husband with the family business. She will be leaving the first of November. We do not plan to fill this position at this time.
WAGE & SALARY	September is wage and salary month for our non-union employees. The union workers received \$.50 on the hour. Following thorough discussion, Director Martin made a motion, seconded by Director Trent to give each employee an increase of 50 cents per hour with some smaller increases for those who assumed additional duties.
PSC MEETING	<p>The Cooperatives were called to a PSC meeting Tuesday in regards to dues we pay the Commission annually. Bradley Cherry attended for Grayson. We pay \$180,000 in dues to the Commission each year. The PSC says the state takes 50% of that and puts it in their general funds. They are requesting the Coops to go to their legislators and ask them to leave the money at the Commission. They are going to propose a couple of changes to the legislature in January. They want to streamline rate cases, to make filing easier and less expensive. Our assessment is based on our property tax, listed on our annual report.</p> <p>PSC at one point had 110-120 employees and are now down to 65. They are working on efficient ways of filing rate cases and may eliminate formal hearings, changes in protocol and expensive cost of service studies for upwards of \$100,000.</p>
KAEC DIRECTOR'S REPORT	Director Whitt reported there was not a KAEC Board Meeting this month.
EKPC DIRECTOR	Director Arrington reported on the following on the East Kentucky Power Cooperative Board Meeting.

EKPC DIRECTOR
(CONTINUED)

Rates was discussed most of the day. They are assuming that early 2019 they will have a rate increase. They had a consultant to come and discuss different revenues, margins and recovery of cost to provide service. Utilities margins, TIER, OTIER, MDSC, FAC were defined and addressed. Wages, rate case expense, \$80,000, cost of service study, snap shot of 12 month test period and allocate utility cost to customers was explained. Industry standard approach was discussed.

Director Whitt asked what the usual length was on rate increases. Our last rate increase lasted six years.

Director Whitt asked about East Kentucky's predicted rate increase. East Kentucky is asking for a 3%-5% operating increase, 10-12% based on the PSC's decision still pending on East Kentucky Power and another 10% depending on Farm Bill.

FINANCIAL & STATISTICAL
REPORT FOR JUNE 2018

Bradley Cherry, Manager of Finance and Accounting presented the Financial & Statistical Report for June 2018:

SALES AND PURCHASES

Kilowatt hour sales for the month of June were 3.91% over budget. Purchases for the month of June were 4.88% over budget. Line loss for the last twelve months was 5.50%. Year-to-date margins were \$267,142 compared to the budgeted amount of (\$371,214). Kilowatt sales were down 4% compared to 2017. When we get through the billing cycle it should start evening out. Purchasing was up 7% compared to last year.

FUEL ADJUSTMENT

The fuel adjustment for June was (0.003894).

ESC

The environmental surcharge was 8.84%.

DEGREE DAYS

There were 298 cooling degree days and 0 heating degree days.

T.I.E.R.

June 2018's monthly O.T.I.E.R. was 3.49 with the rolling 12 month O.T.I.E.R. at (0.22).

BILLS

We mailed 15,373 bills for the month of June

APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR JUNE 2018

Motion was made by Director Bentley, seconded by Director Whitt and unanimously agreed to approve the Financial and Statistical report for June 2018 as presented, for informational purposes only.

RATE CASE

Alan and Jim are working on our rate case application and the newspaper notices will be in the papers next week. Wages and benefits are what the Commissions scrutinized the most. We think the wage and salary study done last year for our region and compared with other Coops will helps us with that.

INSURANCE

We received our proposed renewal insurance rates for 2018-2019's retirement and health plan. They are billing insurance increase at .6% outside workers and .2% on inside workers based on average age on both groups. Business travel stayed the same. An increase of 6.5% on medical with high deductible; this increase was due to the age of inside workers, having less than seventy five employees, along with low percentage rates the past three years.

INSURANCE
(CONTINUED)

Motion was made for accepting the insurance rate as presented by Director Martin, seconded by Director Trent and unanimously agreed upon.

CAPITAL CREDITS

Deceased capital credits will be mailed out next week.

We will set down with SEDC and looked at what services they can provide for us at no cost and some things that will cost.

President Fraley is currently working on metering, the next work plan and construction bidding.

RUS WORK ORDERS

Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve the following 219 RUS Work Orders for the months of January, February and March 2018 in the amount of \$698,934.42:

January 2018	Work Order No. 1284	\$234,077.34
	Work Order No. 1285	\$12,811.03
February 2018	Work Order No. 1286	\$210,983.05
	Work Order No. 1287	\$3,687.15
March 2018	Work Order No. 1288	\$226,836.87
	Work Order No. 1289	\$10,538.98
Total		\$698,934.42

LEGAL COUNSEL

Legal Counsel Scott finished up all remaining filing on the South KY case. All were submitted by August 7, 2018. No decision has been made. Bradley said it will be another month before any resolution, as they are just starting to formulate an order.

RIGHT-OF WAY EASEMENTS

Dozens of right-of-way easement have been reviewed and recorded. He hand delivered a bunch to Greenup this week.

Legal Counsel received from Carol Ann yesterday membership applications used by Fleming Mason, Clark and Shelby Electric showing the membership wording. The three membership applications were thoroughly discussed. The current right of way requirements take at least an hour to process and may cause the membership applicants more than one trip to the office. If it meets legal requirement it would make it easier, but Legal Counsel said they were not acceptable. He said if a renter comes in and the poles and lines are already there, we could ask them to get an easement from the property owner and go ahead with energizing their meters.

People who have an account with us would be exempt. All new accounts would require the complete right of way process.

Director Arrington made a motion to do away with right-of-way easements. Director Arrington made a motion to withdraw his motion to do away with right-of-way easements.

Director Martin made a motion to table the right-of-way easements until the September Board Meeting, seconded by Director Bentley. Everyone agreed.

RIGHT-OF WAY EASEMENTS (CONTINUED) Chairman Dupuy asked Legal Counsel Scott to research on what to do if the electric lines are existing. Constructive easement was discussed briefly.

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

LANDIS + GYR CONTRACT We have been working on the Landis+Gyr contract since the last Board meeting and waiting to hear back from them. He inquired this morning and possibly could have a tentative contract this afternoon. Legal Counsel will review the contract.

MAPPING We have been working on meter designs, creating electronic forms to track installation of the routers and collectors and mapping the 735 GPS locations to the nearest pole included in Landis+Gyr's propagation study.

DRONE PILOTS – ROBERT BROWN AND TONY BREWER Robert Brown and Tony Brewer have completed their training to become commercial drone pilots. They will take a test in the next couple of weeks once they schedule with an airport at Mt. Sterling. The test covers many things outside what they will use on a day-to-day basis but need to pass the FAA's test.

Once they acquire their pilot's licenses, they will be making application for the cooperative to have waivers for certain types of flights, nighttime flight waivers as well as registering with FAA our service territory for other pilots to know we may be flying any were on our system.

COMPUTER NETWORK We have now installed a redundant layer 3 switch on our computer network. That is a switch that directs all our internal and external network traffic. It was the one weak point that had the potential to shut us down.

We have also increased our data storage to allow an upgrade to our meter data management system (MDM) as well as encryption of our data. The MDM is the repository for the meter readings that allows prepay meters to get a daily update on usage and money remaining. We had SEDC encrypted all our UPN data (consumer information, payroll, accounting, capital credits...everything) last night as another layer of protection. That included all the consumer information, payment records, payroll, accounting, capital credits...all our information that SEDC covers. Now, should a hacker get to our data, they would not be able to read the information.

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 2 – Kyle Clevenger, Manager of Operations, was in charge of meeting. Due to the storm that went thru on July 1st the meeting was cancelled. All Lineman had been working all night and was still out restoring power.

July 12 – Carol Ann Fraley, President and CEO, turned the meeting over to Tony Dempsey, KAEC Safety Instructor, who went over four accidents that

SAFETY REPORT
(CONTINUED)

involved lineman in the first week in July. He also showed videos and a power point on distractive driving, staying focused and do not use cell phone while driving. Kyle Clevenger stated that it was going to be hot to watch over each other.

July 16 – Mike Martin, Assistant Manager of Operations, read from the safety manual on Material Handling and Storage and Explosives, pages 301 and 302. Kyle Clevenger and Priscilla Sparks presented Justin Staniford a Certificate of Completion for Basic Skills Workshop.

July 23 – Andrea McCleese, Technical Services Supervisor, showed a video on Cyber Security and went over what the members can use on the mobile apps such as payments, outages, arrangements and history of usage. Kyle Clevenger requested everyone to work safe, watch over each other, use safety equipment, and watch for slips, trips and falls.

July 31 – August 1 – Jamie Hull with East Kentucky Power was here to do First Aid and CPR certifications for all co-op employees.

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.

JOBS BUILT

Construction built one hundred five (105) new work orders (including 16 services added and 12 services retired) for the month of July and worked zero (0) hours of overtime.

DELINQUENT NOTICES

There were 170 delinquents for August. Seventy-one (71) cards were issued to be disconnected and 6 accounts were disconnected by remote on August 7 for cycle 1. Seventy-seven (77) cards were issued to be disconnected and 16 accounts were disconnected by remote on August 14 for cycle 2. Field personnel disconnected a total of 9 meters and a total of 20 meters were reconnected by field personnel and remote.

OVERTIME HOURS

The Maintenance Department worked nine hundred ten (910) hours of overtime. The Engineering Department worked twenty-eight (28) hours of overtime.

