

On January 25, 2019 at 9:15a.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; Brandon Music for W. Jeffrey Scott Law Firm, Priscilla Sparks, Executive Assistant and Bradley Cherry, Chief Financial Officer.

At 9:16 a.m. an Executive Session was called by Chairman Dupuy. The Executive Session concluded at 9:45 a.m.

INVOCATION	Director Dupuy gave the invocation.
APPROVAL OF MINUTES	Motion was made by Director Martin, seconded by Director Bentley and unanimously agreed to approve the minutes from the December 2018 Board Meeting for informational purposes only.
PRESIDENT'S REPORT	President Fraley reported on the following:
PEGGY WELLS	President Fraley reported that Peggy Wells has decided to retire March 1, 2019. We will have a retirement lunch on that day.
AMBER WEDDINGTON	Amber Weddington has been hired January 28, 2019 and will be training in the Member Services Department. She is working closely with Sherry Conley.
METER THEFT	<p>We have discovered three meter thefts this week. One was on a Rattlesnake Ridge pumping station on Four Mile and involved a cleaning crew for HUD, Purdy Enterprises. That meter was stolen.</p> <p>One was located on Blueberry Ridge that Chris Mosier discovered on a service call to the neighbor. The meter was by-passed and continued to report to the office.</p> <p>Richard Easton found a KU meter on our service, in his territory. The people living there "found" our meter in the closet. KU was able to tell us how many kilowatts were on their meter so that we could bill for them.</p>
TRIPLE J FARMS	We had a bankruptcy filing on Triple J Farms, dba Gilliam's IGA. We do not have accounts in these names and will not recognize the bankruptcy. We will continue to try to collect the off-service bill.
SCOTT MCGUIRE	Scott McGuire has completed requirements for First Class Meterman and Justin Staniford will complete the apprenticeship program 4 th year at the end of February. Caitlin Hutchinson Sexton will be promoted in her purchasing position.
LARGE POWER CONTRACT	President Fraley is sending letters for additional deposits or letters of credit on Small Commercial accounts with bad credit and for all Large Power Accounts. Some are sizeable.
RIGHT-OF-WAY EASEMENTS	██████████ applied for service on property owned by him and his brother, Lonnie. An affidavit of descent was prepared by Legal Counsel Scott on this property and ██████████ still would not sign. We reminded both of them of his parent's capital credits and ██████████ decided to sign the right-of-way easement.

SAFETY DAY Employees will receive a safety day pay in February for no lost time accidents in 2018.

██████████ talked to Director Martin about an issue regarding relocating some poles on his farm. ██████████ made this request some time ago and was told he would have to pay for the relocation, if we could get right of way permission from his neighbors. He wants them moved to neighbor or ditch line. The poles are sound and we have no reason to move them. He would have to pay \$26,000 up front as an Advance for Construction to have this done and get right of way easements. We have been unable to get them.

██████████ refuses to pay and also refuses to sign a right of way easement for his own property.

K-MART Director Bentley asked about K-Mart. President Fraley said they paid December 1, 2018.

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

Cyber security was discussed.
There will be a workshop on February 26, to discuss stream lined rate cases.
The Legislative Breakfast will be the 7th of February in Frankfort.
Rocky Adkins spoke on his plans for the Commonwealth as he runs for Governor. He did an excellent job speaking to the group.
KAEC is looking at reducing their meetings to six per year. They would like to use teleconferencing for committee meetings.
President Fraley has invited Representative Adkins and his running mate to stop by the office to meet everyone whenever they can.

EKPC DIRECTOR Director Arrington reported he, Director Whitt and Director Dupuy attended the CFC Workshop at KAEC on January 23-24, 2019. Sheldon Peterson was recognized for assisting with the Cushion of Credit issue

FINANCIAL & STATISTICAL REPORT FOR NOVEMBER 2018 Bradley Cherry, Manager of Finance and Accounting presented the Financial & Statistical Report for November 2018:

SALES AND PURCHASES Kilowatt hour sales for the month of November were 7.96% over budget. Purchases for the month of November were 9.30% over budget. Line loss for the last twelve months was 5.33%. Year-to-date margins were \$146,779 compared to the budgeted amount of (\$871,810).

T.I.E.R. November 2018's monthly T.I.E.R. was 0.01 with the rolling 12 month T.I.E.R. at 1.49.

FUEL ADJUSTMENT The fuel adjustment for November was (0.008320).

ESC The environmental surcharge was 7.93%.

DEGREE DAYS There were 669 degree days, 1 cooling degree day and 668 heating degree days.

Sales up 4.7% compared to 2017. Up 3% to 3 year average.

President Fraley asked if CFC and CoBank have a T.I.E.R. requirement. Bradley said CFC and CoBank have their own requirements, similar to RUS.

Purchases and sales are both up for 2018.
Bradley went over the financial report in detail.

Our TIER should be sufficient if December has normal weather. We are under 6% on line loss and doing well. Weather data was a little colder than 2017.

BILLS

We mailed 15,297 bills for the month of January, a decrease of eighty-seven since October. Compared to 2017, we have 217 fewer bills. Carter County has dropped off quite a bit since 2018.

Bradley reviewed Form 219. We have purchased 960 Radio Frequency meters at \$188.44 per meter.

CAPITAL CREDITS

We paid 31 Deceased Estate Capital Credits totaling \$25,977.80. Year to date paid was 142 applicants totaling \$119,222.60. There are 22 outstanding applications (4 received recently and 18 incomplete), as of December 31, 2018.

Director Whitt asked if businesses were entitled to capital credits. Bradley explained that a corporation does not “die.”

FEDERATED INSURANCE

Tony Hermesch visited with us recently. Federated presented a proposal to renew our insurance coverage. We will need to add drone liability. He suggested that we not fly the new drone until the drones were added to the policy. Cost per year for coverage was \$1,000.

Reduction in the number of directors covered by our insurance for business purposes resulted in a reduction of \$1,368. More information was requested on Capital credit insurance.

APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR NOVEMBER 2018

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

RATE CASE

Last week we received a 4th request for information from the PSC regarding our rate case. Those questions were answered and the replies were delivered to the PSC and the Attorney General by President Fraley on January 22. We have a hearing set for February 19th.

RUS WORK ORDERS

Motion was made by Director Whitt, seconded by Director Trent and unanimously agreed to approve the following 219 RUS Work Orders for the months of July, August and September 2018 in the amount of \$1,299,741.75:

July 2018	Work Order No. 1296	\$843,114.12
	Work Order No. 1297	\$10,168.65
August 2018	Work Order No. 1298	\$257,653.76
	Work Order No. 1299	\$2,783.14
September 2018	Work Order No. 1300	\$185,151.90
	Work Order No. 1301	\$870.18

Total \$1,299,741.75

LEGAL COUNSEL

Legal Counsel Scott reported the following:

TRIPLE J FARMS

President Fraley informed Mr. Scott that the Cooperative does not have accounts in the names listed on the Triple J Farm bankruptcy. They filed as Triple J Farms, dba Gilliam IGA. If power was terminated before November 29, 2018 the trustee in bankruptcy would have to apply for membership. Special counsel to the Bankruptcy Court Steven Barnes, called about electric service for an inventory and auction. She will ask for \$1,000 deposit.

RIGHT-OF WAY EASEMENTS

Mr. Scott reported that he became aware that we were filing our own Right of Way Easements on January 11th. He told the Board that it was illegal and unauthorized practice of law for us to file our own easements. Mike Johnston, Carter County Clerk and Pat Heineman, Greenup County Clerk, said this is a normal practice. Mr. Scott came to President Fraley's office to confront her about the filing of Right-of-Way easements. He alleged that she told him the Board said not to tell him about the change in filing. President Fraley took issue with this statement and said that she did not him tell that. He reminded the Board of a letter he sent regarding this matter in December, with a request to put it on the December agenda.

Legal Counsel asked what the Board was going to do about the easement. Chairman Dupuy stated they would research the issue further and continue as we have been. Legal Counsel Scott said to keep in mind that this issue is not a problem until you run into a problem.

Director Arrington asked if Mr. Scott would contest it and he replied that he would not. The discussion continued.

Bradley Cherry asked to clarify his billing statement. Director Martin asked Legal Counsel for the totals over \$2,000. Four months that went over in 2018 were: May, \$2400; July, \$2150; September, \$5600; and November, \$3400.

He disputed that he was under contract until January 31, 2019. President Fraley showed him a copy of his last contract which clearly showed January 31, 2019. Legal Scott asked whom to speak to about the medical insurance he believes he is entitled to until he dies. President Fraley told him that would be Bradley Cherry.

Chairman Dupuy informed him that his contract was ready to be signed for a one year extension. Mr. Scott refused and left the Board Room.

Director Martin made a motion to go into executive session 11:36 a.m.
Director Martin made a motion to come out of executive session 11:54 a.m.

MANAGER OF
TECHNICAL SERVICES

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

We have been diligently working on RF Router site surveys. As of this week, we have been to every site. One hundred locations were sent back for a second analysis because we felt it was requiring too many transformers.

The engineer that designed the system was out of the country and we asked to be assigned a new engineer. She is located in Atlanta and is working on the locations we sent back.

One of our Collector installations has been shipped so we hope to get started installing field equipment in the next few weeks.

Robert used the drone to assist in our repair of a line over a river. Linemen said it was a huge help and they weren't even sure how they would have gotten it in the air if the drone had not been used.

We are also working with AT&T to have a new fiber optic line run for our internet. Currently, the AT&T line that feeds our office is leased from Windstream and has many reliability issues. The new line will also reduce our monthly bill to AT&T.

Andrea had installed a new credit card reader at the front counter. The new reader allows chipped card to be read and brings us up to PCI compliance. The card information is transmitted directly to SEDC and entered on our network. This is the reason we can no longer take credit cards over the phone.

Andrea is at her second two weeks of training through the NRECA's Management Internship Program in Madison Wisconsin. She will have one more two week stay at the end of April.

MANAGER OF MARKETING
AND MEMBER SERVICES

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

PREPAY

786 Pre Pay active accounts and 15 inactive accounts. 4,000 payments were made in 30 days with an average of \$41.52 per payment.

Thirteen percent of the total amount charged off for collections has been recovered. That total will increase after capital credits are applied in March in the amount of \$20,714.

Tina is on an energy audit today. She has had requests for 4 energy audits this month and one Button-Up Project.

Scholarship applications must be in the office by February 7th.

EXECUTIVE SESSION

An Executive Session was called for by Director Whitt at 12:16 p.m. Session ended at 12:22 p.m.

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 December:

December 3, Nancy Madden showed a video on Blood Borne Pathogens and asked questions on our Blood Borne Pathogen Exposure Control Plan for

Collateral Jobs. She passed out the 2019 On-Line safety courses to all employees. Mike Martin reminded everyone to be careful and watch out after each other.

December 12, Andrea McCleese, Technical Services Supervisor read from the Safety Manual on 507.21 Metering, pages 201-202. A power point was shown on Relentless Pursuit of Better explaining the Seven Cooperative Principles. Kyle Clevenger asked everyone to be careful pulling a meter base, because people are by-passing the meter. He reminded everyone to work safe and return home safely to their families.

December 19, Brian Poling, Manager of Technical Services, turned the meeting over to Tony Dempsey for the monthly KAEC safety meeting. Tony presented a power point on Spill Response Training and went over the Spill Prevention Control Countermeasures and the environmental regulations to prevent oil from spreading to different areas. Certificates of Completion were given to Brian Poling and Joe Sargent for EKPC/Member System Engineering, Operations, and Reliability training. Andrea McCleese and Peggy Skaggs completed an RF Command Center introduction course. Kyle Clevenger asked everyone to be careful.

