

MINUTES OF REGULAR MEETING OF DIRECTORS

April 24, 2018

The regular monthly meeting of the Egyptian Electric Cooperative Association Board of Directors was held on Tuesday, April 24, 2018, at the Headquarters facility. The meeting was called to order at 8:30AM by President Jarrett. Present for the meeting were:

Ken Jarrett, Pres.	Paul Pyatt	Brad Austin, Staff
Steve Prest, Vice. Pres.	Larry Ebers	Bart Swisher, Staff
Paul Hicks, Sec.-Treasurer	Allen Haake	Dennis Luehr, Staff
Randall Campbell	Shane Hermetz, GM/EVP	Jeremy Thies, Staff
Kevin Liefer	Bill Broom, Attorney	
Gilbert Kroening		

MEMBER COMMENTS: no attendees

The **CONSENT AGENDA**, consisting of the consideration of prior month's board meeting minutes, review the list of checks written during the prior month (the EVP/GM expenses were reviewed by the Secretary/Treasurer), the prior month's treasurer's report, capital credit estate refunds (\$4,632.24) for the month), the AIEC report, the right of way report, the safety report, the regulatory report, and the outage report were approved on a motion by Mr. Campbell and seconded by Mr. Hicks.

SIPC DIRECTOR REPORTS: The SIPC reports were given by Mr. Liefer, Mr. Haake, Mr. Pyatt, and Mr. Hermetz. A motion was made to approve these reports by Mr. Kroening seconded by Mr. Prest, motion carried.

ENGINEERING\OPERATIONS REPORT: Mr. Austin presented the Engineering and Operations Report. He reported on the current and pending Engineering and Operations projects He gave an update on member accounts that are interconnected to the Cooperative and producing electricity from a renewable resource. Mr. Austin also discussed the possibility of performing a live line demonstration at this year's annual meeting.

IT REPORT: Mr. Swisher presented the IT report. He updated the Board on the project to update communications from all electric substations to the Headquarters. He also updated the Board on IT work at the HQ and recent activities involving cybersecurity security safety measures.

MEMBER SERVICES REPORT: Mr. Hermetz presented the Member Services Report. Mr. Hermetz updated the Board on Youth Day activities recently held in Springfield. He also updated the Board on activities of the REDLG program. He also provided copies of the upcoming month's Illinois Country Living center section and Page 11 ad.

FINANCIAL REPORTS: Mr. Luehr presented the Human Resources and Finance Report. The financials for the previous month were presented for review. Operating margin for March 2018 was \$228,725.54 vs budget of \$-290,067.07. Operating Revenue was \$3,585,878.39 up 18.82% from March last year at \$3,017,950.39. KWH sales were 28,345,498 up 6.93% from last March at 26,508,845. KWH purchases were 30,473,656 an increase of 8.7% from March last year at 28,035,049. Variance of Major Costs from budget was Power Cost \$123,573.58 higher, Distribution Expense \$82,533.00 lower, Depreciation \$14,108.78 lower, Interest Expense \$2,785.09 lower, Customer Expenses \$6,545.12 higher, Sales Expense \$162.96 lower, and General and Administrative Expenses were \$6,468.61 higher. The status of the State of Illinois accounts was also discussed.

LEGAL REPORT: Attorney Broom reported there were no legal issues to discuss. He covered the annual review of Director roles and fiduciary responsibilities. He reviewed the Business judgment rule and how it applies to Board decisions. Presented in the Board packet for review and discussion were Board policies 401, 402, 403, 404, 405, 406, 407408, 409, 410, and 411. He also discussed the need to disclose any conflicts of interest; all Directors signed a current conflict of interest certification.

MANAGER'S REPORT: Mr. Hermetz presented the Manager's report. Items of correspondence and complaints were shared. Mr. Hermetz discussed the current promotion of Mr. Jeremy Thies to Operations Supervisor. It was recommended to leave the PCA at 1 mill. Mr. Hermetz discussed the status of current goals and the status of strategic projects. Mr. Hermetz discussed the recent NRECA Legislative event held in Washington DC in early April; covering the status of the Farm Bill, protecting the Power Marketing Administrations, investments into rural broadband, and the protections of Cooperative pension plans. Mr. Hermetz presented the 2017 Cooperative rate comparison study showing that EECA had the 4th lowest rate in the state. Mr. Hermetz presented revisions to EECA by-law section 4.04 Director election and tenure. Discussion followed. Upon a motion by Mr. Haake, seconded by Mr. Pyatt, the General Manager's report was approved.

OTHER BUSINESS:

Mr. Hermetz presented for future review the following Board policies: Policy 112 – Privacy of Member Information, Policy 211 – Safety Program, Policy 220 – Business Ethics, Policy 222 – Whistleblower Policy, and Policy 229 – Cyber Security Plan.

Mr. Hermetz discussed the upcoming NRECA Region 5 meeting in September. A discussion followed on who would represent the Cooperative. Item was tabled for further discussion next meeting.

Upon a motion by Mr. Campbell, seconded by Mr. Pyatt, and a vote taken thereon, it was unanimously agreed upon to **set the 2018 Strategic Planning meeting for Tuesday August 7, 2018, beginning at 8:30AM.**

EXECUTIVE SESSION: The board entered executive session at 11:54 AM. They returned to regular session at 12:33 PM.

MEETINGS: The next scheduled Board of Directors meeting will be held at the EECA Headquarters office beginning at 8:30AM on Tuesday, May 29, 2018. There being no further business to come before the Board of Directors, the meeting was adjourned at 12:34 PM.

Date Approved May 29, 2018

Paul Hicks, Secretary

Recorded by Shane Hermetz