CONTRACT CREWS

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

Tony Seagraves—Corral Park in Carter County
Bob Marrow—Coordination and Pole Changes in Greenup and Carter Counties

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and workorders at this time. Crew's trimmed 612 trees, cut 628 trees, cut 33,765 feet of brush/line and sprayed 273 spans of line. The crews are working in the following areas:

1 cutting crews in Carter, Lewis and Greenup Counties
1 cutting crew in Lawrence County
1 cutting crew 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

RIGHT-OF-WAY CREWS (CONTINUED)	<p>1 tractor crew in Carter County 3 spray crews in Greenup County</p> <p>Smith Tree Service circuit crew have been on ST RT 32 between Sandy Hook and Isonville, Elliott County.</p> <p>Mike Martin said they just finished up the Isonville circuit and are now hand spraying it and Howards Creek.</p>
ENGINEERING REPORT	<p>The Engineering Department released one hundred seventy-eight (178) prints consisting of 6,676 feet of primary line and 2,091 feet of service wire.</p> <p>They currently have four (4) new services to be staked and four (4) to be drawn. There are sixteen (16) miscellaneous jobs to be staked or drawn, largely due to the substation readings.</p>
AIRPORT ROAD SUBSTATION	<p>East Kentucky found vandalism in the Airport Road Substation. The fence was cut on the backside. They were very close to getting electrocuted. The grounding system we have now is not all copper. They only got \$15 worth of copper. They cut all the regulators, but one.</p>
MIKE REYNOLDS	<p>Mike Reynolds received his new bucket truck this week.</p>
MANAGER OF MARKETING AND MEMBER SERVICES	<p>Kim Bush, Manager of Marketing and Member Services reported on the following.</p>
ANNUAL MEETING	<p>The cost of the Annual Meeting was over budget \$3,300 due to the purchase of extension cords. We had a good meeting registering 1,236 members.</p>
PSC DISCONNECT MEMBERS	<p>Kim finished the PSC Disconnection / Reconnection Report PSC for July 2017 – June 30, 2018. She reported 357 disconnections and 247 reconnections.</p>
PREPAY	<p>Compared to this time last year we are up 121 prepays for a total of 765 active accounts and 9 inactive accounts.</p>
ENERGY	<p>Tina is still receiving energy calls and has been out on three energy audits, 2 heat pumps, 1 Touchstone Energy Home, 1 CARES and 1 Button-Up. People are still using energy rebates. East KY is still paying for these programs, but we don't know for how much long.</p>
KUEHNER ALAN V/NANCY SOLAR PANELS	<p>Alan and Nancy Kuehner purchased some solar panels making us a total of 97 solar panels sold.</p>
BLAINE REDIFEST	<p>Kenneth and Edna Arrington and Peggy Wells worked the Blaine RediFest on August 3 handing out school supplies.</p>
GREENUP COUNTY FAIR	<p>The Greenup County Fair is Friday night and we will participate with Kids In The Races.</p>
HONOR FLIGHT	<p>Delmaine Skaggs of Sandy Hook and Billy Messer of Greenup will be the Veterans on the Honors Flight to Washington D. C. September 22nd. Robert Brown and Justin Staniford and will serve as Guardians.</p>

CLEANING The office will be closed Monday, October 8, for our annual fall cleaning. All employees will be working.

GRAYSON CHAMBER We will be hosting Grayson Area Chamber on October 9th at noon and will have the First Responders Training that evening at 6:00 p.m.

CO-OP PICNIC We do not know if there will be a company picnic this year. We are waiting to hear back from the employees.

SAFETY DEMONSTRATION October 1st and 2nd will be the Carter County Conservation Field Days at Camp Webb for all 4th grade students in Carter County. We will be doing the safety demonstration for them.

CHRISTMAS The scheduled date for our annual Christmas dinner/years of service awards is December 14th.

CHRISTMAS BUDGET The proposed Christmas budget for 2018 is \$23,400. This includes the dinner, Santa gifts, staff and board gifts, years of service awards, and Christmas bonus for everyone.

Motion was made by Director Trent to approve the 2018 Christmas budget, seconded by Director Whitt and unanimously agreed upon.

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS Motion was made by Director Trent, seconded by Director Bentley and unanimously agreed to approve eighty-seven (87) new memberships and retirement of ninety-one (91) existing memberships for July 2018.

BAD DEBT WRITE-OFFS Motion was made by Director Martin, seconded by Director Bentley and unanimously agreed to charge off \$5,313.97 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 Martin and unanimously agreed to approve the President's business expense of \$233.22, Director's business expenses of \$9,501.87, and Attorney's business expense of \$9,491.00.

DONATIONS We received a thank you from the Elliott County Public Library and one from Billy T. and Fern Rice.

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

Carter County Relay for Life	\$250
Greenup County Varsity Cheer – golf tournament	\$100
Trooper Island – Hidden Cove Tournament – for boys/girls camp	\$100
Elliott County Softball – Lady Lions Softball- Bruin Open Golf Scramble	\$100
Lawrence County Food Bank – food pantry	\$250
Elliott County Chamber Dues – renewal for 2018	\$300
Greenup County Livestock Committee – sponsor 4H youth (fair)	<u>\$500</u>
	\$1,600

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

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

Director Martin met with Don Mosier of East Kentucky Power to discuss what they are allowing Grayson to use the \$10,000 for. He feels East Kentucky should come up two times a year and give us an update on what is going on.

President Fraley noted that it is highly unusual for an officer of the G&T to meet one-on-one with a director of a member owner system and she has concerns about this.

Director Arrington said President and CEO Campbell needs to come up and thinks it is in his contract to visit the Cooperatives annually. President Fraley said she will invite him up whenever they would like for her to do so.

BOARD MEETING DATE The September Board Meeting will be held on Friday, September 28 at 9:00 a.m.

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

EXECUTIVE SESSION Director Martin called for an Executive Session at 12:37 p.m. and came out of Executive Session at 12:55 p.m.

ADJOURN Chairman Dupuy adjourned the meeting at 12:56 p.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On September 28, 2018 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; Bradley Cherry, Manager of Finance & Accounting; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Dupuy gave the invocation.
APPROVAL OF MINUTES	Motion was made by Director Martin, seconded by Director Trent and unanimously agreed to approve the minutes from the August Board Meeting for informational purposes only.
PRESIDENT'S REPORT	President Fraley reported on the following:
KITTY FUND / BOARD POLICY	Board Policy 520 was reviewed and changes were made to better define the Policy. Motion was made by Director Martin, seconded by Director Trent and unanimously voted to change Board Policy 520 as follows:

BOARD POLICY 520

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION
GRAYSON, KENTUCKY

BOARD POLICY NO. 520

SUBJECT: FLOWER POLICY AND EMPLOYEE KITTY FUND GUIDELINES

I. OBJECTIVE

To establish a policy governing funds accumulated in the employee kitty fund, including the providing of flowers in observance of funerals and hospital confinement and gifts/donations for other appropriate occasions

II. POLICY CONTENT

The Cooperative will pay up to \$50 for an expression of sympathy relating to the death of an employee, an employee's spouse, child, parents or legal guardian.

The Cooperative will pay up to \$50 for flowers or other get well expressions for a hospital confined employee or anyone residing in the employee's household who is confined to a hospital.

From time to time, it is also appropriate to provide expressions of sympathy in observance of hospital confinement or funerals for friends of the Cooperative through its associations with EKPC, KAEC, NRECA, RUS, NRTC, and other instate Cooperatives, etc. Expressions of sympathy will be sent in these instances at the discretion of the President and CEO and paid for by Grayson R.E.C.C.

The Employee Kitty Fund will pay for expressions of sympathy (\$50) for brothers, sisters, grandparents, mother-in-law or father-in-law.

The Employee Kitty Fund will no longer send flowers for hospital confinement, but will send cards for illness or as appropriate.

III. Money for the sale of scrap wire shall be deposited in the Employee Kitty Fund, up to the amount of \$5,000. Any additional money shall be deposited in the General Funds of the Cooperative. If the balance in the Kitty Fund goes below \$5,000, it shall be replenished at the next sale of scrap wire, with any extra money deposited into the General Fund.

The Employee Kitty Fund shall support employee activities such as picnics, outings, flowers, Christmas or any other appropriate group employee function.

RESPONSIBILITY: The President and CEO and Executive Assistant shall be responsible for flowers and cards. The employee committee shall be involved in all group activities.

PROCEDURE: As Outlined Above

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

Date Adopted: 05/26/89
Minute Book Page: 1844
Date Revised: 11/20/92
Minute Book Page: 2207-2208
Date Reviewed: 01/24/97
Minute Book Page: 2867
Date Revised: 02/26/04
Minute Book Page: 3588
Date Amended: 06/26/09
Minute Book Page: 4224
Date Reaffirmed: 04/19/10
Minute Book Page: 4313
Date Revised: 09/28/18
Minute Book Page: _____

PRESIDENT'S REPORT

President Fraley reported on the following:

██████████

President Fraley presented a check from ██████████ to Legal Counsel Scott, as Legal Counsel had not heard from Attorney Derick Willis who represented ██████████. The check will be returned to Mr. Willis.

RICHARD EASTON

Richard Easton was featured in an article in the October issue of the Kentucky Living magazine.

PROPOSED RATES

President Fraley's Manager's column for October was in the mail today. It is also running as a legal ad in all area papers, as required by the Kentucky PSC. No comments have been received.

CFC

We received a certificate from CFC's fiscal year 2018 for patronage capital in the amount \$35,086.82 and retirement of \$17,543.41. No check was received.

Director Whitt said last month CFC said they would give a check to each Coop for community programs and inquired whether we received one. We did not.

UUS PATRONAGE

We received patronage dividend allocations of 20% in the amount of \$210.00.