December 26, Priscilla Sparks, Executive Assistant, read from GRECC's Emergency Response Plan, pages 2 thru 7. Kyle Clevenger read two safety investigations: 1) Mike Blevins hitting a deer and 2) Priscilla Sparks slipped and fell out of the shower/tub while attending a statewide safety meeting. The safety committee met and found no safety violations. Kyle Clevenger requested everyone to be careful.

December 31, Robert Brown, Geographical Information System Technician, went over the new Field Pro and showed different fields that can be used to assist the men with locations for our members. Kyle Clevenger requested everyone to change out gloves and have a safe day, week and New Year.

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 six (106) new work orders (including 21 services added and 11 services retired) for the month of December and worked zero (0) hours of overtime.

DELINQUENT NOTICES

There were 146 delinquents for January. Seventy (70) cards were issued to be disconnected. Seven accounts were disconnected by remote meter on January 9, cycle 1. Sixty (60) cards were issued and 9 accounts were disconnected by remote meter on January 15 for cycle 2. Field personnel disconnected a total of 18 meters and a total of 11 meters were reconnected by field personnel and remote.

OVERTIME HOURS

The Maintenance Department worked one hundred sixty-six (166) hours of overtime; Construction worked one hundred forty-nine (149) work order overtime hours. The Engineering Department worked seven (7) hours of overtime.

CONTRACT CREWS

We have one (1) Pike crew working. Terry Gilbert is working coordination 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 work orders at this time. Crew's trimmed 692 trees, cut 929 trees, cut 45,570 feet of brush/line and sprayed 12 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 County
- 1 bucket truck crew in Carter, Lewis and Greenup Counties
- 1 bucket truck crew in Rowan County
- 1 bucket truck crew in Elliott County
- 1 tractor crew in Carter County
- 2 spray crews in Elliott County

Smith Tree Service has a circuit crew on ST RT 486, Elliott County

ENGINEERING REPORT The Engineering Department released one hundred twenty-nine (129) prints consisting of 2,118 feet of primary line and 1,210 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, largely due to the substation readings.

Director Bentley and rest of the Board congratulated Kyle and Mike for no loss time award. Chairman Dupuy said the right of way looks good.

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve fifty-two (52) new memberships and retirement of sixty-eight (68) existing memberships for November 2018.

BAD DEBT WRITE-OFFS Motion was made by Director Bentley, seconded by Director Whitt and unanimously agreed to charge off \$2,717.77 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 \$99.68, Director's business expenses of \$12,332.80, and Attorney's business expense of \$6,385.90.

CFC CFC sent a patronage refund check in the amount of \$5238.00.

ENVISION Envision sent a patronage refund check for \$236.

DONATIONS We received a thank you from Rowan County Christmas; Rowan County High School Project Prom 2019; and Lewis County Educational Foundation.

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

Greenup County Varsity Cheerleader – sponsor	\$100
Rowan County Senior High School – senior prom donation	\$50
Stan Spence Little League- spring season donation	\$100
East Carter High School Archery Team – sponsorship	\$100

Rowan County Quilt Show – donation \$150
Rowan County Middle School – 8th grade Washington DC trip \$200

President Fraley wrote a letter of support for the MCTC Lineman’s program.

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.

CFC – New York, July 3

BOARD MEETING DATE
a.m.

The February Board Meeting will be held on Friday, February 22nd at 9:00

ADDITIONAL BUSINESS

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

ADJOURN

Chairman Dupuy adjourned the meeting at 12:41 p.m.

EXECUTIVE SESSION

Executive Session was called at 12:41 p.m. Executive session ended at 1:02 p.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

On February 18, 2019 at 9:11a.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 Arrington was not present. Others present included: Carol Hall Fraley, President and CEO; Derrick Willis of Willis Law Office, Kim Bush, Manager of Marketing & Member Services, Andrea McCleese, Technical Services Supervisor and Bradley Cherry, Chief Financial Officer.

INVOCATION	Director Jimmy 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 January 2019 Board Meeting for informational purposes only.
APPROVAL OF EX. SESSION MINUTES	Motion was made by Director Trent, seconded by Director Whitt and unanimously agreed to approve the minutes of three Executive Sessions (9:16 a.m.-9:45 a.m.; 11:36 a.m. - 11:54 a.m. and 12:41 p.m.-1:02 p.m.) from the January 25 th Board Meeting Executive Sessions for informational purposes only.
PRESIDENT'S REPORT	President Fraley reported on the following:
PRISCILLA SPARKS	Priscilla Sparks has been taken off work for approximately 6 weeks. President Fraley was proud to report that staff members have been very helpful in taking on some of Priscilla's duties in her absence. Sherry Buckler will handle Director's Expenses and Cait Sexton will handle all travel arrangements. Kim Bush will be acting liason to the Board and Andrea McCleese will assist President Fraley with various issues, including the rate case.
CRC	President Fraley reported that we received a check from CRC in the amount of \$400, as a dividend for the business that we do with their company.
PROMOTIONS	Scott McGuire has completed requirements for First Class Meterman and Justin Staniford has completed the lineman's apprenticeship program. He is now a First Class Lineman. Caitlin Sexton has been promoted to Division Assistant: Accounting/Finance.
AMBER WEDDINGTON	Amber Weddington was hired January 28, 2019 and will be training in the Member Services Department. She is working closely with Sherry Conley. She has a business degree and is from Elliottt County. She now lives in Flatwoods. President Fraley reports that Ms. Weddington has the potential to serve in any department, as needed.
NEW POSITION	With the new metering program, it has become apparent that we will need an additional employee.
RUS WORK PLAN	Mike Norman from RUS has informed us that our work plan will have to be submitted two months earlier than normal. Brian Poling will be discussing that at a later time.
CONTRUCTION CREWS	Due to the wet weather, work has been confined to what can be done safely and without property damage or damage to our trucks. Construction crews have worked in the office, changing lights and cleaning out the garage, trucks and warehouse. They have also completed their online safety classes.

Pike crews have had a few weeks that they didn't get full weeks due to the weather.

PEGGY WELLS Peggy will officially retire March 1st. Her luncheon will be at noon.

DERRICK WILLIS Mr. Willis was introduced to the board of directors. He has his own law firm, Willis Law Office and has practiced law for the past 13 years. His practice includes the City of the Olive Hill and he has had experience with Kentucky Public Service Commission.

BYLAWS/BOARD POLICIES President Fraley noted that our Bylaws needed some changes or corrections to bring them up to date. Those changes were introduced and will be on the agenda for the March Board Meeting.

WILL WILHOIT Director Bentley said that Will Wilhoit had expressed interest in the Attorney position. Director Trent suggested that the board interview more than one attorney.

EXECUTIVE SESSION Director Martin made a motion at 9:56 a.m. to move to Executive Session. Director Martin made a motion at 10:11 a.m. to return to regular board meeting.

MILEAGE AMOUNT Motion made by Director Trent, seconded by Director Whitt, to change the mileage rate to 58 cents, retroactive to January 1, 2019. Motion carried

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

There was no KAEC Board Meeting in February. However, a phone conference was held on Friday, February 15, 2019, for a committee meeting. Reports from the legislative session were that the Solar bill has not been passed but it is being recommended that customers with solar, be paid the same rate that we charge for a kilowatt hour. The Public Service Commission wants to control the customer service charges for all electric companies.

There will be a workshop on February 26, to discuss stream lined rate cases. Bradley and Andrea will be attending.

EKPC DIRECTOR President Fraley reported on the EKPC board meeting in the absence of Director Arrington. The board suspended the rate increase due the Farm bill that was recently passed. Safety measures were strong. November margin was approximately 100,000 over budget. YTD margin following November was over budget \$12.8 million due largely to higher revenue from favorable weather and lower than expected purchased power and fuel expenses. EKPC is going to spend \$10.9 million to replace the cooling tower for Spurlock.

WILL WILHOIT Chairman Dupuy asked President Fraley to contact the Wilhoit Law office to see if Mr. Wilhoit was able to come over to meet with the board.

Will Wilhoit was introduced to the board of directors. He has practiced law since 1992 in Grayson. He is a 5th generation Wilhoit attorney. He does all types of litigation and represents several businesses. He doesn't have experience with cooperatives or the Kentucky Public Service Commission. He has worked with several boards, serving as an attorney. He outlined a fee

schedule. The Board thanked him for taking time to come and meet with them.

FINANCIAL & STATISTICAL
REPORT FOR DECEMBER
2018

Bradley Cherry, CFO, presented the Financial & Statistical Report for December 2018:

SALES AND PURCHASES

Kilowatt hour sales for the month of December were up 6.3% over budget. The year-to-date total was 6.42% over budget. Purchases for the month of December were down 5% over budget. The year-to-date total was 5.83% above budget. Line loss for December 5.41%. The year-to-date for line loss is 5.33%. Year-to-date margins were (\$160,857) after we took out East Kentucky's capital credits which left us with the year-to-date total of (\$14,077.36).

T.I.E.R.

December 2018's monthly T.I.E.R. was -0.45 with the rolling 12 month T.I.E.R. at 1.1. Our O.T.I.E.R. for 2018 was .92.

FUEL ADJUSTMENT

The fuel adjustment for December was (.003506).

ESC

The environmental surcharge was 8.42%.

DEGREE DAYS

There were 759 degree days, no cooling degree days and 759 heating degree days.

Sales were down 6.5% compared to 2017. Year-to-date sales were up about 12% but those numbers do not account for 20 days when we changed our billing cycle to a calendar year.

Purchases were down from last year 8.7%. Comparing to a 3-year average, they are up about .6%. Year-to-date, our purchases compared to 2017 are up almost 7.75% and the three year average about 4.5%.

Bradley presented the financial report in detail.

BILLS

We mailed 15,325 bills for the month of December. Compared to 2017, we have 217 fewer bills.

Bradley reviewed Form 219. We had 14 retirements in December, extended 18 new lines, completed one major project, had 3 service upgrades, 5 Sectionalizers, changed 31 poles, 2 conductor changes, 32 security lights, and completed 4 minor projects. These items cost \$564,567.72 and \$562,422.54 was taken from loan funds. We also purchased 30 transformers that cost \$27,527.70.

CAPITAL CREDITS

Capital Credits checks will be mailed out at the end of this week.

APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR DECEMBER 2018

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

FEDERATED INSURANCE

An update on our proposal from Federated adding 2 drones to our coverage will increase our coverage to a total of \$118,256.

The Capital Credit defense limit, will protect us with any type of legal action taken against us for not paying capital credits. It would cover legal fees that

we would have if legal action were ever to be taken against Grayson concerning capital credits. The cost of the policy is \$1326 for a million dollars of protection.

Motion was made by Director Whitt, seconded by Director Bentley and Unanimously agreed to approve the proposal from Federated concerning Capital Credits defense and also the updated insurance coverage to cover the two drones, for informational purposes only.

RATE CASE

Tomorrow will be the hearing at the PSC. President Fraley, Mr. Cherry, CFO, as well as our legal counsel Mr. Clayton Oswald will be in attendance at the hearing. They are prepared to answer the questions provided by the PSC. Mr. Willis was also invited to attend the hearing and plans to attend. The hearing will be streamed on the PSC website live for anyone that wants to watch it.

MANAGER OF TECHNICAL SERVICES

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

Field work is underway for the RF upgrade. The first collector, two routers and ten meters are deployed and as of Friday afternoon. Everything reported as it should have. This morning they are deploying meters. The field work began on Sunset Hill and will expand from the location out into other areas.