CRC

We received a patronage allocation from CRC for fiscal year 2017 in the amount of \$1,226 with a check for the pro-rata portion of \$245.00. The current balance is \$8,219.80

SAFETY IMPROVEMENT

President Fraley read the Coop's goals for safety improvement:

SAFETY IMPROVEMENT
(CONTINUED)

SAFETY IMPROVEMENT PLAN
FOR 2018

Expectations and Accountability for Safety

Our goal is to make our standards for safety even higher than they are. We start with our new employees and apprentice linemen to make sure that safety is ingrained in their personal and work cultures. Safety starts with our Board and includes our employees, members and the general public.

1. Organization of Safety Culture

One of our most difficult tasks is to keep safety fresh and up front with our employees. We try to include a safety lesson or message in everything we do.

2. Employee Involvement Participation

It must be understood that all employees, management and Directors are responsible for safety. They are also responsible for bringing issues to Management's attention, to carry the safety initiative through all aspects of their work and personal life, and to abide by the decisions and rules of the Cooperative and other organizations recognized by them.

Chairman Dupuy stated he would present the first safety meeting in January to address safety.

CORRAL PARK

President Fraley met with [REDACTED] and [REDACTED] recently in regard to issues at Corral Park. Those issues included what they considered damage to blacktop, a request for all security lights to be changed to LED immediately, and some tracks in [REDACTED] yard. They also asked for help in encouraging the telephone and cable companies to move their lines to our new poles. We explained that process and said that we would notify both companies, although they are already aware of it.

INSURANCE CLAIM

[REDACTED] alleges that Steve Bush hit her pit bull in her driveway. She had been disconnected for nonpayment. After she paid, her remote meter did not respond to the reconnect command. Mr. Bush went to see what was wrong and said the dogs came running toward his truck from the house. She is requesting Grayson to pay the veterinary bill. Legal Counsel Scott said to file it with the insurance.

RATE CASE UPDATE

Andrea and Bradley have spent a lot of time of the rate case. The PSC sent us 59 questions to answer as soon as we sent a letter of our intention to file. Alan Zumstein and Jim Adkins will assist in answering these questions.

SUCCESSION PLANNING

President Fraley told the Board it was time to begin succession planning, due to the high number of our work force that is either eligible or will be eligible for retirement. We will need to hire people in time to learn certain jobs. Some will take longer than others. Tina and Kim are doing a good job sharing Julie's work and Sherry Conley is working hard to help strengthen the path between Member Services and Billing.

KAEC DIRECTOR'S REPORT

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

COBANK Cobank's Luke Gaines presented KAEC with a \$5,000.00 check. He also said that Co Bank is offering a program called "Sharing Success Program" that Cooperatives can apply to for matched funds for charitable projects.

KAEC FINANCIAL The year to date consolidated margins were reviewed, and there has been an improvement versus the prior year of \$534K. Product Sales have increased by \$3.4M versus the prior year resulting in \$364K of product gross margin. Capital credits were discussed, KAEC had taxable net income in 2017 of \$2.8M including the gain on the sale of the building and ERMCO Capital Credits. However, over the years, KAEC had accumulated \$3.8M of net operating loss carried forward and used \$2.8M to reduce taxable Income to \$0.

TRANSFORMERS There are currently 305 KAEC transformers and 217 ERMCO transformers that cannot be sold. The goal is to move obsolete and slow-moving material out of inventory.

PSC MEETING Chris Perry gave an update on recent meetings with the PSC regarding streamlining rate cases. Future meetings will be held on September 28th and October 5th. He also discussed the PSC meeting that was held on August 21st to discuss the Commission plans mitigate staffing shortages. The PSC would like the Cooperatives to assist them in their efforts to lobby the 2019 Legislature to stop taking money from the dues we pay to the PSC. The state adds those funds to the general fund. In return, the PSC would look at ways to streamline ratemaking processes.

EKPC DIRECTOR Director Arrington reported on the following at the East Kentucky Power Cooperative Board Meeting.

NUCOR STEELE NUCOR plans to double their plant size and number of employees next year. They are members of Owen Electric Cooperative.

MENTORING East Kentucky is doing a mentoring program in January for new directors coming into the program. Their philosophy is that Directors are only responsible for decisions affecting East Kentucky Power and owe no fiduciary responsibility to their local cooperatives. President Fraley stated that at the Governance Meeting, Roger Cowden compared coops to a condominium Home Owners board, and she told him that decisions made at East Kentucky Power affected over 500,000 members of local Cooperatives, and that this was no comparison. Legal Counsel Scott, President Fraley and the Board discussed this issue at length.

FINANCIAL & STATISTIC REPORT FOR JULY 2018 Bradley Cherry, Manager of Finance and Accounting presented the Financial & Statistical Report for July 2018:

SALES AND PURCHASES Kilowatt hour sales for the month of July were 3.66% over budget. Purchases for the month of June were .24 % over budget. Line loss for the last twelve months was 5.4%. Year-to-date margins were \$339,892 compared to the budgeted amount of (\$381,112).

FUEL ADJUSTMENT The fuel adjustment for July was 0.002181.

ESC The environmental surcharge was 8.78%.

DEGREE DAYS There were 353 cooling degree days and 0 heating degree days.

T.I.E.R. July 2018's monthly O.T.I.E.R. was 1.76 with the rolling 12 month O.T.I.E.R. at (.03).

BILLS We mailed 15,405 bills for the month of July. Carter County makes up 30% of our bills, Greenup County 28%, Elliott County 24%, Rowan County 11%, Lawrence County 5% and Lewis County 2%.

RATE CASE UPDATE Bradley said we would send answers to our first set of questions next week on Rate Case 2018-00272.

APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR JULY 2018 Motion was made by Director Whitt, seconded by Director Bentley and unanimously agreed to approve the Financial and Statistical report for July 2018 as presented, for informational purposes only.

RUS WORK ORDERS Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve the following 219 RUS Work Orders for the months of April, May and June 2018 in the amount of \$605,048.52:

April 2018	Work Order No. 1290	\$164,403.75
	Work Order No. 1291	\$ 3,189.39
May 2018	Work Order No. 1292	\$195,265.65
	Work Order No. 1293	\$ 12,678.04
June 2018	Work Order No. 1294	\$215,147.59
	Work Order No. 1295	<u>\$ 14,364.10</u>
	Total	\$605,048.52

LEGAL COUNSEL Legal Counsel Scott reported on the following:

RIGHT-OF WAY EASEMENTS One hundred ninety-three right-of-way easements were recorded in the following counties:

93 Elliott; 3 Lawrence; 40 Greenup; 31 Rowan; 17 Carter; and 9 in Lewis.

He has been working on right-of-way easement memos.

MOU AND AMENDMENT 3 Due to the ruling of the Public Service Commission in the South Kentucky RECC Case, MOU and Amendment 3 have been cancelled.

Any appeal to this ruling would have to be filed in Franklin Circuit Court.

MANAGER OF TECHNICAL SERVICES Andrea McCleese, Assistant Manager of Technical Services reported on the following:

AMI RF Our AMI RF conversion project is underway. Stuart Irby, Steve Bush and Brian have created a complete catalog list of all the meters needed and all of them will be programmed. The first order was placed this week for meters and networking equipment.

LANDIS+GYR Landis+Gyr has also assigned us a project manager. We will have a kick-off meeting in 4-6 weeks. The Project Manager will assist us in the analysis of communication paths for each of the collector sites.

IPADS – FIELDPRO The men in the field like the FieldPro application that gives them regular updates of the maps. Robert has training sessions after safety meeting on alternating weeks.

MILSOFT A Milsoft trainer has been with us the past three days teaching us how to better use the outage software upgrades. There have been several software updates that added to the functionality

DRONE We have purchased our first drone this week. Robert Brown and Tony Brewer gave a good demonstration on the use of drones at our Safety Meeting on Monday. We think there are going to be many opportunities to use the drones.

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

PREPAY 780 Active PrePay Accounts 10 Inactive Accounts
Average Balance on accounts--\$38.66 credit
Average kwh Usage - 36 a day Total # of Payments in 30 days - 3,723
Average Payment - \$32.49 Total Payment Amount - \$120,960.91

DEBT MANAGEMENT We have 67 active accounts with debt management.
The total amount in Debt Management is \$17,351.15

ENERGY VISITS Tina has made the following home visits:

Energy Audits=5 TSE Home=1 CARES=2
Button-Up=1 Billing Insights=2

ENERGY STAR REBATES The following Energy Star appliance rebates were filed:

Clothes Washer=5 Dishwasher=3 Refrigerator=2
Freezer=11 Freezer= 1 ES Heat Pump=1
ES Central Air Conditioner=1

SOLAR The solar update given was:

Cooperative Solar inquires=2 Cooperative Solar Sales=0
Cooperative Solar Total=97 panels Total Net Metering Accounts=5
Net Metering Inquires=3

We received a credit of \$183 from solar.

PROGRAMS We sponsored Kids in the Races at the Greenup County Fair.

ANNOUNCEMENTS October 1 & 2 – Electrical Safety Demonstrations at the Carter County Conservation Field Days at Camp Webb for all 4th grade students in Carter County – Robert & Tina and Chris & Nancy
October 8 – Cleaning Day, Office Closed and Brownstown will be frying fish
October 9 – Grayson Chamber of Commerce meets at GRECC at noon. Kevin Osborn will be bringing the hybrid car and will be talking about electric cars.
6:00 p.m. – First Responders Safety Training – all counties are invited. Dinner provided by GRECC.
December 14 - Service Awards Dinner

HONOR FLIGHT Delmaine Skaggs of Sandy Hook and Billy Messer of Greenup were the Veterans on the Honors Flight to Washington D. C. September 22nd. Robert Brown and Justin Staniford served as Guardians.

FLU SHOTS Flu shots will be given on October 22nd and the HEP A booster.

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:

August 7 – Priscilla Sparks, Executive Assistant, turned the meeting over to Shannon Johnson, Barry Warner and Eddie Fletcher from East Kentucky Power. The Lock Out Tag Out procedures was discussed following by going out for a substation training.

August 13 – Robert Brown, Geographical Information System Technician, turned the meeting over to John Janis with PMA/Washington National Insurance. John discussed the policies available to our employees. Certificates of Completion for Accident Investigation and Record Keeping Training were presented to Kyle Clevenger, Priscilla Sparks and Nancy Madden.

August 20 – Sherry Buckler, Manager of Accounting & Human Resources, turned the meeting over to Kyle Clevenger who reported to Federated Near Misses incident and discussed what could have been done to prevent each.

August 27 – Kim Bush, Manager of Marketing & Member Services, read out of the safety manual on 501 Office Safety, 501.1 General Office Safety and 501.2 Video Display Terminals pages 127 – 128. Kyle Clevenger requested everyone to change out rubber gloves.

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.

JOBS BUILT Construction built one hundred twenty-eight (128) new workorders (including 23 services added and 9 services retired) for the month of July and worked zero (0) hours of overtime.

DELINQUENT NOTICES There were 203 delinquents for September. Sixty-three (63) cards were issued to be disconnected and 7 accounts were disconnected by remote meter on September 10 for Cycle 1. One hundred fifteen (115) cards were issued to be disconnected and 18 accounts were disconnected by remote meter on September 17 for Cycle 2. Field personnel disconnected a total of 18 meters and a total of 12 meters were reconnected by field personnel and remote.

OVERTIME HOURS The Maintenance Department worked 496 hours of overtime. The Engineering Department worked 0 hours of overtime.

CONTRACT CREWS

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

Tony Seagraves – Corral Park, Carter County. Corral Park is finished
Bob Marrow – Coordination’s and Pole Changes in Greenup and Carter Counties

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and workorders at this time. Crew’s trimmed 731 trees, cut 1,038 trees, cut 41,820 feet of brush/line and sprayed 182 spans of line. The crews are working in the following areas:

- 1 cutting crew in Carter, Lewis and Greenup Counties
- 1 cutting crew in Lawrence County
- 1 cutting crew 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
- 3 spray crews in Greenup County

Smith Tree Service, circuit crew between Isonville and Mazie, Elliott County

ENGINEERING REPORT

The Engineering Department released one hundred sixteen (116) prints consisting of 1,068 feet of primary line and 1,637 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, largely due to the substation readings.

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS

Motion was made by Director Martin, seconded by Director Trent and unanimously agreed to approve ninety-nine (99) new memberships and retirement of seventy-six (76) existing memberships for August 2018.

BAD DEBT WRITE-OFFS

Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to charge off \$3,835.48 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 \$223.80, Director’s business expenses of \$8,214.53, and Attorney’s business expense of \$8,692.24.

DONATIONS

We received a thank you from Carter Christian Academy for golf scramble donation; Grayson Area Chamber of Commerce for handmade appreciation cards for our Veterans; and Trinity Christian Fellowship and the Bryce Combs family for first responders and volunteers meals.

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

Grayson Funtoberfest 5K Walk/Run	\$50
Haldeman Community Center	\$100
NEED Workshop – 2 teachers sponsored (Lola Mollett, Blaine Elementary and Julie Reynolds, Ell.Co.HS)	\$500
Lewis County Band Boosters – Lewis Co. Marching Band	\$100

DONATIONS
(CONTINUED)

Blaine High School Reunion – alumni scholarship fund	\$125
Unity Baptist Church – Blaine Autumn Festival	\$100
Carter City Elementary School – Fall Festival	\$50
Galaxy Project – Monster Dash 5K Kid & Adult Run/Walk	\$50
Vanceburg Lions Club – 8 th Annual Heritage Fest	\$100
Greenup County High School After Prom	\$50
Carl McCoy – 201 st Engineer Battalion Reunion Fund	\$150
Elliott County Baseball Lockers and Bathrooms	\$500

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

KAEC 2018 RODEO

Kyle reported on our Lineman’s Rodeo Participation:

Mark Hutchinson won second place in the Hurtman Rescue, 1st place in the De-Energizing Competition, 2nd Place Armor Rod and Tie, and 3rd Place Overall, in the Senior Division. Justin Staniford won second place in the Apprentice division.

The final first place winners presented by KAEC were:

- 1st place overall senior: Michael Nethery, Shelby Energy
- 1st place overall individual journeyman: Tim Hembree, Bluegrass Energy
- 1st place overall apprentice: Tommy Parks, Fleming Mason
- 1st place overall team: Bluegrass Energy

Next year the Rodeo will be at Nolin RECC.

MEETING ATTENDANCE

The following upcoming meetings were presented for attendance this month.

KAEC Annual Meeting, Louisville, KY, November 19-20, 2018 and Director’s courses will be on November 17th and 18th with Legal counsel meeting on November 18th and 19th. Directors attending the meeting are Chairman Dupuy, Directors Whitt, Arrington and Trent. Directors Bentley and Martin may attend. President Fraley and some staff members will attend.

NRECA Directors Winter School in Nashville, TN November 30, 2018 – December 5, 2018. Chairman Dupuy, Directors Whitt and Trent will be attending, and Directors Bentley and Martin will possibly be attending.

BOARD MEETING DATE

The October Board Meeting will be held on Friday, October 26 at 9:00 a.m.

ADDITIONAL BUSINESS

The following future dates were assigned:

- October 8, 2018 – Cleaning Day, office is closed and fish fry at lunch time
- October 9, 2018 noon – Grayson Chamber of Commerce meeting at GRECC
- October 9, 2018 6:00 p.m. – KAEC First Responder meeting at GRECC
- October 22, 2018 7:30 a.m. – flu shots and Hepatitis A
- November 18-20, 2018 – KAEC Annual Meeting
- November 22-23, 2018 – Thanksgiving Holiday, office is closed
- November 26, 2018 9:00 a.m. – Grayson RECC Board Meeting
- December 5, 2018 7:30 a.m. – ROW Breakfast at Grayson Bowling Alley
- December 10, 2018 9:00 a.m. – Planning and Review Committee
- December 14, 2018 6:00 p.m. – Christmas social hour followed by dinner
- December 20, 2018 9:00 a.m. – Grayson RECC Board Meeting

ADDITIONAL BUSINESS
(CONTINUED)

December 21, 2018 Office closes at 10 for Employee Gift Exchange
December 24 & 25, 2018 – Christmas Holiday – Office closed

ADJOURN

Chairman Dupuy adjourned the meeting at 12:55 p.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On October 26, 2018 at 9:06 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Dupuy called the meeting to order pursuant to the Waiver of Notice signed by the Directors and all were present. Others present included: Carol Hall Fraley, President and CEO; W. Jeffrey Scott, Legal Counsel; Bradley Cherry, Manager of Finance & Accounting; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director Whitt gave the invocation.
APPROVAL OF MINUTES	Motion was made by Director Bentley, seconded by Director Trent and unanimously agreed to approve the minutes from the September Board Meeting for informational purposes only.
PRESIDENT'S REPORT	President Fraley reported on the following:
FLU SHOT / HEPATITIS A	Flu shots and Hepatitis A boosters were given Monday. Carter County is the leading county for Hepatitis A followed by Montgomery, Boyd, Elliott, etc.
SURE / ACRE	SURE and ACRE sent checks to Rocky Adkins, Jill York, Danny Bentley and Robin Webb.
ELECTRIC OUTAGE	We had a lot of wind on Saturday night. Elwood Russell from Montgomery said a tree fell on the line pulling his service off the house. We have pictures of his service. Mike Blevins said it was 39' from our right-of-way and Mr. Russell said it was 25' from right-of-way. He wants us to pay for it and she told him we wouldn't, but did tell him she would come and look at it.
LIHEAP	LIHEAP starts on November 4 th . Sherry Conley and Tina Preece attended the winter hardship training and then trained our Member Representatives. A letter was mailed to the Commission and one posted in the lobby confirming their training.
RODNEY HITCH	Bradley Cherry reported that Rodney Hitch stopped by Wednesday. Mr. Hitch said Braidy Industries was moving forward. They have started getting a lot of their funding, and they hired an executive team. It shouldn't be too long before they get started on construction.
GOVERNANCE MEETING	President Fraley phone conferenced the Governance Meeting and KAEC Board Meeting this month. She was disconnected on one call due to the Windstream phone line issues, most likely due to a fire at the old David Reeves law office burning Saturday night.
W A KENDALL	W A Kendall called and asked for an increase. This will be discussed under Kyle Clevenger's report.
██████████	The ██████████ bankruptcy package received in the mail this week was given to Legal Counsel Scott to read. He also has a copy of the large power contract that shows we can cut them off on delinquent. Currently, ██████████ bill is \$10,039.69 due today for service thru October 1, 2018. She asked Andrea to calculate their bill through today and it is approximately \$16,946.50.
██████████	██████████ requested the electric poles be moved out of his field. He also has a barn there and wants electric to it and a camper. In the past, ██████████ would not let Grayson build the line to ██████████ the way it was engineered, so ██████████ has refused to give ██████████ a right-of-way,

(CONTINUED)

which would include a pole and guy wires on his property. Joe Sargent, Engineer, said we could not place it in the ditch beside the road. Joe surveyed the line the way [REDACTED] would like to have it and the cost is approximately \$26,000. Joe said he would have to re-survey, so the price will have to be recalculated. President Fraley said [REDACTED] will have to sign a right-of-way easement to have those poles removed off his property and a specific easement will not be accepted. He submitted a \$500 check to his lawyer who forward the check to Legal Counsel Scott and it was forward to President Fraley. The construction cost will have to be paid in full up front. Some of [REDACTED] adjoining property owners are [REDACTED]

CARTER CAVES STATE PARK The Friends of Carter Caves State Park called and asked if we would help them with a project at Carter Caves to restore the old playground. President Fraley said the governor has a Beautify KY Program. CoBank has given Statewide a check for funding a beautification project, but we have to apply to CoBank for the grant. She ask the Board if they care to apply for this aid through CoBank to rebuild/replace the playground equipment. President Fraley has the application and will be filling it out, as it would not cost the Coop anything. She thinks we will have a good chance on getting the grant for Carter Caves. The Board approved.