In some preliminary testing we were getting 2-second response times back to the collector when we requested information from the meter. It takes about 10 seconds for the computer screen to update.

Robert has created a map that shows where meters are being set daily.

Andrea is currently working with Netgain to upgrade our virtual desktops. There are two more phases to the upgrade, which will include several of our servers and, in the last phase, an upgrade to our email server.

MANAGER OF MARKETING AND MEMBER SERVICES

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

ANNUAL MEETING

Annual Meeting Budget was presented at \$51,000. This total does not include cost of labor for that day. The cost of buckets has increased. Several bucket gift items have been ordered around the \$5-\$7 range.

We received 32 scholarship applications that will be judged on Thursday of this week. We had applications from every county except Lewis but did have a Carter County application where the student actually attends Lewis County High School, so all of the high schools in our six county area are represented.

Motion was made by Director Martin, seconded by Director Whitt and unanimously agreed to approve the proposed Annual Meeting Budget, for informational purposes only.

PREPAY

We have 791 Pre Pay active accounts and 2 inactive accounts. 4,146 payments were made in 30 days with an average of \$43.13 per payment.

Tina has been busy with energy audits. She has had requests for 16 energy audits this month and two Button-Up Projects.

LIHEAP We have received \$166,628.92 in payments from all LIHEAP agencies through the end of January.

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 regular Monday morning safety meetings were held by various staff members of Grayson Rural Electric.

January 7, 2019, Sherry Buckler, Manager of Accounting and Human Resources, was in charge of meeting. She read from the safety manual on General Office Safety 5501.1, Video Display Terminals 501.2, Warehouse Operations 502, General 502.1 and Shipping and Receiving 502.2, pages 127 thru 129. Kyle Clevenger stated that it was Muddy and nasty and we need to stay out of yards and watch consumers driveways. Also be careful and watch over each other.

January 14, 2019, Kim Bush, Manager of Marketing and Member Services, was in charge of meeting. She read from the safety manual on 502 Warehouse Operations, 502.1 General 502.2 Shipping and Receiving, 503 Vehicle Operations, 503.1 General, 503.2 Inspection of Equipment, and 503.3 Exhaust Gas pages 128 thru 131. Kyle Clevenger requested everyone to be careful and have a great week.

January 24, 2019, Bradley Cherry, Manager of Finance and Accounting, was in charge of meeting. Tony Dempsey with KAEC was our guest speaker and he showed a power point on Accident review and the work methods we use. He also discussed building good safety habits, knowing your friends, and communication. Kyle Clevenger asked everyone to remember it is wet and slick outside, to slow down, and take your time so you can go home tonight.

January 28, 2019, Kyle Clevenger, Manager of Operations, was in charge of the meeting. Robert Brown presented a power point on Fire Extinguisher Safety. He went over major types of fires, types of extinguishers, fire gauge, how to use, when to use and where the extinguishers are located at the coop. Kyle Clevenger asked everyone to have a safe day and watch over each other.

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

JOBS BUILT Construction built one hundred seven (107) new work orders (including 17 services added and 11 services retired) for the month of January and worked zero (0) hours of overtime.

DELINQUENT NOTICES There were 148 delinquents for February. Sixty-seven (67) cards were issued to be disconnected. Seven accounts were disconnected by remote on February 7, cycle 1. Eighty-one (81) cards were issued and 7 accounts were disconnected by remote meter on February 14 for cycle 2. Field personnel

disconnected a total of 5 meters and a total of 13 meters were reconnected by field personnel and remote.

OVERTIME HOURS

The Maintenance Department worked one hundred eighty-four (184) hours of overtime; Maintenance worked ninety-four (94) work order overtime hours. The Engineering Department worked five (5) hours of overtime.

CONTRACT CREWS

We have one (1) Pike crew working. Ryan Kitchen is working on coordination 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 work orders at this time. Crew's trimmed 644 trees, cut 1,372 trees, cut 33,090 feet of brush/line and sprayed 0 spans of line. The crews are working in the following areas:

Crews trimmed 644 trees, cut 1372_trees and , cut 33,090feet of brush/line, and sprayed

- 1 cutting crews in Carter, Lewis, & Greenup Counties
- 1 cutting crews in Rowan County
- 2 cutting crews in Lawrence and Elliott County
- 1 bucket truck crew in Carter, Lewis, & Greenup counties
- 1 bucket truck crew in Rowan County
- 1 bucket truck crew in Elliott County
- 1 tractor crew in Carter County
- 2 cutting crews on Porter Creek
- 2 Cutting crews on a circuit on Rt 32, Lawrence County (Smith Crews)

ENGINEERING REPORT

The Engineering Department released three hundred sixty-two (362) prints consisting of 1,416 feet of primary line and 3,345 feet of service wire. The larger number of prints was due to the new metering.

They currently have four (4) new services to be staked and two (2) to be drawn. There are eight (8) miscellaneous jobs to be staked or drawn.

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS

Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve fifty-eight (58) new memberships and retirement of eighty-one (81) existing memberships for February 2019.

BAD DEBT WRITE-OFFS

Motion was made by Director Bentley, seconded by Director Martin and unanimously agreed to charge off \$2,096.40 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 \$17.20, Director's business expenses of \$25,648.88, and Attorney's business expense of \$491.02.

DONATIONS

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

Quilts of Valor \$250

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

ATTENDANCE TO MEETINGS Director Trent has cancelled for the National Meeting but may go if he decides to go after surgery.

BOARD MEETING DATE The March Board Meeting will be held on Friday, March 22nd at 9:00 a.m.

EXECUTIVE SESSION An Executive Session was called for by Director Martin at 11:28 a.m. Motion made by Director Martin to end Executive Session at 11:40 a.m.

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

ADJOURN Chairman Dupuy adjourned the meeting at 11:40 p.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

On March 22, 2019 at 9:03 a.m. Grayson Rural Electric Cooperative Corporation held a regular board meeting at its office in Grayson, Kentucky called by the Chairman, for the transaction of such business as outlined in the letter of call. Chairman Dupuy called the meeting to order pursuant to the Waiver of Notice signed by the Directors present. Director Arrington was not present. Others present included: Carol Hall Fraley, President and CEO; Derrick Willis of Willis Law Office, Kim Bush, Manager of Marketing & Member Services and Bradley Cherry, Chief Financial Officer.

INVOCATION Director Harold Dupuy gave the invocation.

APPROVAL OF MINUTES Motion was made by Director Martin, seconded by Director Bentley and unanimously agreed to approve the minutes from the February 2019 Board Meeting.

PRESIDENT'S REPORT President Fraley reported on the following:

BYLAWS/BOARD POLICIES President Fraley discussed the proposed changes to the Bylaws concerning the Board of Directors' election process. There are changes that need to be corrected according to the current way we are electing directors.

Motion was made by Director Martin, seconded by Director Whitt and unanimously agreed to table the decision on the changes for Article IV, Section 2. Chairman Dupuy directed President Fraley to keep this on the agenda until it is resolved.

Motion was made by Director Martin and seconded by Director Bentley and unanimously agreed to approve the changes to Article IV, Sections 1 & 3, as presented.

ARTICLE IV

BOARD MEMBERS

SECTION 1. GENERAL POWERS. The business and affairs of the Cooperative shall be managed by a board of not less than 5 for more than 7, members, which shall exercise all of the powers of the Cooperative except such as are by law, the Articles of Incorporation or those bylaws conferred upon or reserved to the members. (Amended 3/22/19)

SECTION 3. QUALIFICATIONS. Any person who desires to be eligible to become or remain a board member of the Cooperative must:

- (a) be a member of the Cooperative;
- (b) be a natural person;
- (c) reside on Grayson RECC lines in the county from which he or she is seeking election and be a resident of that county as of January 1 of the year in which he or she is seeking election and remain a member and resident of that county for the entire length of his or her term. (Amended 3/22/19)
- (d) not be in any way, employed by the Cooperative nor in the past have been employed by the Cooperative, nor financially interested in a competing enterprise or a business selling electric energy, or business primarily

- engaged in selling electrical or plumbing appliances, fixtures or supplies to the members of the Cooperative;
- (e) not be a close relative of an incumbent director or of an employee of the Cooperative. A “close relative” is defined as either a spouse, child, parent, brother or sister of the principal;
 - (f) be of the age of majority as determined by the law of the Commonwealth of Kentucky;
 - (g) not be employed by East Kentucky Power Cooperative, or any member Cooperative of East Kentucky Power Cooperative or a competing utility company;
 - (h) not holding an elective public office of any governmental body or political subdivision thereof for which he or she shall receive a salary for serving; (Amended 09/27/96) (Amended 07/23/10)
 - (i) sign and acknowledge receipt of an agreement with the Cooperative’s Confidentiality and Non-Disclosure Agreement; (Amended 7/22/11)
 - (j) be required to and therefore able to represent the membership on an impartial basis for the good of and in the best interests of the COOPERATIVE while meeting the standards set forth in the Cooperative’s Administrative Guidelines regarding good credit and having no more than two (2) delinquent payments during the past year and not being on the delinquent list at all with no returned checks. (Amended 07/22/11)

Notwithstanding the foregoing provisions of (c) above regarding close relative relationships, no incumbent director shall lose eligibility to remain a director or to be reelected as a director if he/she becomes a close relative of another incumbent director or of a cooperative employee because of a marriage to which he was not a party.

Upon establishment of the fact that a board member is holding the office in violation of any of the foregoing provisions, the Board shall remove such board member from office.

Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the Board. (Amended 1/26/96)

BOARD POLICY 110

President Fraley discussed the changes in Board Policy 110 Section C Active Directors, Attorney and Dependents.

The sentence “Medical insurance coverage for the Attorney and his family shall be a part of his contract with the Cooperative” was discussed. That sentence was stricken from Policy 110 by motion from Director Martin and seconded by Director Trent and unanimously agreed.

The corrected policy is below:

BOARD POLICY NO. 110

SUBJECT: COMPENSATION, EXPENSES AND TRAVEL OF DIRECTORS

I. OBJECTIVE

To ensure that Directors of GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION are fairly compensated for their efforts on behalf of the Cooperative.

II. POLICY

A. Per Diem and Travel

1. Directors shall, as determined by resolution of the Board of Directors, receive on a per diem basis a fixed fee for attending meetings of the Board of Directors. If a Director is unable to attend a regularly scheduled meeting or a specially called meeting due to circumstances beyond his/her control such as jury duty or a family medical emergency. It must be recognized that a board member would have invested time toward the studying and preparation of board meeting material for the subsequent meeting. Therefore, he or she shall be compensated up to two times per year under such circumstances. If a Director chooses to be absent for any other reason, compensation will not be paid.

2. Attendance at meetings other than regular monthly board meetings requires the prior approval of the Board.

3. Directors shall observe the following guidelines when determining representation of the Cooperative at necessary functions.

A. All Directors are eligible to attend the NRECA Annual Meeting, NRECA Region II & III Meeting, KAEC Annual Meeting, and EKP Annual meeting and any other meeting to which the Chair shall appoint them to attend as a representative of the Cooperative.

B. Directors may choose 10 optional days of meetings or classes per year that will strengthen their ability to serve the Cooperative in an effective manner. Travel time to and from meetings will count as optional days. Every effort will be made to insure that the Cooperative is represented at a wide variety of functions to utilize information and technologies available to us.

C. Directors who are seeking Board Certification will be encouraged to do so as quickly as their personal schedules permit. Additional certification is also encouraged, but requires prior approval of the Board.

D. Directors may, from time to time, be called upon or appointed by the Chair to attend

additional functions as a representative of the full Board.