MEMBER SERVICES The arrangement in Member Services is working well. Sherry Conley has made a real contribution in collections and adjustments. She and Peggy Wells are working on the off service bills. Peggy went back a year and wrote letters to everyone about their off service bill. The first week they received \$2,500 to \$3,000. In March when the capital credit are applied for 2018, we will take any of their available capital credits. The second letter mailed out will say that we will pursue our legal options.

Filing is now kept up on a daily basis. Sherry is checking on every adjustment as it comes through. Julie's last day is November 2, 2018. Sue is doing an excellent job on the right-of-way easements before they go to Jeffrey.

WINTER HARDSHIP The winter hardship reconnects that come along with LIHEAP require a good faith payment. After talking to Rosemary at the PSC she said they should pay at least one half, one fourth or one third of the bill.

CEO MEETING UPDATES President Fraley said she was attending a lot of her meetings via conference calls due to family health reasons.

LEGISLATIVE BREAKFAST The Legislative Breakfast in Frankfort is scheduled for February 7, 2019. No details of the breakfast has not been received.

KAEC DIRECTOR'S REPORT Director Whitt reported the following on the KAEC Board Meeting this month.

SEATED 3 CEO'S Three new CEO's were seated. Those seated were:

Greg Grissom who replaced Dennis Cannon at **Jackson Purchase Energy**. **Alan Gates** replacing Greg Grissom at **Pennyrile Electric**. **Greg Lee** will be replacing Mickey Miller as CEO at **Nolin RECC**. **Jack Bragg, Jr.**, is training under Debbie Martin at Shelby Energy, as she will be retiring in January 2019.

SEATED 3 CEO'S
(CONTINUED)

Bobby Sexton is no longer interim manager for **Big Sandy RECC**. **Bruce Aaron Davis** is the new President and CEO. Robert Moore, who serves as the delegate to the KAEC Board from Big Sandy, is in declining health and retired from the Statewide Board.

STREAMLINED ALTERNATIVE An update on the recent meetings with the Public Service Commission regarding a streamlined alternative rate case process was given.

RATE CASE UPDATE

Bradley gave an update on Rate Case 2018-00272. We answered our first round of questions. There was 59 questions, but only 7 had to be answered, as the others were already answered in our application. They came back with an order in October and the last date to intervene in our case is November 2, 2018. After that date we will probably see another request for information. Filing for a rebuttal testimony, if there is an intervener, will be up until February 6, 2019. If not, they will set a public hearing date. We have not had an intervener yet. We have been suspended until March or April.

KAEC LEGISLATIVE OFFICE

KAEC plans to purchase space in Frankfort to be used by KAEC and EKPC lobbyists.

KAEC ANNUAL MEETING

The KAEC Annual Meeting is November 19th and 20th in Louisville.

EKPC DIRECTOR

Director Arrington reported on the following from the East Kentucky Power Cooperative Board Meeting.

The August overview of margins, revenue, budgets and expenses was discussed in great detail. Some items mentioned were:

Margins were \$7.2 Million
\$1.3 Million over budgeted margin
Revenue under budget \$2.2
Expenses were under budget at \$3.5
Year to date margins were over budget by \$7.9 due largely to weather
O&M expenses were \$3.3
Purchased power \$2.9
Fuel expenses \$2.7
Revenue & other income \$2.2
August budget margins \$5.9
August year to date margins over budget \$7.9
August margins surpassed 2017 margins by \$16.9
Revenue and other income was \$43.1 higher than 2017
Interest income increased \$4.3
PJM capacity sales decreased \$14.5
Fuel purchased power was \$32.9 higher than 2017
All other expenses were \$6.7 lower than 2017
Capital expenditure below budget
August 2018 expenditure of \$14.5 were \$.6 over budget.

Barry Mayfield retired, but EK is going to hire him back on contract.

A detailed report can be found in the October Board Folder.

FINANCIAL & STATISTIC REPORT FOR AUGUST 2018	Bradley Cherry, Manager of Finance and Accounting presented the Financial & Statistical Report for August 2018:
SALES AND PURCHASES	Kilowatt hour sales for the month of August were 1.17% over budget. Purchases for the month of August were 2.17% over budget. Line loss for the last twelve months was 5.39%. Year-to-date margins were \$567,467 compared to the budgeted amount of (\$360,986). Sales were up 14%.
FUEL ADJUSTMENT	The fuel adjustment for July was 0.000458.
ESC	The environmental surcharge was 7.27%.
DEGREE DAYS	There were 338 cooling degree days and 0 heating degree days.
T.I.E.R.	August 2018's monthly O.T.I.E.R. was 3.30 with the rolling 12 month O.T.I.E.R. at 0.38. Year to date 1.75. This year has really helped us with our T.I.E.R.
BILLS	We mailed 15,400 bills in August. Count by county was: Carter 4,595 (30%), Elliott 3,657 (24%), Greenup 4,302 (28%), Lawrence 761 (5%), Lewis 321 (2%) and Rowan 1,764 (11%). We had 5 less members than last month and 105 less than last August.
CAPITAL CREDITS	Capital Credits were mailed this month. We mailed 19 checks totaling \$12,157.18. Year to date total is \$93,244.80. There are 21 outstanding applications, 19 incomplete and 2 came in late. President Fraley reported Rosemary at PSC said if a member dies, we legally can disconnect that account after 30 days.
BUDGET MEETING	Staff is working on our preliminary budget. We will have four trucks to purchase this year. We may budget for the lower parking lot, but would not have the work done until the creek has been dredged. The Grayson City Council is working on this project. Planning & Review will meet in December and bring the proposed budget to the Board at the December Board Meeting. We applied to draw down \$5-million on our workplan.
APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR AUGUST 2018	Motion was made by Director Whitt, seconded by Director Martin and unanimously agreed to approve the Financial and Statistical report for August 2018 as presented, for informational purposes only.
LEGAL COUNSEL	Legal Counsel Scott reported on the following:
SOUTH KY CASE	The time to file appeal in the South Kentucky case is Monday. South KY lawyers sent email saying they aren't going to appeal. The Order of the Commission says Amendment 3 is rescinded. However, Amendment 3 allowed the Cooperatives to buy off system power and, as a compromise, extended the Wholesale Power Contract until 2041. Since the Amendment has been rescinded, we believe the Wholesale Power Contract should return to the original date. He has written to the RUS Administrator to ask his opinion.

AMENDMENT 3

President Fraley explained that Amendment 3 was signed in 2003, extending it from 2025 to 2041, allowing the coops to go out and buy so much percent of power. EKPC wanted to finance the Smith Plant through RUS and they wanted an extension of the Wholesale Power Contract to 2051 as a surety. We believe that since the Smith Plant was canceled, the Wholesale Power Contract date should also be changed.

RIGHT-OF-WAY EASEMENTS

Legal Counsel Scott replied to Chairman Dupuy's request on right-of-way easements and what it means if we had lines already there. He did some research with the aid of his office, contacted NRECA, put together a handout and emailed a copy to everyone last night. We do need the easement and we need to record them. In August, he had said that we could set a meter if there had already been service there and the meter base was in good condition. However, his research indicated otherwise.

The right-of-way easement that allows GRECC to go on a member's property has to be current and recorded or recorded from the previous property owner. Recorded easements are perpetual. Therefore, an easement, would cover a danger tree that could fall into a line that is outside of the 40' easement.

Eminent domain case was used in Vanceburg and we won. To declare would be no other way to get electric to the property. President Fraley stated there was no way to take out danger trees, due to cost. President Fraley suggested we continue doing as we are doing because we cannot afford it. She said if a tree was certainly a hazard, we would try to get permission to cut it from the property owner. However, healthy trees beyond the right of way would not be cut.

Legal Counsel suggested that we make a note on the right-of-way ticket and have the property owner sign it if a consumer doesn't want a danger tree cut.

If a member purchases property, knowing electric facilities are located there, they will have to sign a right-of-way easement, unless we have a recorded easement on file from a previous property owner that matches that property description. When signing up a renter it is up to Coop to get an easement from the landlord/property owner. Legal Counsel says that we should not energize the service and will not be connected until we have received the signed and notarized easement.

Legal Counsel stated we need a signed right-of-way easement from the land owner before the renter gets the electric turned on. This easement must be recorded for protection.

Chairman Dupuy said on the advice of our attorney and under the direction of the Public Service Commission we have to have the easement. He suggested putting in the magazine if you own property and are a landlord you must sign an easement or you will not be able to rent. He also suggested a letter to landlords.

WHOLESALE AGREEMENT

He wrote a letter to RUS concerning the wholesale agreement and waiting on an answer.

CORRAL PARK

██████████ and ██████████, would like Grayson RECC to pay \$7,000 for what they believe is damage to their blacktop, change out all the night lights

CORRAL PARK (CONTINUED) in the park to LED so they will be the same color, and contact the telephone company and make them transfer their lines to our new poles. Marsha Thacker mails letters and prints to the telephone notifying them when a job is completed. Kyle and Mike said they examined the road and did not see any damage that we caused. We will change out the lights as needed and declined to make a contribution to the blacktop project.

RECORDED EASEMENTS Mr. Scott said that easements coming to his office have improved. From September 28 – October 26 he has reviewed 158 including the ones sent back to the Co-op for correction. Eleven (11) easements were recorded in Lewis County and 33 in Greenup County. Easements sent to be recorded and not received at this time are: Elliott County 26, Carter County 38 and Greenup County 10. These easements have yet to be sent and recorded: Greenup County 7, Rowan County 15, Lawrence County 7 and Elliott County 2.

Legal Counsel Scott made a recommendation that suggested the word ‘width’ be inserted in the easement.

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

AMI AMI is making progress. They are shipping equipment today. Steve Bush, Scott McGuire, and Brian are attending a training meeting in Indianapolis next week. Andrea and Peggy Skaggs will be attending RF Command Center Training at Landis + Gyr in Pequot Lakes, MN.

HALBERT POLE INSPECTION The Halbert Pole Inspection provided the following information:
1,029 poles were inspected in 6 weeks by one man.
6 poles or 3.1% were marked Priority to be changed out and 1 needs to be changed immediately.
26 or 10.1% were marked Priority 2 and need to be replaced soon.
104 poles have other issues and will be checked by Maintenance.
Total cost of the pole inspection was \$11,193; an average cost of \$11.58 per pole.
\$3,700 is the average pole cost to replace this year.
\$3,866 is the average cost per pole replacement next year.
\$123,700 is the estimated cost of P1 & P2 pole replacements.
P1 & P2 poles were close to 50 – 52 years in age.
\$402,064 is the potential pole replacement cost.

DJI PHANTOM 4 PRO DRONE Robert Brown gave a presentation on the Phantom 4 Pro Drone we recently purchased. It will be useful in line inspections, trouble shooting and storm work. We tried the drone on a tie between Little Quisenberry and Lower Oak Grove. It took Robert 15 minutes to find the pole and in 10 minutes to tell what is needed.
The drone weighs three pounds and licensed for up to fifty pounds. It flies 45mph and the average flight time is 30 minutes before recharging. A windy day takes more battery time, but does not affect the pictures taken.
Robert’s license is size 8 x 3 and for use 24 hours a day. He took a 60 question timed test to get the licensed. Tony Brewer and 2 from Clark also took the test. Tony’s license should be here today. The cost to purchase this drone is about \$2,000 with accessories (extra battery).
You are to notify FFA when ready to fly or 1800wxbrief.

DJI PHANTOM 4 PRO DRONE (CONTINUED) He has applied for a NOTM to stay there 2 years. This covers us and allows us to be there. Most cases will be flying at below tree level.

MANAGER OF MARKETING AND MEMBER SERVICES Kim Bush had surgery today, so Julie Lewis, Secretary for Member Services, gave her report. She reported on the following:

LIHEAP LIHEAP will officially begin on November 5th, but agencies are already taking applications for people who meet certain criteria. Sherry Conley and Tina Preece attended the training held at KAEC and met with Rosemary Tutt with the Kentucky PSC.

WRITE-OFFS The Member Service Representatives, as well as Sue Roberts, have been working on write-offs from January 2018. To date, we have collected \$2,884.08 since the first week of October. The payments we have received thus far are from write-offs since January 2018. In total, we have collected almost \$8,000 since January 1st. We also have some former members that have come in and signed a contract to make payments, either weekly or monthly. We began by sending a reminder letter from Peggy Wells along with a copy of their final bill and will be sending out a second, more forceful letter from Sherry Conley this week. This second letter will remind them that if payment is not made, we will be required to seek legal action, including Small Claims Court, if necessary. We will also utilize every tool we currently have to find new addresses and phone numbers to send out letters and/or calls to others who owe us outstanding bills.

PREPAY PrePay's to date are:
Active PrePay Accounts 782 Inactive Accounts 13
Average Balance on accounts - \$41.19 credit
Average kwh Usage - 30 a day Total # of Payments in 30 days – 3,439
Average Payment - \$32.09 Total Payment Amount - \$110,368.63

DEBT MANAGEMENT We have 66 active accounts with debt management.
The total amount in Debt Management is \$16,700.94.

ENERGY VISITS Tina has made the following home visits:

Energy Audits=4 TSE Home=1 CARES=1 Button-Up=1

ENERGY STAR REBATES The following Energy Star appliance rebates were filed:
Clothes Washer=2 Dishwasher=3 Refrigerator=3
Freezer=1 ES Heat Pump=2

SOLAR The solar update given was:
Cooperative Solar inquires=1 Cooperative Solar Sales=0
Cooperative Solar Total=97 panels (no change)
Total Net Metering Accounts=5 Net Metering Inquires=0

LINEMAN LICENSE PLATE FUNDS We received a check for \$10,555 for the Kentucky Lineman license plant sales plates sales for the period of July 1, 2017 through June 30, 2018. This was an increase of \$1,381 from last year. We distributed checks to 4 schools in the amount of \$2,638.75 each. Those schools were: Gateway Community and Technical College, Somerset Community College, Ashland Community and Technical College and Maysville Community & Technical College.

PROGRAMS /
ANNOUNCEMENTS

October 1 & 2 – Conservation Field Day at Camp Webb for all 4th grade students in Carter County – Safety Demonstrations (500 kids)
October 8 – Hosted the Grayson Chamber of Commerce for their monthly meeting at noon. All counties were invited to the First Responders Safety Training that evening after work. KAEC presented the safety training. Fifty-three were registered with about 100 in attendance.

December 14 - Service Awards Dinner at the old Olive Hill High School

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 September:

September 7 – Bradley Cherry, Manager of Finance & Accounting, turned the meeting over to Tony Dempsey for the KAEC monthly safety meeting. A power point on the proper PPE that needs to be worn during the work day was shown. Examples of eye, face, head, foot, safety vest, voltage testing equipment, personal voltage detector, grounding equipment, hand leg, fall protections, body belts and clothing. Certificate of completion for Haz-Mat Refresher was presented to Roger Kitchen and Joe Sargent.

September 10 – Kyle Clevenger, Manager of Operations, turned the meeting over to Brian Poling who gave a presentation on the Landis/Gyr Gridstream RF Solution that will be moving to radio frequency metering and more reliable outage notifications. Kyle went over a safety investigation that involved Chris Mosier which found no safety violations. Kyle requested everyone to be careful.

September 17 – Carol Hall Fraley, President and CEO, turned the meeting over to Robert Brown and Tony Brewer. They gave a presentation on Utility Drones, drone safety training, drone registration, operation limitations and several rules and regulations in operating a drone. Kyle stated that it was wet and slick for everyone to be careful.

September 24 – Mike Martin, Assistant Manager of Operations, read an article on Four Things We Shouldn't Say when it involves an accident. 1. Why don't they just follow the rules? 2. Safety is just common sense. 3. They must be disciplined. 4. What were they thinking? He went over the explanations for each and how these statements damage our safety culture and we need to work and change our approach. Kyle requested everyone to be careful.

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.

JOBS BUILT

Construction built one hundred twenty-three (123) new workorders (including 21 services added and 16 services retired) for the month of July and worked zero (0) hours of overtime.

DELINQUENT NOTICES There were 196 delinquents for October. Ninety-two (92) cards were issued to be disconnected and 7 accounts were disconnected by remote meter on October 9 for cycle 1. Eighty-three (83) cards were issued to be disconnected and 14 accounts were disconnected by remote meter on October 15 for cycle 2. Field personnel disconnected a total of 23 meters and a total of 14 meters were reconnected by field personnel and remote.

OVERTIME HOURS The Maintenance Department worked 466 hours of overtime. The Engineering Department worked 0 hours of overtime.

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

 Tony Seagraves—Pole changes in Carter County
 Bob Marrow—Coordination's and pole changes in various counties

RIGHT-OF-WAY CREWS We have ten (10) W A Kendall right-of-way crews working on random jobs and workorders at this time. Crew's trimmed 695 trees, cut 1,403 trees, cut 40,530 feet of brush/line and sprayed 180 spans of line. The crews are working in the following areas:

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

 Smith Tree Service, circuit crew at Lower Newcomb, Elliott County

ENGINEERING REPORT The Engineering Department released one hundred twenty-four (124) prints consisting of 946 feet of primary line and 2,146 feet of service wire.

 They currently have three (3) new services to be staked and three (3) to be drawn. There are nine (9) miscellaneous jobs to be staked or drawn.

ROBERT WILLIAMS Robert Williams and his wife stopped by the office last Thursday. He called earlier this week and asked for 5% raise across the board. He called back yesterday and dropped the rate to 3% for the men and 5% for the equipment. President Fraley and Mr. Clevenger suggested we decline the across the board request. Following Board discussion, no action was taken.

APPROVAL OF NEW MEM- Motion was made by Director Martin, seconded by Director Bentley and BERHIPS & RETIREMENT OF unanimously agreed to approve eighty-eight (88) new memberships and EXISTING MEMBERSHIPS retirement of ninety-two (92) existing memberships for September 2018.