4. Directors will receive a per diem for (1) day each of travel time, both before and after the meeting(if necessary), a total of two (2) days per diem allowed for travel.

B. Travel and Out-of-Pocket Expenses

1. Directors shall be issued a VISA from the Rural Cooperatives Credit Union, in their name and the name of Grayson Rural Electric Cooperative for the purpose of travel expenses for approved meetings or while acting on behalf of the Cooperative. Directors will be responsible for keeping itemized receipts for any VISA purchase, and presenting them to the Cooperative Purchasing Agent or Administrative Assistant as soon as practical after said meeting. Any and all necessary and reasonable incurred expenses in the performance of their duties shall be paid as approved.

2. Normal expenses incurred during travel time will be paid by the Cooperative but the per diem for travel is limited to the two (2) days stated above. Itemized receipts for out of pocket expenses must be presented for reimbursement and approval.

3. Prior approval of the Board is required in the event of a spouse of a Director (or in specific cases, an employee) attending an official function on behalf of the Cooperative. In those cases, expenses incurred by him/her shall be paid by the Cooperative.

C. Insurance Compensation

Active Directors, Attorney and Dependents

MEDICAL INSURANCE

Active Directors and their Dependents are entitled to medical insurance coverage under the current plan carried by the Cooperative in the capped amount of \$814.80 per month for a family plan or \$327.24 for a single participant. If a Director or their Dependents participate in the medical insurance program, any increase in premiums as of January 1, 2002 will be paid by the participant.

If a director leaves the board for any reason, he/she and his/her dependents forfeit paid medical insurance coverage.

CASH IN LIEU OF INSURANCE

Active Directors may elect to receive cash in lieu of insurance at the rate of \$637.63.

WHEN A DIRECTOR LEAVES THE BOARD

If a Director leaves the Board for any reason he/she can voluntarily purchase medical insurance coverage at the rate charged by the insurance carrier. This shall also apply to spouses and dependents. In the event of the death of a Director, spouses and dependents will still be eligible to purchase medical insurance, at the rate being charged by the insurance carrier and in accordance with COBRA .

Certain Directors are exempt from this policy due to Board action taken January 2000. A list of those exempted is a part of the minutes of the November 2001 Board meeting.

Past Directors and Dependents

If a Director leaves the Board for any reason, he/she can voluntarily purchase medical insurance coverage at the rate charged by the insurance carrier. Spouses and dependents are also eligible to purchase medical insurance coverage. No cash in lieu of insurance will be paid for any reason after a Director leaves the Board with the exception of those Directors who were exempted by Board action January 2000. A list of those exempted is a part of the minutes of the November 2001 Board meeting.

If a past Director returns to the board for any reason, he or she will be considered a new director. He or she will be eligible for medical insurance benefits only as long as they serve on the Board. Once they leave the Board of Directors for any reason, they are not eligible to receive any medical benefits as outlined above.

D. Other Compensation

- 1. Directors will not receive compensation for serving the Cooperative in any other capacity, unless the employment or the service of such Director is temporary and shall be specifically authorized by a vote of the Board upon their resolved determination that such was an emergency measure; provided, that a Director who is also an officer of the Board, and who as such officer performs regular or periodic duties of a substantial nature for the Cooperative in its fiscal affairs, may be compensated in such amount as shall be fixed and authorized in advance of such service by the Board of Directors.**

III. RESPONSIBILITY

It shall be the responsibility of the Chairman of the Board of Directors to see that this policy is adhered to.

The Board also considered Policy 202, Authorized Check Signatures. Upon the disability retirement of Priscilla Sparks, it has become necessary to add Kim Bush to the signatory card, as she assumes Ms. Sparks' responsibilities. President Fraley also requested that we add Assistant Manager of Operations to sign checks as an extra signatory within this policy.

The policy is below:

BOARD POLICY 202

SUBJECT: AUTHORIZED CHECK SIGNATURES

I. OBJECTIVE

To authorize signatories for checks drawn against the Cooperative's accounts, to maintain effective financial control, and meet the requirements of the lending and regulatory agencies.

II. CONTENT

A. All checks must have two signatures, as follows:

1. Authorized signatories for General Operating Funds and Payroll include:

**President & CEO
Manager of Operations
Assistant Manager of Operations
Manager of Finance & Accounting
Executive Assistant**

B. The authorized signatures required for construction funds/trustee accounts are the Chairman of the Board and Treasurer of the Board. Use of the facsimile signature plate is not permitted. The authorized signatures required for capital credit refund checks are the President & CEO, Manager of Finance & Accounting, and or Executive Assistant. In case of a large number of Capital Credit Retirement checks, electronic signatures will be used.

III. RESPONSIBILITY

A. It shall be the responsibility of the President & CEO to establish procedures and controls to ensure the prompt and orderly payment of obligations of the Cooperative and to make sure that adequate controls and safeguards have been established to assure the disbursement and utilization of funds only for proper corporate purposes.

B. It is the responsibility of the check signatory to make sure all checks have documentation containing the required approvals.

- C. **The President & CEO will review and personally approve a register of checks he/she does not personally sign.**
- D. **The Board must approve in monthly board minutes any change or addition to signatories. A copy of that portion of the minutes must be presented to the Cooperative's financial institution and new signature cards must be signed by each designated person.**

Following discussion, motion was made by Director Whitt, seconded by Director Martin to remove Priscilla Sparks from the signatory card and add Kim Bush and Mike Martin. Motion carried unanimously.

The First National Bank has requested a copy of the excerpt from our board minutes whereby these changes were made. When a copy of that portion of the minutes has been received by the bank, Kim Bush and Mike Martin will be required to sign the signature cards.

BOARD POLICY NO. 515

Board Policy 515, has not been revised since 2011 and contains no language about employees who retire on disability. Following discussion, the policy has been changed to say:

BOARD POLICY NO. 515

SUBJECT: POLICY ON RETIREMENT AWARDS

I. OBJECTIVE

It is the intent and desire of GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION to honor retiring employees or those employees who are leaving on disability after 25 or more years of service who have reached retirement eligibility.

II. POLICY CONTENT

1. **Upon the retirement or disability (after 25 years of service) of an employee who has reached retirement age GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION, will pay \$250.00 for a retirement gift. If an employee has worked over 25 years, \$10.00 per year of service can be spent for an appropriated retirement gift. The price of the gift will be paid from Account No. 926. A luncheon or dinner will be held in the retiree's honor, paid for by the Cooperative, and will be scheduled as close to the actual retirement date as possible. The retiree's immediate family will be invited. Cost of the retirement luncheon or dinner shall not exceed \$15.00 per person.**
2. **A public reception will be held for employees who retire with 25 or more years of service, if the retiree agrees.**

III. RESPONSIBILITY

Executive Assistant and the Manager of Member Services

Motion made by Director Whitt, seconded by director Martin and unanimously agreed to approve the changes to Board Policy 515.

PRISCILLA SPARKS

Priscilla Sparks will retire from the cooperative after 30 years of service on Long Term Disability. President Fraley announced that Kim Bush has been named Executive Assistant and will continue to take care of Public Relations for the cooperative. Sherry Conley was promoted to Member Services Supervisor and Tina Preece will be Member Services Advisor. Both Sherry & Tina will help within Member Services as well as the other three Member Services Representatives.

For informational purposes, President Fraley discussed the request of [REDACTED] to build a runway that would require Grayson RECC to retire several poles and lines to accommodate his request. He doesn't want to pay for anything. A rough estimate for the cost of what he wants done is \$33,645.49 plus a markup of \$20,000. Any unused portion of the Advance For Construction would be refunded.

[REDACTED] met with President Fraley concerning a piece of property in Greenup County where the lines were retired in 2012. He has a buyer for the property and we have given [REDACTED] a cost estimate to extend new lines to the house site.

RATE CASE UPDATE

President Fraley and Bradley Cherry provided an update on the current rate case, including the answers to the questions that the PSC and the Attorney General has requested.

ATTORNEY WILLIS' REPORT

Attorney Willis reported on the following:

Triple J Farm Bankruptcy—He has filed a proof of claim but after speaking to the trustee, he does not anticipate any assets available after filing bills. After the auction, they do have to notify us if there are assets available.

Tennessee Gas Pipeline easement—They need to sign our easement.

Windstream Bankruptcy—KEC has hired legal counsel to from the southern district of New York to work on behalf of the cooperatives in Kentucky concerning this bankruptcy.

[REDACTED]—He just received notice of a foreclosure and we were named as an indispensable party.

KEC DIRECTOR'S REPORT

Director Whitt reported the following on the KAEC Board Meeting:

Paul Hawkins was seated on the KEC board. They were satisfied with the net metering bill that passed during the recent session. They are working on the

streamline rate case option. It was also brought out that there are some new fraudulent checks being sent from Warren RECC and also there were some security breaches both at Warren RECC and KEC recently.

EKPC DIRECTOR

President Fraley reported on the EKPC board meeting in the absence of Director Arrington. She reported:

EKPC made double what they had anticipated in margins and were still over cost to member systems for the month. They were bragging on their lobbyists for getting things done during the session. She spoke with Chairman Spaulding concerning Director Arrington's absence. He assured her that Mr. Arrington would be considered excused. She also told him that Grayson has no plans for change until Director Arrington informs the board.

FINANCIAL & STATISTICAL
REPORT FOR JANUARY
2019

Bradley Cherry, CFO, presented the Financial & Statistical Report for for January 2019:

Kilowatt hour sales for the month of January were down 5% less than budget. Purchases for the month of January were down 4.6% under budget. Line loss for January 6.84%. We have positive margins of \$344,769.37 which translates a T.I.E.R. of 3.91.

T.I.E.R.

January 2019's monthly T.I.E.R. was 3.91 with the rolling 12 month T.I.E.R. at .8.

FUEL ADJUSTMENT

The fuel adjustment for January was (.003506).

ESC

The environmental surcharge was 8.42%.

DEGREE DAYS

There were 922 degree days and all were heating degree days.

Sales were down almost 12% compared to 2018.

Purchases were down from last year 11.63%.

Operating Revenue and Expenses:

Revenues for the month were at \$3.3 million. Our purchased power cost were \$1.87 million which translated to gross margins of \$1.463 million. Our operating expenses were at \$1.122 which left us with \$344,769 margins.

BILLS

We mailed 15,273 bills for the month of January. Compared to January 2018, we have 116 fewer bills.

Bradley reviewed Form 219. We had 36 retirements in January, extended 11 new lines, had 2 service upgrades, 3 Sectionalizers, changed 23 poles, 2 conductor changes, 54 security lights, and completed 7 minor projects. These items cost \$228699.09 and \$228699.09 was taken from loan funds. We also purchased 2 transformers and 36 meters that cost \$27,527.70.