BAD DEBT WRITE-OFFS Motion was made by Director Trent, seconded by Director Bentley and unanimously agreed to charge off \$2,245.96 worth of bad debts and turn them over for collection.

APPROVAL OF CEO'S, Motion was made by Director Trent, seconded by Director Whitt and DIRECTOR'S & ATTORNEY'S unanimously agreed to approve the President's business expense of \$40.00, BUSINESS EXPENSES Director's business expenses of \$9,239.33, and Attorney's business expense of \$.00.

DONATIONS We received thank you notes from the Vanceburg Lions Club and Relay for Life of Carter County.

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

Rowan County Christmas – seniors and children gifts and food \$100
Unity Baptist Church – Blaine Autumn Festival (LED bulbs, tumblers, stickers, trick or treat bags, coloring books and box of 1,000 suckers)– donation value \$1,210
\$1,310

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

MEETINGS HELD Chairman Dupuy reported on the attendance at the Regions 2 & 3 Meeting in Atlanta, Georgia.

BOARD MEETING DATE The November Board Meeting will be held on Friday, November 16, 2018 at 9:00 a.m.

ADDITIONAL BUSINESS Director Martin made a motion to go into Executive Session at 12:51 p.m.

EXECUTIVE SESSION Executive session concluded at 1:25 p.m.

ADJOURN Chairman Dupuy adjourned the meeting at 1:25 p.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel

On November 16, 2018 at 9:12 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; Bradley Cherry, Manager of Finance & Accounting; and Priscilla Sparks, Executive Assistant.

INVOCATION	Director gave the invocation.
APPROVAL OF MINUTES	Motion was made by Director Trent, seconded by Director Whitt and unanimously agreed to approve the minutes from the October Board Meeting for informational purposes only.
PRESIDENT’S REPORT	President Fraley reported on the following:
LIHEAP	
W A KENDALL	President Fraley, Kyle and Mike Martin talked to Robert Williams and was told we settled on 2.5% for the men and will go directly to the men. We pay cost for the chemicals for the men they use. The cost is approximately \$22,000. Director Martin made a motion for the 2.5% increase for the men, seconded by Director Trent. Unanimously agreed upon. Labor \$18.34 (men probably get \$9)
K-MART	K-Mart bankruptcy Petition filed by K-Mart in the US Bankruptcy Court for the Southern District of New York was reviewed by Legal Counsel Scott. Andrea and Carol have been looking at the larger power contracts. There are some will be amended after the first of the year. EW/NW/EM apartments have been looked at, also. NW and EW are privately owned, but leased to HUD. Some were put on as small commercial and should be residential. When in owner name it is taxable.
KMART	LCS reported K-Mart file bankruptcy October 14. Whatever the balance is on the filing date we cannot get collect. A plan was approved October. A little of over \$4,000 was assigned to Grayson Rural Electric. They are required to pay electric bill forward and if they do not there is a procedure to go through. Grayson is set to close end of December. They have done no reductions in their prices, as they advertised 50%. Bankruptcy rules are strict and have to be adhered to. It is a federal court and are there for the President of the US. PF said they owed 2 months bill. Anything after October 15 they owe. They took their deposit and applied it. Thirty days due is November 27 th . We can file for the extra amount of money. Is there any point we can disconnect and there is not. There is a procedure you do go through stated LC. CD said they are protected by court. Following October 15 th is they do not pay we can take action. From October 15 th on until end of November they are protected and will become delinquent. She wants to collect the previous allowance. If they do not pay the November bill. You need to Order the court to up that. The packet showed \$25,000,000 set aside for utilities. They were current in August. After they close the store we can cut them off. We did set up a new account number.
WORKPLAN	We are currently working on finishing up the current work plan. The meters area beginning to come in. Usually work order numbers are construction.

All the collectors, repeaters, they have been out this week working.

CORRAL PARK

Jeff Metcalf and Jeff Wentz came in to talk to President Fraley. Wrote to them a week ago and told them the lights would be changed out as needed. The road cracks looked like normal wear and tear. Sent a letter to the phone company with print for change out.

ELWOOD RUSSELL

Elwood Russell and John Russell had an outage due to tree falling and he wanted the house mast and replaced. She had Robert to take the drone and take pictures. It is clearly off the right of way. He will receive a letter this week that we are not going to pay. The meter is built into the house.

PSC CASE NO. 218-00272

In October the Attorney General's Motion to Intervene was granted by the Public Service Commission in Case No. 2018-00272, Application of Grayson Rural Electric Cooperative Corporation for an Adjustment of Rates.

Alan Zumstein and Jim Adkins were here yesterday and answered required questions requested. Jeffrey said we can redact certain things and black out and certain things can be handled confidently. Anything filed with them will appear on PSC website. LC explained the purpose of handling the procedure this way. Some questions wanted to know why certain things were handled. Our TIER had been good. They asked about the insurance benefits on employees.

The AG did not mail to GRECC and LC did not receive one, nor BC. The AG are doing the same with other co-ops. They said we ignored their directive and we did not. She repudated their comment. DW feels they will keep punishing us for not stop spending if we knew.

LC fears they or AG, data for 2018 will be damning. The wage increase went from \$1 to \$.50 and we did lower. PF said she will never apologize for employees wages. They questioned on the director expenses. Directors taking classes for the board. A delegate and alternate delegate attending meetings are taken out. We received notice of 2018 expenses. EK is going to ask for \$39m rate increase and give back capital credits. EK giving money back to the coops and go in for a rate increase. Adding on increase for EK rate increase. Equity for EK headed toward 25%, how can the commission justify that. That cushion of credit should be justified. EK has had great years on the distributions back.

How can we come up with a rate that comes upon a customer service charge. Our consumers live in substandard homes and people that are poor are only paying service charge and not kWh charges. If we put on customer charge we will still have the revenue whether good year or bad year. It is \$7.50 charge. EK will pass it and not talk to their board to file intervention. The decision of the Commission will be before May 21.

The girls are working on their collection. \$55,000 in July. Second round of letters threatens legal action and it is working well.

RWE are working out well. Phyllis asked by why we did. LCS said we cannot do it. Any corporation that records a document require a lawyer's signature preparer stamp. PF checked with Pat Heinman as well as Phyllis and both said Grayson asked.

KAEC DIRECTOR'S REPORT

Director Whitt reported the upcoming KAEC Annual Meeting is November 19-20, 2018 in Louisville, Kentucky.

EKPC DIRECTOR

Director Arrington reported on the following from the East Kentucky Power Cooperative Board Meeting.

Power Pusle Fall 2018 presentation was shown. Sha Thomas.

Ronald McDonald House

Dale Station – David Meade, Sr Eng. Questions of what will be Left after tearing down.

64 teachers SOAR to new heights. 64 new teachers.

Science, technology,

MSU, several organizations, colleges.

Rate Case - Mike McNalley, Exec VP & CEO time for rate increase. 6.6million margins better

Strategic Plan – EKPC board & staff met in July at retreat. Renewable, battery tech, and

NUCOR announces a major expansion. The \$650m ex will add 70 new jobs.

Another additional 70 new jobs will be added.

Employees help RMH. August coop employees provided goods, cleaning supplies, health snacks to RMH.

Honors Flight finished. +

Everyone invited to Christmas dinner on 11 December

CFC training at KAEC Jan 23 and 24. Everyone encouraged.

PF concerned about their plan for the rate increase. She asked Mosier how they hit their cost on member systems.

What does EK get for sales to PJM – megawatt power. 2% of their outpoint and will be .27 of their output in 2 years. \$30 megawatt to merchant power CD. Is that a fair ratio? They are selling to PJM \$34 and higher to us.

FINANCIAL & STATISTIC
REPORT FOR SEPTEMBER
2018

Bradley Cherry, Manager of Finance and Accounting presented the Financial & Statistical Report for August 2018:

SALES AND PURCHASES

Kilowatt hour sales for the month of September were 7.28% over budget. Purchases for the month of September were 8.11% over budget. Line loss for the last twelve months was 5.33%. Year-to-date margins were \$469,229 compared to the budgeted amount of (\$421,673).

Compared to last September, not very good, due to bill system change. Last year was just for 10 days.

Under budget 37,000. Nx 3 months 88,000 in the red. Sept tier at 0.

FUEL ADJUSTMENT

The fuel adjustment for July was (0.007023).

ESC

The environmental surcharge was 7.81%. This is charged to our members.

DEGREE DAYS

There were 275 degree days; 264 cooling degree days and 11 heating degree days. Sold more during the month. Average temp 6degree warmer this year.

T.I.E.R.

September 2018's monthly O.T.I.E.R. was (.00) with the rolling month O.T.I.E.R. at 1.47. Year to date 1.55. Form 7 shows 1.711 y/t/d. For the next year will take out 2017 Sept – Oct 2017 due to billing cycle change.

BILLS We mailed bills in September. Count by county was: Carter 4,629 (30%), Elliott 3,660 (24%), Greenup 4,293 (28%), Lawrence 770 (5%), Lewis 323 (2%) and Rowan 1,771 (11%). Went up around 46 bills.

The monthly analysis was reported in detail.
How many work poles do we budget for to change out for the month? 222 poles a year are budgeted.
\$6m we haven't encumbered. AMI project is \$3million leaving \$3m. DW asked how to justify the cushion when paying interest. They are trying to keep people from borrowing.

CAPITAL CREDITS Capital credits will be paid in December.

RSTE CASE Developed a plan to work on them.

401K CONTRIBUTION In lieu of paying long term disability. LTD rate went up \$.0245 to \$.067 per \$100. Rates increased from \$.746 to \$.8112 per \$100 increase insurance. Because an Order is given by PSC doesn't mean that a co-op will do it. How much is our insurance running a month, over \$100,000 asked by Director Whitt..