CAPITAL CREDITS	28 Capital Credits checks were mailed in February in the amount of \$30,973.74.
APPROVAL OF FINANCIAL & STATISTICAL REPORT FOR JANUARY 2019	Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve the Financial and Statistical report for January 2019 as presented, for informational purposes only.
MANAGER OF TECHNICAL SERVICES	<p>Brian Poling, Manager of Technical Services reported on the following: He has begun work on the Work Plan. He will meet with Mike Norman next week. There are two linemen going through the classes to use the drones. We have received the second drone. Most of his time has been consumed with the deployment of the new metering system. He presented a slideshow to show the way the new meters are being deployed and how they are working.</p> <p>We have sold some of our old meters. Two cooperatives inquired about the newer meters that we had in stock. The cooperative in Tennessee purchased around 300 meters due to extensive flooding that they experienced. We were able to sell them for around 70% of our purchase price. This is a good price because the market is flooded at this time with meters.</p>
MANAGER OF MARKETING AND MEMBER SERVICES	Kim Bush, Manager of Marketing and Member Services reported on the following:
LIHEAP	We have received \$202,448.83 in payments from all LIHEAP agencies through the end of February.
PREPAY	<p>We have 799 Pre Pay active accounts and 4 inactive accounts. 3,929 payments were made in 30 days with an average of \$44.17 per payment.</p> <p>Tina has been busy with energy audits. She has had requests for 18 energy audits this month and two Button-Up Projects, and a commercial lighting in progress.</p>
WASHINGTON YOUTH TOUR	<p>There were three students (1 from Greenup County and 2 from Elliott County that attended the Frankfort Youth Tour in March. All 3 girls were interested in attending the Washington Youth Tour in June. We normally send 2 students.</p> <p>Motion was made by Director Martin, seconded by Director Trent and unanimously agreed to approve sending three students to the Washington Youth Tour in June, as presented.</p>
OPERATIONS REPORT	Kyle Clevenger, Manager of Operations, gave the Operations Report and the Safety Report. He reported on the following:

JOB BUILT	Construction built on hundred thirty-eight (138) new work orders (including 11 services added and 24 services retired) for the month of January and worked zero (0) hours of overtime.
DELINQUENT NOTICES	There were 135 delinquents for March. Sixty-five (65) cards were issued to be disconnected. 6 accounts were disconnected by remote on March 7, cycle 1. Fifty-eight (58) cards were issued and 6 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.
OVERTIME HOURS	The Maintenance Department worked four hundred thirty-nine (439) hours of overtime; Maintenance worked one hundred seventy-seven (177) work order overtime hours. The Engineering Department worked seventeen (17) hours of overtime.
CONTRACT CREWS	We have one (1) Pike crew working. Ryan Kitchen is working on coordination 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. Crew's trimmed 755 trees, cut 1,135 trees, cut 24,650 feet of brush/line and sprayed 0 spans of line. The crews are working in the following areas: <ul style="list-style-type: none">1 cutting crew in Carter, Lewis, & Greenup Counties1 cutting crew in Rowan County2 cutting crews in Lawrence and Elliott County1 bucket truck crew in Carter, Lewis, & Greenup counties1 bucket truck crew in Rowan County1 bucket truck crew in Elliott County1 tractor crew in Carter County2 Spray Crews in Elliott County1 Smith Tree Service, Circuit Crew on Rt 32, Lawrence County
EMPLOYEE/LOST TIME ACCIDENT	There were no lost time accidents to report this month.
SAFETY REPORT	The regular Monday morning safety meetings were held by various staff members of Grayson Rural Electric. February 4, 2019, Carol Fraley, President & CEO, was in charge of meeting. She passed out a quiz on How Well Do You Know Our Territory. There were several fun facts about our area that everyone discussed. February 13, 2019, Mike Martin, Assistant Manager of Operations, was in charge of meeting. Charlie Lewis from KEC was the guest speaker. He discussed a few accidents from this year. He showed a PowerPoint on working on or near energized lines and equipment. February 18, 2019, Andrea McCleese, IT Supervisor, was in charge of meeting. Harold Dupuy was the guest speaker and he spoke on The Cost of

Safety. He went over some accidents that happen to him and another man when he worked the Brick Yard in South Shore. He stated sometimes the cost does not measure in dollars and cents. It can be emotionally, physically, and time away from family, and the biggest cost is your life. Carol Ann Fraley announced promotions to Scott McGuire, Meterman First Class, Justin Staniford, First Class Lineman, Caitlin Sexton, Division Assistant of Accounting and Finance, and Amber Weddington our new Member Service Representative. Carol Ann also requested everyone to be careful and stay safe.

February 25, 2019, meeting was cancelled due to the windstorm.

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.

ENGINEERING REPORT

The Engineering Department released four hundred twenty-seven (427) prints consisting of 6,977 feet of primary line and 2,710 feet of service wire.

They currently have two (2) new services to be staked and two (2) to be drawn. There are six (6) 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 seventy (70) new memberships and retirement of sixty-five (65) existing memberships for February 2019.

BAD DEBT WRITE-OFFS

Motion was made by Director Bentley, seconded by Director Whitt and unanimously agreed to charge off \$2,982.76 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 \$610.68, Director's business expenses of \$10,904.69, and Attorney's business expense of \$161.15.

DONATIONS

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

Elliott County 4-H Camp	\$200
Greenup County High School Baseball Sign Renewal	\$200
West Carter High School Baseball Club Sign Renewal	\$100
Grayson Meals on Wheels	\$100
Carter County Thunder	\$250
Environmental Field Day-Elliott Co	\$50
Greenup County Park and Fair Board (Kids in the Races)	\$500
Neighbors Helping Neighbors	No
Sarah's Place	\$100
Total	\$1,500

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

ATTENDANCE TO MEETINGS Region 2 & 3 Meeting will be in Louisville at the Galt House on October 8-10, 2019. We will need to reserve rooms early. Jimmy Whitt, Harold Dupuy, Jim Bentley and Roger Trent plan to attend at this time.

Robert Brown	Milsoft training in April
Director's Summer School	Williamsburg, VA, June 7-12
Sherry Conley	Supervisor Training at KEC in April
Brian, Steve, Scott & Andrea	Landis & Gyr in June.
Justin Staniford	Hot-line Skills workshop

BOARD MEETING DATE The March Board Meeting will be held on Friday, April 26th at 9:00 a.m.

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

ADJOURN Motion to adjourn the meeting by Director Whitt.
Chairman Dupuy adjourned the meeting at 11:44a.m.

Harold Dupuy, Chairman

Billy E. (Eddie) Martin, Secretary/Treasurer

On April 26, 2019 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 present. Others present included: Carol Hall Fraley, President and CEO; Derrick Willis of Willis Law Office, Kim Bush, Manager of Marketing & Member Services and Bradley Cherry, Chief Financial Officer and Andrea McCleese, Technical Services Supervisor.

INVOCATION	Director Jimmy Whitt gave the invocation.
APPROVAL OF MINUTES	Motion was made by Director Martin, seconded by Director Bentley and unanimously agreed to approve the minutes from the March 2019 Board Meeting.
PRESIDENT'S REPORT	President Fraley reported on the following:
CHARLESTON BOTTOMS	A letter was received from RUS concerning the Charleston Bottoms case. The letter stated that Charleston Bottoms had nothing to do with issue we raised on the Memorandum of Understanding and the purchase of off-system power.
████████████████████	A member had an accident in Sandy Hook where a dump truck he was driving got hooked into a line. He owes us \$1,291 and we haven't heard from his insurance. Ms. Fraley will pursue the collection on this.
RUS WORK ORDERS	Work orders for October in the amount of \$300,992.99. Work orders for November in the amount of \$224,805.02. Work orders for December in the amount of \$550,925.36. Total \$1,076,723.37
	Motion made by Director Trent, seconded by Director Whitt and unanimously agreed to approve RUS Work orders.
EKPC ANNUAL MEETING REPRESENTATIVE	East Kentucky Power Cooperative Annual Meeting is June 11, 2019. Chairman Dupuy announced that Director Trent will serve as Representative and he will serve as the Alternate Representative.
TIPP DEPP, KEC LEGAL COUNSEL	President Fraley requested that Tipp Depp, Legal Counsel for Kentucky Electric Cooperatives, be retained to work with Mr. Willis concerning the life-time medical insurance for former Legal Counsel, W. Jeffrey Scott and the new law on concealed carry, as it pertains to our employees. Mr. Depp has sent us an engagement letter for consideration. Motion made by Director Martin and seconded by Director Whitt to have President Fraley execute the engagement letter with Mr. Depp. The motion was approved unanimously.
████████████████████	████████████████████ built a home in Greenup County in 1999. That house burned in 2014. When he rebuilt the home, we received a temporary inspection and then a final inspection, not for occupancy. During this entire time, ██████████ account was being charged the temporary rate. He called the office in December 2018 stating that he was still receiving the temporary rate on his bill. A final (for occupancy) inspection was never received in our office and the rate was not changed.

██████████ (cont.)

The overbilling was calculated from January 2015 through March 2019. Mrs. Fraley spoke with ██████████ concerning the issue. She explained to him that the Kentucky Public Service Commission requires that we refund 24 months of the discrepancy. President Fraley also paid him three months from 2019 because we were looking into the issue during this time. A check was sent to him in the amount of \$991.71 for 27 months, in accordance with the rules of the PSC. This was for the difference between Temporary Rate and Residential Rate. She also explained that it is the member's responsibility to make sure we receive copies of each inspection. ██████████ gave the check for the 27 months back to Chairman Dupuy and said he should receive all of the overbilling.

Following thorough discussion, during which Chairman Dupuy said that ██████████ was very insistent and had been to Mr. Dupuy's home at different times, motion was made to pay the total fifty-one (51) months of overbilling in the amount of \$1,873.23 by Director Martin and seconded by Director Whitt. The motion was approved.

BOARD POLICIES

President Fraley is reviewing our Board Policies in preparation of the Management Audit. She has formed two employee committees to look at the Board Policies on Safety and Work Rules. They haven't been updated recently. Once the committees have made their recommendations for changes and/or additions to these policies, they will be presented to the board for their consideration. These two committees will then combine and draft a policy for the Board to consider on the Board's expectations for safety.

MANAGEMENT AUDIT

President Fraley asked that an update on the Management Audit become a permanent item on future board meeting agendas. Chairman Dupuy agreed and directed her to put it on the agenda each month.

Each director was presented with a notebook with all pertinent information to date, concerning the Management Audit. This notebook will be added to each month.

Ms. Fraley also shared the most recent letter (received April 25, 2019) and other information concerning the upcoming Management Audit. Bradley Cherry, CFO, gave an update on the 2018 Rate Case.

Ms. Fraley discussed with the board members the list of the items to be considered going forth with the Management Audit.

Guidelines were presented and prioritized for the Management Audit and included:

1. Statement of Ideals and Objectives
2. Lifetime Medical insurance for W. Jeffrey Scott for review and advice of legal counsel.
3. Wage and Salary Plan to be independent of the Union Contract.
4. Legal Counsel Derrick Willis' contract.
5. President Fraley's contract.
6. Health insurance with employees paying a portion of their health insurance.
7. Tie all relevant expenses to the budget and to T.I.E.R. Document specifics on large projects.
8. Review Board Policies and Bylaws.
9. Create a safety committee.
10. Combine the safety committee and work rules committee to

- MANAGEMENT AUDIT (cont.) present a policy on board expectations on safety.
11. Consider a monthly outage report to be included in the board minutes.
 12. Review and revise Rules & Regulations on file with the KY PSC.
 13. Make T.I.E.R. based on the best information available to determine.
 14. No lost-time accidents.
 15. Contingency for storms within our budget.
 16. Review and create a written plan for our bidding processes with our contractors.

Other items may be added as needed.

Motion made by Director Martin and seconded by Director Whitt to adopt the proposed guidelines going forward with the Management Audit. All in favor and the motion was approved.

BYLAWS Article IV, Section 2, Election and Tenure of Office. Proposes to change the number of director seats required to not less than five (5) nor more than seven (7). Also, it was proposed to combine Lawrence and Elliott counties, due to the low number of members in Lawrence counties.

Director Whitt made a motion to table this matter until the May meeting to give Director Arrington time to look over the proposed changes. Chairman Dupuy tabled the matter until the May Board meeting.

EKPC BOARD NOMINATION Director Arrington made a motion to nominate Director Martin to serve on the EKPC board of Directors and a second was made by Director Bentley. Motion carried unanimously.