D Trent, seconded by D Bentley, to approve the change and accept resolution, an unanimously agreed upon.
INSERT RESOLUTION FROM BRADLEY

President Fraley read sections of letter. 1.74 megawatts. They are going to wait and see if the Commission will turn them in. 1.6 and 1.0 at Jackson. EK required to submit to staff. If they get turned down it will come from the Commission.
As Carol Wright stated it was approved by the Board and it should have been on there.

BUDGET MEETING Staff is working on our preliminary budget. We will have four trucks to purchase this year. We may budget for the lower parking lot, but would not have the work done until the creek has been dredged. The Grayson City Council is working on this project.

Planning & Review will meet December 10, 2018 and bring the proposed budget to the Board at the December Board Meeting.

APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR SEPTEMBER 2018 Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve the Financial and Statistical report for September 2018 as presented, for informational purposes only.

LEGAL COUNSEL Legal Counsel Scott reported on the following:

MOU

RIGHT-OF-WAY EASEMENTS

WHOLESALE AGREEMENT

RECORDED EASEMENTS Mr. Scott reported the following on easements: From October 27 – November 16 he has reviewed including the ones sent back to the Co-op for correction

Legal Counsel Scott made a recommendation that suggested the word ‘width’ be inserted in the easement.

President Fraley does not appreciate been contradicted about what she says by Attorney Scott.

MANAGER OF TECHNICAL SERVICES Andrea McCleese, Assistant Manager of Technical Services reported on the following:

RF PROJECTS We have received all of the networking equipment for the RF project. The equipment to install the network is still on order. We have 1,000 meters also on order.
The site surveys are where (14) collectors will be set on poles we place. 725 routers. The routers send signals to the collectors. It doesn’t distinguished between pedestals and pole.

LANDIS + GRY A representative from Landis+Gyr has been here this week to perform site analysis of the proposed collector sites. Brian, Steve, and Scott will then begin site surveys of the router sites. There is an issue at Elliottville today they are checking.

KICKOFF MEETING We have not had a kickoff meeting with Landis+Gyr for the RF project. Apparently, the site surveys should be completed before the actual kickoff. Brian, Steve, and Scott will be attending training on RF Deployment the last week of November. Peggy and Andrea will be attending Command Center training the first week of December.

DRONE REPORT Robert Brown was able to provide valuable information about an outage around Grayson Lake using the drone.
Chairman Dupuy suggested you keep record of the drone savings.

We have initiated a new contract with AT&T to double our internet speeds at the office at a 1/3 cost savings.

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

LIHEAP Started November 5, 2018. Will have totals next month for November.

RWE Since last November, 967 r/w/e completed. 786 has been recorded. Some not recorded are held due to needed completion.
Past October 18 to Jeff, 14 recorded and 4 sent back to double check work.

WRITE-OFFS Last month we call all we could contact.
Total of over \$81,000. Last month partial month approx. 2, 000. In October we have collected almost \$6,000. \$5,895.
We have cc that will go on some accounts, about \$20,000. Looking for new addresses and possible phone numbers.

PREPAY PrePay's to date are:
Active PrePay Accounts 779 Inactive Accounts
Average Balance on accounts - \$ credit
Average kwh Usage - 30 a day Total # of Payments in 30 days –
Average Payment - \$ Total Payment Amount -

DEBT MANAGEMENT We have 63 active accounts with debt management.
The total amount in Debt Management is \$ 14,750
4 over \$500

ENERGY VISITS Tina has made the following home visits:
Energy Audits= 4 TSE Home= CARES= Button-Up=
Help rebates

ENERGY STAR REBATES The following Energy Star appliance rebates were filed:
Clothes Washer= Dishwasher= Refrigerator=
Freezer= ES Heat Pump=

SOLAR The solar update given was the same as last month:
Cooperative Solar inquires=1 Cooperative Solar Sales=0
Cooperative Solar Total=97 panels (no change)
Total Net Metering Accounts= Net Metering Inquires=0
Harold said it was taken out on the 6th.

PROGRAMS / ANNOUNCEMENTS December 14 - Service Awards Dinner at the old Olive Hill High School

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.

JOBS BUILT Construction built one hundred three (103) new workorders (including 23 services added and 5 services retired) for the month of August and worked zero (0) hours of overtime.

DELINQUENT NOTICES There were 148 delinquents for November. Seventy-three (73) cards were issued to be disconnected and 4 accounts were disconnected by remote meter on November 7 for cycle 1. Seventy-five (75) cards were issued to be disconnected and 14 accounts were disconnected by remote meter on November 15 for cycle 2. Field personnel disconnected a total of 34 meters and a total of 14 meters were reconnected by field personnel and remote.

OVERTIME HOURS The Maintenance Department worked six hundred seventy-nine (679) hours of overtime. The Engineering Department worked thirteen (13) hours of overtime.

CONTRACT CREWS We have one (1) Pike crew working in the following areas:
Bob Marrow—Coordination's and Pole Changes various counties

RIGHT-OF-WAY CREWS

We have ten (10) W A Kendall right-of-way crews working on random jobs and workorders at this time. Crew's trimmed 698 trees, cut 600 trees, cut 17,635 feet of brush/line and sprayed 80 spans of line. The crews are working in the following areas:

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

SMITH TREE SERVICE, circuit crew on RT 486, Elliott County

ENGINEERING REPORT

The Engineering Department released one hundred twenty-nine (129) prints consisting of 2,414 feet of primary line and 1,379 feet of service wire.

They currently have two (2) new services to be staked and two (2) to be drawn. There are eight (8) miscellaneous jobs to be staked or drawn.

SAFETY REPORT

The following safety meetings were held during September:

October 1 – Andrea McCleese, Technical Service Supervisor, stressed the importance of Cyber security and showed an example of incorrect web sites. She also reviewed the new outage updates and showed examples of assessments, generators, one shots and broken poles and how important communication is between lineman and dispatchers. Kyle Clevenger requested everyone to be careful, watch over each other and come back safely in the evenings.

October 9 – Brian Poling, Manager of Technical Services, turned the meeting over to Tony Dempsey with KAEC for the monthly safety meeting. Pole top rescue with the linemen was done. Kyle Clevenger requested everyone to be careful.

October 15 – Priscilla Sparks, Executive Assistant, read from the safety manual 503 Vehicle Operation, 503.1 General, 503.2 Inspection of Equipment, and 503.3 Exhaust Gas pages 130 and 131. Kyle Clevenger asked everyone to be careful as it was wet and nasty. Watch over each other and if you see something you do not like call for help.

October 22 – Robert Brown, Geographical Information System Technician, had the meeting. Gina Damron and Kenny Redmond were here to give flu shots to employees and the Hepatitis A booster. Carol Ann Fraley was presented a certificate from the Grayson Journal for The Best Place to Work by Priscilla Sparks and was given a gift from employees for Bosses Day. Kyle Clevenger requested everyone to be careful.

October 29, 2018, Sherry Buckler, Manager of Accounting and Human Resources, turned the meeting over to Andrea McCleese. She compared characteristics of safe and high quality organizations, reviewed near miss reporting and criteria for OSHA recordkeeping. She discussed the

importance of being proactive versus reactive to safety situations. Also shared a safety scenario and discussed the cost of responding and reaction versus investing in prevention, the incident cycle and the model for continuous safety improvement. A handout was given to all employees, "Making It Personal by Adapting Preventions Activities from Work to Home". Kyle Clevenger went over the Safety Investigation regarding Ryan Rice and stated that the safety committee found no safety violations. Kyle requested the men to change out their gloves 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.

Director Arrington expressed his concern on chemical sprayed.

ROBERT BROWN

Robert Brown showed video using the drone on Mr. Russell where the roof shows a minor fault in the mast that was pulled out. His meter base is built into the house. First place on Tar Camp as you go up the road. When the pine tree fell it broke the phone cable and our line. It pulled on the A1 breaking the electric line.

Last month Jeff said we had the right to go on the property to cut danger trees. Chairman Dupuy feels you need to be very careful about doing that.

Inspection by Federated by Mr. Twitty said it was the best report he had so far this year. He had been in Alabama, Georgia and Tennessee. We are committed to ZERO with Federated.

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS 2018.

Motion was made by Director Trent, seconded by Director Whitt and unanimously agreed to approve ninety-three (93) new memberships and retirement of one hundred eighteen (118) existing memberships for October 2018.

BAD DEBT WRITE-OFFS

Motion was made by Director Whitt, seconded by Director Bentley, and unanimously agreed to charge off \$896.97, worth of bad debts and turn them over for collection.

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

Motion was made by Director Whitt, seconded by Director Martin and unanimously agreed to approve the President's business expense of \$162.65, Director's business expenses of \$6,727.70, and Attorney's business expense of \$11,496.71. A large portion of the \$11,496.71 is due to easements.

DONATIONS

We received thank you notes from the Rotary Club of Grayson for Funtoberfest and one from Ohio University Southern for the OUS Equestrian Team.

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

West Carter Boys Basketball – Jack Fultz Classic	\$100
Project Merry Christmas of Carter County	\$200

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

MEETINGS HELD

CFC in January, one day and half

BOARD MEETING DATE

The December Board Meeting will be held on Thursday, December 20, 2018 at 9:00 a.m.

ADDITIONAL BUSINESS

ADJOURN

Chairman Dupuy adjourned the meeting at .

Executive Session 12:08
By Eddie Martin.

Ended 1:20 pm

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

W. Jeffrey Scott, Legal Counsel