DERRICK WILLIS' CONTRACT President Fraley mentioned that the PSC wanted Grayson RECC to adopt a more formal contract for Legal Counsel Willis.

PRESIDENT & CEO'S CONTRACT President Fraley, also does not have a contract. Legal Counsel Willis will have a contract ready by the May Board Meeting for President Fraley.

EKPC DIRECTOR REPORT Director Arrington was unable to attend and President Fraley did not attend due to the Management Audit.

KEC DIRECTOR REPORT Director Whitt reported that a meeting was not held at KEC in March.

FINANCIAL & STATISTICAL REPORT FOR FEB 2019 Bradley Cherry, CFO, presented the Financial & Statistical Report for February 2019:

SALES AND PURCHASES Kilowatt hour sales for the month of February were up 0.4% over budget. The year-to-date total was 2.82% under budget. Purchases for the month of February were 2.92% over budget. The year-to-date total was 1.43% under budget. Line loss for February was 6.18%. The year-to-date for line loss is 6.55%. February margins were \$208,319.82 the year-to-date total margins were \$553,089.19.

T.I.E.R. February 2019's monthly T.I.E.R. was 2.89 with year-to-date T.I.E.R. at 3.41.

FUEL ADJUSTMENT The fuel adjustment for February was a charge of \$.005961.

ESC The environmental surcharge was 7.21%.

DEGREE DAYS

There were 608 degree days, all were heating degree days. Sales were up 1.49% compared to 2018 where they were up 1.5%. Year-to-date sales were under about 6.48%.

Purchases were up from last year 2.88%. Year-to-date, our purchases compared to 2018 are down almost 5.8%.

BILLS

We mailed 15,273 bills for the month of February. Compared to 2018, we have 112 fewer bills.

Bradley reviewed Form 219. We had 11 retirements in February, extended 14 new lines, completed three major projects, had 1 service upgrade, 11 Sectionalizers, changed 26 poles, no conductor changes, 30 security lights, and completed 4 minor projects. These items cost \$689,995.02 and \$688,223.52 was taken from loan funds. We also purchased 18 transformers that cost \$12,952.62.

APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR FEBRUARY 2019

Motion was made by Director Martin, seconded by Director Whitt and unanimously agreed to approve the Financial and Statistical report for February 2019 as presented, for informational purposes only.

COOPERATIVE LEGAL
REPORT

Legal Counsel Willis reported on the Windstream Bankruptcy. He had been in contact with the statewide attorney and the Windstream bankruptcy attorney from New York City.

He continues to follow and be involved in everything associated with the Rate Case at the PSC.

MANAGER OF
TECHNICAL SERVICES

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

AMI Update: We have installed 3 Collectors, 45 routers and 702 meters. We received 20 pallets (1920) of meters this week and are scheduled to receive the same amount each month through November of this year.

Construction is helping install meters on their slower days and maintenance has been helping install routers.

Robert attended a Milsoft training in Savannah Georgia as his first of several trainings to allow him to export mapping data into our Outage Management system. This should allow for a more up-to-date outage map.

Andrea is installing new "Thin Clients" to upgrade our virtual desktops to Windows 10. Microsoft will not support Windows 7 after this year and the software we were using to manage our existing desktops has gone away.

Mike Norman met with us and let us know we can relax our timeline to complete our next Construction Work Plan. He originally told us we needed to push it forward 2 month because of Environmental approval delays but now says that is no longer a concern. We are looking now to have the new CWP ready for Board Approval in October.

I spent two days with engineers from Leidos as we began the next

MANAGER OF

Construction Work Plan. At this point we just have a lot more work ahead

TECHNICAL SERVICES (cont.) of us but are making progress.

MEMBER SERVICES
REPORT

Sherry Conley, Member Services Supervisor reported on the following:

PREPAY

We have 790 Pre Pay active accounts and 2 inactive accounts. 3,264 payments were made in 30 days with an average of \$ 35.94 per payment.

Tina completed 8 energy audits.

LIHEAP

We have received \$222,175.67, in payments from all LIHEAP agencies through the end of March. LIHEAP was extended through April 30th this year. We are still receiving a few payments through April.

ROW EASEMENTS

23 easements were recorded in April. Total easements recorded since November 2017 is 1,129.

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 for the month of March.

SAFETY REPORT

The regular Monday morning safety meetings were held by various staff members of Grayson Rural Electric.

- March 4, 2019, Priscilla Sparks, Executive Assistant, was in charge of meeting. Andrea McCleese spoke about an accident involving a bucket truck that rolled over and one man passed away and the other may not return to work, they were not wearing seat belts. She requested that everyone always wear their seat belts. Brian Poling went over the new AMI Deployment and explained the meter deployment and routers, antennas and how they can be traced on the system. Carol Ann Fraley requested everyone to be careful and watch over each other.
- March 13, 2019, Robert Brown, Geographical Information System Technician, was in charge of meeting. Tony Dempsey with KAEC was our guest speaker and he went over Near Misses and Protective Grounding. He also checked all of the grounds at the coop. Kyle Clevenger requested everyone to be careful and watch over each other.
- March 18, 2019, Sherry Buckler, Manager of Accounting & Human resources, was in charge of meeting. She read from safety manual General rules: 101 Application, 102 Employees' Responsibility for Safety, 103 Reporting Employee Injuries, 104 Reporting Hazardous Conditions, 105 Taking chances, 106 Practical Jokes, 107 Guards, 108 Warnings and 109 Intoxication Beverages and Drugs. Kyle Clevenger requested everyone to have their safety straps and ropes checked for damage.
- March 25, 2019, Kim Bush, Executive Assistant, was in charge of meeting. She passed out the Emergency Contact information to be updated by all employees and explained that if there is an emergency not to put on social media due to families not being notified. Kyle Clevenger requested everyone to have a safe day, watch over each other, and take care of one another.

SAFETY REPORT (cont.)

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.

JOB BUILT	Construction built ninety-six (96) new work orders (including 13 services added and 8 services retired) for the month of March and worked zero (0) hours of overtime.
DELINQUENT NOTICES	There were 114 delinquents for April. Forty-nine (49) cards were issued to be disconnected. Eight accounts were disconnected by remote on April 9, for cycle 1. Forty-eight (48) cards were issued to be disconnected and 9 accounts were disconnected by remote meter on April 16 for cycle 2. Field personnel disconnected a total of 12 meters and a total of 12 meters were reconnected by field personnel and remote.
OVERTIME HOURS	The Maintenance Department worked two hundred eighty-four (284) hours of overtime; Maintenance worked sixty-nine (69) work order overtime hours. The Engineering Department didn't have any overtime hours in March.
CONTRACT CREWS	We have one (1) Pike crew working. Ryan Kitchen is working on coordination 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 work orders at this time. Crew's trimmed 933 trees, cut 2,287 trees, cut 29,480 feet of brush/line and sprayed 56 spans of line. The crews are working in the following areas: <ul style="list-style-type: none">1 cutting crew in Carter, Lewis, & Greenup counties1 cutting crew in Rowan County2 cutting crews in Lawrence and Elliott counties1 bucket truck crew in Carter, Lewis, & Greenup counties1 bucket truck crew in Rowan County1 bucket truck crew in Elliott County1 tractor crew in Carter County2 spray crews in Elliott County1 Smith Tree Service, Circuit Crew on Rt 32, Lawrence County
ENGINEERING REPORT	The Engineering Department released two hundred sixty-one (261) prints consisting of 3,954 feet of primary line and 3,191 feet of service wire. The larger number of prints was due to the new metering. 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.
APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS	Motion was made by Director Trent, seconded by Director Bentley and unanimously agreed to approve seventy-six (76) new memberships and retirement of ninety-three (93) existing memberships for March 2019.
BAD DEBT WRITE-OFFS	Motion was made by Director Bentley, seconded by Director Martin and unanimously agreed to charge off \$3,733.03 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 \$484.32, Director's business expenses of \$5,162.59, and Attorney's business expense of \$1,187.83.

DONATIONS

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

Carter County Wolfpack	\$150
East Carter Golf	\$250
Greenup County OFD	\$100
Special Olympics Kentucky	\$145
Rocky Adkins Cure for Cancer Golf Tournament	\$250
Lewis Co. Football Team Golf Scramble	\$100
Rocky Adkins Public Library Summer Reading Program	\$200
Frontier Housing Golf Scramble	\$100
TOTAL	\$1,295

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

ATTENDANCE TO MEETINGS Sherry Conley, Member Services Supervisor will attend the SEDC conference in June.

BOARD MEETING DATE The May Board Meeting will be held on Friday, May 31st at 9:00 a.m.

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

ADJOURN Chairman Dupuy adjourned the meeting at 12:05 p.m.

Harold Dupuy, Chairman

Jim Bentley, Secretary/Treasurer

Derrick Willis, Legal Counsel

On May 31, 2019 at 8:10 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. Others present included: Carol Hall Fraley, President and CEO; Derrick Willis, Legal Counsel, Kim Bush, Executive Assistant, Andrea McCleese, Technical Services Supervisor and Bradley Cherry, Chief Financial Officer.

- INVOCATION Chairman Harold Dupuy 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 April 2019 Board Meeting.
- Motion was made by Director Trent, seconded by Director Martin and unanimously agreed to approve the minutes from the May 9, 2019 Organizational Meeting.
- Motion was made by Director Martin, seconded by Director Trent and unanimously agreed to approve the updated minutes from the May 10, 2018 Organizational Meeting and the May 10, 2018 Annual Membership Meeting Minutes.
- PRESIDENT'S REPORT President Fraley reported on the following:
- AMEND AGENDA President Fraley requested to amend the agenda to move agenda item # 8 to #22 under additional business. This would become a permanent slot for the Management Audit reports and on going discussion and action.
- SAND GAP President Fraley gave an update on the issue of AEP attempting to serve the lots in Sand Gap. In 2010 [REDACTED] came into our office to apply for service at Sand Gap. He had already contacted AEP to apply for service and AEP told him the service was in our service territory. We built the line into the area. In October of 2012 AEP filed a suit against us for serving that area. We conferred with the PSC and they concluded that the variance of the lines drawn could be as much as one hundred (100) feet. The Franklin Circuit Court granted AEP the right to serve the first house and the last house in the subdivision. We appealed and lost again. AEP made no attempt to serve those lots until this past week.
- Someone called to say that AEP was building a line through Sand Gap. President Fraley called [REDACTED] concerning changing his service to AEP. He noted that he is having too many outages. President Fraley checked and he was off once in November, when a tree fell across the line on Tunnel Branch. He claims that he was offered the opportunity to change to AEP. At this time, [REDACTED] has not requested that his service from Grayson RECC be disconnected. AEP has also never contacted Grayson RECC. She will forward all pertinent information to Legal Counsel Willis.
- ADDITIONAL DEPOSIT LETTERS President Fraley gave an update on issues concerning 544 letters that were mailed out last week. These letters were mailed to members who did not have good credit standing with the cooperative.
- OFFICE CLOSED Motion was made by Director Whitt, seconded by Director Martin and unanimously agreed to approve closing the office on Monday, October 14, 2019 (Columbus Day) for the annual office cleaning. The office will be closed

OFFICE CLOSED (cont.) but employees will work to clean, update and store records and other jobs, as needed.

KEC DIRECTOR REPORT Director Whitt reported on the meeting held in May. The biggest part of the meeting was discussing the Legislative Conference in Washington DC. There was a report from Federated Insurance. There was also a Legislative Committee Report providing an overview of the 2019 legislative session. It was a strong session for electric utilities and specifically Kentucky electric cooperatives by the passage of SB 100.

There was an update on the stream-line rate case option. A couple of cooperatives (Jackson Energy and Jackson Purchase) filed a stream-line rate case. Jackson Energy's case was revenue neutral, they were just trying out this new way of doing rate cases. The PSC has attacked both Cooperatives as if they were actually filing a traditional rate case.

EKPC DIRECTOR REPORT Director Arrington gave a report from the EKPC Board Meeting. EKPC Director-Elect Martin was a visitor at the meeting in May. EKPC is asking each cooperative to provide a solar farm at each cooperative. President Fraley mentioned that she has had two members ask her about putting a solar farm on their property. President Fraley and EKPC Director-Elect Martin will discuss details on this project with EKPC Vice-President David Crews.

FINANCIAL & STATISTICAL REPORT FOR MARCH 2019 Bradley Cherry, CFO, presented the Financial & Statistical Report for March 2019:

SALES AND PURCHASES Kilowatt hour sales for the month of March were up 8.43% over budget. Last year, sales were -0.36%. The year-to-date total was .56% over budget. Purchases for the month of March were 1.37% over budget. The year-to-date total was -.57% under budget. Line loss for March was 2.99%. The year-to-date for line loss is 5.42%. March margins were \$278,946.97 with year-to-date total margins were \$832,036.16. T.I.E.R. was 3.45.

FUEL ADJUSTMENT The fuel adjustment for March was a charge of \$.001253.

ESC The environmental surcharge was 6.31%.

DEGREE DAYS There were 654 degree days, all were heating degree days.

Purchases were down from last year by 2.47%. Year-to-date, our purchases compared to 2018 are down almost 4.77%.

BILLS We mailed 15,264 bills for the month of March. Compared to 2018, we have 100 fewer bills.

SALES & PURCHASES Bradley reviewed Form 219. We had 21 retirements in March, extended 12 new lines, completed no major projects, had 5 service upgrade, 5 Sectionalizers, changed 37 poles, no conductor changes, 44 security lights, and completed 4 minor projects. These items cost \$267,597.14 and \$265,445.52 was taken from loan funds. We also purchased 39 transformers and 4 RF meters with a total cost of \$78,551.15.

CAPITAL CREDITS We paid 27 Capital Credit applications in May in the amount of \$18,854.61 and have 22 outstanding applications.

APPROVAL OF FINANCIAL
& STATISTICAL REPORT
FOR MARCH 2019

Motion was made by Director Trent, seconded by Director Whitt and unanimously agreed to approve the Financial and Statistical report for March 2019 as presented, for informational purposes only.

BYLAWS

Article IV, Section 2, Election and Tenure of Office. It was proposed to combine Lawrence and Elliott counties, due to the low number of members in Lawrence County. Director Arrington made a motion to not combine Lawrence & Elliott counties into one seat, Director Martin seconded the motion. Following discussion, Director Arrington withdrew this motion.

Director Martin made a motion to table this issue until the June board meeting, second by Director Trent and unanimously agreed to approve the motion.

BOARD POLICIES

President Fraley is reviewing our Board Policies in preparation for the Management Audit. She has formed two employee committees to look at the Board Policies on Safety and Work Rules. They haven't been updated recently. Once the committees have made their recommendations for changes and/or additions to these policies, they will be presented to the board for their consideration. These two committees will then combine and draft a policy for the Board to consider on the Board's expectations for safety.

The following board policies were presented to the board for consideration at the June board meeting:

NEW BOARD POLICY #516

Wage and Hour Compliance—This policy is proposed in line with the Kentucky Wage and Hour guidelines and rules and regulations.

BOARD POLICY #101

Policy formation and approval—this was updated that it should be reviewed bi-annually. Employees can make suggestions for new policies.

BOARD POLICY #102

Functions of the Board of Directors—reviewed bi-annually.

President Fraley asked the Board to review these policies and changes and be ready to consider them at the June Board Meeting.

COOPERATIVE LEGAL
REPORT

Legal Counsel Willis presented contracts for President & CEO and Legal Counsel Willis.

PRESIDENT & CEO'S
CONTRACT

The President & CEO contract is retroactive to January 1, 2019 and is for a three-year term. The board dispensed with the reading of the contract for President & CEO. The contract is attached to these minutes.

Motion made by Director Trent and seconded by Director Martin and unanimously agreed to approve the contract for President Fraley.

DERRICK WILLIS'
CONTRACT

President Fraley read the contract for Legal Counsel Willis in its entirety to board of directors. Contract will be retroactive to Legal Counsel state date of March 1, 2019. The contract is attached to these minutes.

Motion made by Director Martin and seconded by Director Bentley and unanimously agreed to approve the contract for Legal Counsel Derrick Willis.

MANAGER OF
TECHNICAL SERVICES

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

Brian shared a slideshow showing the area of current deployment of the new metering system. Currently the information from the meters is coming back

MANAGER OF TECHNICAL SERVICES (cont.) to the office within minutes of being installed. We can get readings every 15 minutes, if needed. There are alerts that will notify us immediately if there is a problem with the meter, such as someone trying to pull the meter.

Robert Brown, GIS Technician gets several calls throughout the month concerning 811 Calls from the state of Kentucky. He uses our maps to show where underground service is located in our service territory. In May he had 81 requests for locates and only had to go out to check on four due to the information available on the system map.

MEMBER SERVICES REPORT Sherry Conley, Member Services Supervisor reported on the following:

PREPAY We have 792 Pre Pay active accounts and 13 inactive accounts. 3,168 payments were made in the past 30 days with an average of \$31.83 per payment. There are 42 Pre Pay accounts with Debt Management.

Tina completed 9 energy audits in April, 1 Commercial Lighting and one net metering inquiry.

544 Additional Deposit letters were mailed.

LIHEAP We have received \$234,062.26, in payments from all LIHEAP agencies through the end of May. LIHEAP was extended through April 30th this year but we did receive one voucher in May.

ROW EASEMENTS 10 easements were recorded in May. Total easements recorded since November 2017 is 1,181.

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 for the month of April.

SAFETY REPORT April 1, 2019, Bradley Cherry, Manager of Finance & Accounting, was in charge of meeting. Bradley and Carol Ann discussed the PSC ruling on the 2018 Rate case and went over the upcoming Management and Board of Directors audit that will be taking place soon. They answered questions that the employees may have had regarding the audit.

April 9, 2019, Kyle Clevenger, Manager of Operations, was in charge of meeting. Tony Dempsey with KAEC was our guest speaker. He presented a power point on Chainsaw Safety. Topics that were discussed was parts of a chainsaw, safety features, caring to the saw daily, wear personal protective equipment, types of hazards, correct starting methods, and ground and leg lock method. Kyle explained that it was going to be a pretty day, be safe and go home tonight.

April 22, 2019, Andrea McCleese, Technical Services Supervisor, was in charge of meeting. She read the Administrative guidelines on Reporting Accidents, discussed Cyber Security and requested to be careful opening emails, and talked about the importance of information and equipment going into the field. Employees had an open discussion on theft of meters. Kyle Clevenger requested that everyone be careful this week.

SAFETY REPORT (cont.)	<p>April 29, 2019, Mike Martin, Assistant Manager of Operations, was in charge of meeting. He played a Podcast of Heath Martin safety director at Northfork Electric Cooperative in Oklahoma. He shared his harrowing story of a mistake early in his career as a lineworker that could have cost him his life and the lessons he took away from the incident. Also Bud Branham, NRECA's safety director and Corey Parr, safety and loss control program at Federated Rural Electric Insurance discuss the hazards of the work that line crews so and good practices for staying safe.</p> <p>Kyle continues to mention the necessity and importance of hard hats, rubber gloves and the importance of using ground chains. A line is not dead until it is grounded.</p>
JOBS BUILT	<p>Construction built one hundred twenty-seven (127) new work orders (including 12 services added and 14 services retired) for the month of April and worked zero (0) hours of overtime.</p>
DELINQUENT NOTICES	<p>There were one hundred, sixty-five (165) delinquents for May. Fifty-seven (57) cards were issued to be disconnected and nineteen (19) accounts were disconnected by remote meter on May 7 for cycle 1. Seventy-two (72) cards were issued to be disconnected and seventeen (17) accounts were disconnected by remote meter on May 14 for cycle 2. Field personnel disconnected a total of thirteen (13) meters and a total of nineteen (19) meters were reconnected by field personnel and remote.</p>
OVERTIME HOURS	<p>The Maintenance Department worked one hundred sixty (160) hours of overtime; Maintenance worked eighty-four (84) work order overtime hours. The Engineering Department worked five (5) hours overtime hours in April.</p>
CONTRACT CREWS	<p>We have one (1) Pike crew working. Charlie Tim Ratcliff is working on coordination and pole changes in various counties.</p>
RIGHT-OF-WAY CREWS	<p>We have ten (10) W A Kendall right-of-way crews working on random jobs and work orders at this time. Crew's trimmed 798 trees, cut 1,008 trees, cut 26,210 feet of brush/line and sprayed 93 spans of line. The crews are working in the following areas:</p> <ul style="list-style-type: none">1 cutting crews in Carter, Lewis, & Greenup Counties1 cutting crews in Rowan County2 cutting crews in Lawrence and Elliott County1 bucket truck crew in Carter, Lewis, & Greenup counties1 bucket truck crew in Rowan County1 bucket truck crew in Elliott County1 tractor crew in Carter County2 Spray Crews in Elliott County1 Smith Tree Service, circuit crew on Rt 32, Lawrence County.
ENGINEERING REPORT	<p>The Engineering Department released one hundred (100) prints consisting of 2,604 feet of primary line and 2,277 feet of service wire.</p> <p>They currently have four (4) new services to be staked and four (4) to be drawn. There are eight (8) miscellaneous jobs to be staked or drawn.</p>

APPROVAL OF NEW MEMBERSHIPS & RETIREMENT OF EXISTING MEMBERSHIPS Motion was made by Director Trent, seconded by Director Bentley and unanimously agreed to approve ninety-nine (99) new memberships and retirement of eighty-two (82) existing memberships for April 2019.

BAD DEBT WRITE-OFFS Motion was made by Director Martin, seconded by Director Whitt and unanimously agreed to charge off \$8,934.73 worth of bad debts and turn them over for collection. Most of this total includes the Windstream Bankruptcy that we still hope to recover through their Irrevocable Letter of Credit.

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 \$82.35, Director's business expenses of \$6,909.56, and Attorney's business expense of \$2,100.00

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

Lewis Co 4H Kentucky Youth Seminar	\$200
Raceland-Worthington Touchdown Club	\$175
Lewis County Public Library Summer	\$100
East Carter FFA Leadership training	\$125
The Galaxy Project	\$ 50
Grayson Gallery Heart of the Parks	\$150
Lewis Co High School Golf Team	<u>\$100</u>
TOTAL	<u>\$900</u>

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

APPROVAL OF ATTENDANCE TO MEETINGS Directors Trent, Martin, Dupuy and Arrington will attend the EKPC Annual Meeting on Tuesday, June 11, 2019 in Winchester.

Bradley Cherry, CFO, will attend the NCFC Annual Meeting in New York City in July.

BOARD MEETING DATE The June Board Meeting will be held on Friday, June 21st at 8:00 a.m.

MANAGEMENT AUDIT Ms. Fraley discussed with the board members the list of the items to be considered going forth with the Management Audit.

Guidelines were updated and prioritized for the Management Audit and included:

1. Review Statement of Ideals and Statement of Objectives, correct if necessary.
2. Review Jeffrey's health insurance and consider advice of counsel. Ongoing, settle by September or October.
3. Consider Wage and Salary Plan to be independent of Union Contract—start now.
4. Legal Counsel Derrick Willis' contract.—COMPLETED 5/31/19
President Fraley's contract.—COMPLETED 5/31/19
5. Health Insurance—PSC urge us to require employees to pay some portion of their medical/health insurance.—NOW
6. Board Expenses—review and consider per diem, # of Board Members, Elections, etc. Start now and ongoing.

MANAGEMENT AUDIT (cont.)

7. Tie all relevant expenses to the budget and to T.I.E.R. Be sure to make this a part of the board minutes. Document specifics on large projects.
8. Review Board Policies—on going
9. Review Bylaws—on going
10. Create a committee on safety and a committee on work rules and prepare policies to be presented to the Board for their consideration.--STARTED
11. Combine the safety committee and work rules committee to create a policy on board expectations on safety, to be presented to and considered by the Board
12. Consider a monthly outage report to be included in the board minutes.—on going
12. Review and revise Rules & Regulations on file with the KY PSC.
13. Make T.I.E.R. based on the best information available to determine.
14. No lost-time accidents.
15. Contingency for storms within our budget.
16. Review and create a written plan for our bidding processes with our contractors.

Other items may be added as needed.

Motion made by Director Martin and seconded by Director Whitt to adopt the proposed guidelines going forward with the Management Audit. All were in favor and the motion was approved.

2013/2018 RATE CASE ISSUES President Fraley identified the issues in the 2013 rate case and compared them with those in the 2018 case.

President Fraley said that her remaining report was predicated on the issues of the number of Directors on the Board and on decisions on Board expenses. Since one issue was tabled and no action was taken on the second issue, her report was irrelevant at this time.

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

ADJOURN Motion Bentley made a motion to adjourn. Chairman Dupuy adjourned the meeting at 11:57 p.m.

Harold Dupuy, Chairman

Jim Bentley, Secretary/Treasurer

Derrick Willis, Legal Counsel

**PRESIDENT AND CHIEF EXECUTIVE OFFICER
EMPLOYMENT AGREEMENT**

THIS AGREEMENT, made and entered into this the 31 day of May, 2019, by and between **CAROL ANN FRALEY**, hereinafter referred to as *PRESIDENT and CHIEF EXECUTIVE OFFICER (CEO)*, and **GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION**, a corporation authorized and existing under the laws of the Commonwealth of Kentucky with its principal place of business located at 109 Bagby Park, Grayson, Kentucky, hereinafter referred to as *COMPANY*;

WHEREAS, COMPANY AND CEO have entered into previous employment contracts; and

WHEREAS, said Employment Contracts have been extended on multiple occasions; and

WHEREAS, the last Employment Contract extension expired December 31, 2018; and

WHEREAS, CEO has been continuing to operate as CEO for COMPANY; an

WHEREAS, COMPANY is desirous of continuing the relationship with CEO; and

WHEREAS, the parties are desirous of entering into a written contract setting forth the terms and conditions of employment;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter contained, the parties do hereby agree as follows:

A. **TERM**—COMPANY agrees to retain CEO as a full time employee as President and CEO with all the duties set forth in applicable Board Policies and Kentucky law commencing January 1st, 2019, for a period of three years unless this agreement is earlier terminated as provided for herein.

B. **DUTIES**—PRESIDENT and CEO hereby agrees to serve as a full time employee, performing executive functions assigned by the Board of Directors, acting at any duly fixed meeting of the Board of Directors, and to follow the policies of the Board of Directors as set out in a written Board Policy Manual as may be from time to time amended by proper action of the Board of Directors.

C. **EXCLUSIVENESS OF SERVICES**—PRESIDENT and CEO hereby agrees that during the term of this agreement she will make available her services solely and exclusively to the COMPANY, and that during such time she will not render any similar services for her own account, or any services for any other person, firm or corporation without first obtaining the prior written consent of COMPANY.

D. CONFIDENTIALITY—All data or information concerning the business activities of COMPANY, which PRESIDENT and CEO acquires or has acquired in connection with or as a result of the performance of services for COMPANY, whether under this agreement or prior to the effective date of this agreement, shall be kept secret and confidential by PRESIDENT and CEO and shall be revealed only to the COMPANY unless COMPANY otherwise consents. This covenant of confidentiality shall extend beyond the term of this agreement and shall survive the termination of this agreement for any reason.

E. COMPENSATION AND BENEFITS—

1. For her services under this agreement, COMPANY shall pay PRESIDENT and CEO an annual base salary of not less than \$143,984.00, payable in 52 equal weekly installments paid on Friday of each week commencing January 1, 2019. At no time during the term of this agreement will such salary be reduced below the level indicated above. This salary will be reviewed by the Board of Directors of the COMPANY in January of each year to determine whether the salary is to be adjusted based upon all relevant factors.

F. COMPANY BENEFITS—PRESIDENT AND CEO shall be entitled to participate in and receive any and all other benefits including medical and life insurance benefits, pension, retirement and disability benefits (long term and short term) and other benefits and programs as are now or hereafter may be customarily made available to all other employees of COMPANY, including paid vacation. CEO shall be entitled to vacation earned in accordance with Board Policy 510. CEO shall further be entitled to have her use and possession on a 24 hour per day basis a suitable vehicle to be purchased by COMPANY maintained and kept in good looking and working condition, at the expense of COMPANY.

G. EXPENSES—COMPANY agrees to reimburse PRESIDENT and CEO for reasonable traveling and other expenses incurred in the rendering of services by PRESIDENT and CEO under this agreement in accordance with such policy or policies as may from time to time be established by company and in effect pertaining to such expenses.

H. TERMINATION—

1. **DEATH**—Upon the death of PRESIDENT and CEO this agreement shall immediately terminate and payment of compensation to PRESIDENT and CEO shall cease. However, all other benefits will be concluded in accordance with Board Policies

2. **DISABILITY**—Should PRESIDENT and CEO be unable to perform her obligations under this agreement on account of illness or disability, payments of compensation and benefits shall continue to be made to her under this agreement in accordance with the COMPANY'S policy

then in effect for other active company employees and if she is unable to resume her duties under this agreement at the end of such continuation period, PRESIDENT and CEO'S employment and this agreement shall then immediately terminate and payment of compensation to PRESIDENT and CEO shall cease; provided, however, such termination shall not cause PRESIDENT and CEO to lose those benefits to which she is entitled solely by reason of her illness or disability pursuant to any plan or program of company then in effect, and any benefits in accordance to which she is entitled under Board Policies.

I. **GOVERNING LAW**—This agreement shall be governed by, construed under, and in accordance with, the laws of the Commonwealth of Kentucky.

J. **ENTIRE AGREEMENT**—This agreement contains all of the terms, conditions and promises of the parties hereto. No modification or waiver of this agreement, or of any provision thereof, shall be valid or binding, unless in writing and executed by both of the parties hereto. No waiver by either party or any breach of any term or provision of this agreement shall be construed as a waiver of any succeeding breach of the same or any other term or provision.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

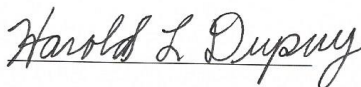
PRESIDENT and CEO


CAROL HALL FRALEY

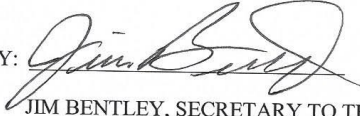

WITNESS

GRAYSON RURAL ELECTRIC

COOPERATIVE CORPORATION

BY: 
HAROLD DUPUY, CHAIRMAN OF
THE BOARD OF DIRECTORS

ATTEST:

BY: 
JIM BENTLEY, SECRETARY TO THE
BOARD OF DIRECTORS

WILLIS LAW OFFICE, LLC.
EMPLOYMENT AGREEMENT

THIS AGREEMENT, made and entered into this the 31 day of May, 2019, by and between **WILLIS LAW OFFICE**, hereinafter referred to as *ATTORNEY*, and **GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION**, a corporation authorized and existing under the laws of the Commonwealth of Kentucky with its principal place of business located at 109 Bagby Park, Grayson, Kentucky, hereinafter referred to as *RECC*;

WHEREAS, Grayson RECC is in need of retaining counsel to provide legal services and provide day-to-day legal advice;

WHEREAS, Attorney is desirous of entering into a contract to provide said services to RECC;
and

WHEREAS, the parties have reached an Agreement and hereby wish to reduce said agreement to writing:

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter contained, the parties do hereby agree as follows:

- A. **TERM**—RECC agrees to retain ATTORNEY as a contract employee with all the duties set forth in applicable Board Policies and Kentucky law commencing March 1st 2019, for a period of one (1) year unless ATTORNEY terminates said employment, in writing as provided for herein.
- B. **DUTIES**—ATTORNEY shall provide general legal services at the request of the Board of Directors and/or the President, CEO.
- C. **EXCLUSIVENESS OF SERVICES**—The parties agree ATTORNEY is a contract employee with RECC and is permitted to practice law in all other areas which do not directly conflict with ATTORNEY'S duties owed to RECC.
- D. **CONFIDENTIALITY**—All data or information concerning the business activities of RECC, which ATTORNEY acquires or has acquired in connection with or as a result of the performance of services for RECC, whether under this agreement or prior to the effective date of this agreement, shall be kept secret and confidential by ATTORNEY and shall be revealed only to the RECC unless RECC otherwise consents. This covenant of confidentiality shall extend beyond the term of this agreement and shall survive the termination of this agreement for any reason.

E. COMPENSATION AND BENEFITS—

1. For his services under this agreement, RECC shall pay ATTORNEY a monthly retainer of One Thousand Five Hundred Dollars (\$1,500.00) per month on the first day of each month. The ATTORNEY shall bill this retainer at the rate of One Hundred Fifty Dollars (\$150.00) per hour. All worked performed in excess of 10 hours shall be billed at ATTORNEY'S hourly rate.

F. COMPANY BENEFITS—ATTORNEY shall not receive retirement or insurance benefits under this Contract.

G. EXPENSES—RECC agrees to reimburse ATTORNEY for reasonable traveling and other expenses incurred in the rendering of services by ATTORNEY including his hourly rate while travelling and reimbursement at the United States Federal Government's mileage calculation. Reimbursement for mileage, lodging, and other travel expenses shall be paid by separate payment than the ATTORNEY'S monthly billable payment for services rendered.

H. TERMINATION: This Agreement shall not be terminated for a period of one (1) year unless ATTORNEY terminates the agreement in writing to the Board of Directors.

I. GOVERNING LAW—This agreement shall be governed by, construed under, and in accordance with, the laws of the Commonwealth of Kentucky.

J. ENTIRE AGREEMENT—This agreement contains all of the terms, conditions and promises of the parties hereto. No modification or waiver of this agreement, or of any provision thereof, shall be valid or binding, unless in writing and executed by both of the parties hereto. No waiver by either party or any breach of any term or provision of this agreement shall be construed as a waiver of any succeeding breach of the same or any other term or provision.

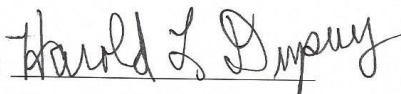
IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

ATTORNEY


HON. DERRICK E. WILLIS

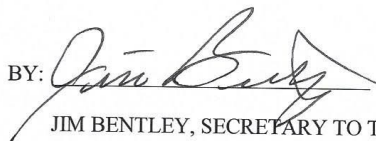

WITNESS

**GRAYSON RURAL ELECTRIC
COOPERATIVE CORPORATION**

BY: 

HAROLD DUPUY, CHAIRMAN OF
THE BOARD OF DIRECTORS

ATTEST:

BY: 
JIM BENTLEY, SECRETARY TO THE
BOARD OF DIRECTORS