

MINUTES OF REGULAR MEETING OF DIRECTORS
August 28, 2018

The regular monthly meeting of the Egyptian Electric Cooperative Association Board of Directors was held on Tuesday, August 28, 2018, at the Headquarters facility. The meeting was called to order at 8:30AM by President Prest. Present for the meeting were:

Steve Prest, Pres.	Ken Jarrett	Brad Austin, Staff
Paul Hicks, Vice. Pres.	Larry Ebers	Bart Swisher, Staff
Paul Pyatt, Sec.-Treasurer	Allen Haake	Dennis Luehr, Staff
Randall Campbell	Shane Hermetz, GM/EVP	Brooke Guthman, Staff
Kevin Liefer	Bill Broom, Attorney	Art Pontow, Staff
Gilbert Kroening	Billie Saunders, Paralegal	Jeremy Thies, Staff
	Casey Twomey, Attorney	Travis Deterding, Staff

MEMBER COMMENTS: none

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 (\$11,977.53) for the month), the AIEC report, the NRECA report, the Federated insurance report, the CFC banking report, the right of way report, the safety report, the regulatory report, and the outage report were approved on a motion by Mr. Jarrett and seconded by Mr. Haake.

SIPC DIRECTOR REPORTS: The SIPC report on Electric Systems was given by Mr. Liefer. The SIPC report on Power Production was given by Mr. Pyatt. The SIPC report on Admin and Finance was given by Mr. Haake. All SIPC directors commented on the recent Strategic Planning session held at SIPC. Mr. Hermetz discussed the current EPA announcement regarding the Clean Power Plan (CPP) and what affects it could have on SIPC and EECA. Discussion followed. A motion was made to approve these reports by Mr. Kroening seconded by Mr. Hicks, 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. He briefly discussed the recent interconnection request that overlaps into Ameren service territory.

IT REPORT: Mr. Swisher presented the IT report. He updated the Board on the iPad replacement project that is underway. He also updated the Board on IT work regarding the payment kiosk systems and recent enhancements regarding cybersecurity.

MEMBER SERVICES REPORT: Ms. Guthman presented the Member Services Report. Ms. Guthman discussed the upcoming member satisfaction survey is about to start. She discussed the Key Accounts presentation that is scheduled for November and the possibility of scheduling a recycling day later this fall. Discussion followed. She 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 July 2018 was \$184,611.87 vs budget of \$-130,075.03. Operating Revenue was \$3,898,971.66 up 15.81% from July last year at \$3,366,749.14. KWH sales were 31,122,825 down 1.1% from last July at 31,473,070. KWH purchases were 32,494,098 a decrease of 4.1% from July last year at 33,882,147. Variance of Major Costs from budget was Power Cost \$1,919.69 lower, Distribution Expense \$52,702.73 higher, Depreciation \$13,821.24 lower, Interest Expense \$4,611.21 higher, Customer Expenses \$6,477.15 higher, Sales Expense \$1,522.94 lower, and General and Administrative Expenses were \$18,049.85 lower. Discussions of Power Cost Adder (PCA) and Capital Credit retirements followed. The status of the State of Illinois accounts was also discussed.

LEGAL REPORT: Mr. Broom presented the Legal Report. He reported the sale of the Steeleville property had been completed. Discussion followed. There were no other legal issues.

MANAGER'S REPORT: Mr. Hermetz presented the Manager's report. In the manager's report, Mr. Hermetz shared information regarding the hiring of four new employees. Mr. Hermetz discussed the status of current goals and the status of strategic projects. Mr. Hermetz recommended moving the Power Cost Adder (PCA) from 1 mill to 1.5 mill. Mr. Hermetz informed the Board that the former office in Steeleville was sold and the closing took place on the afternoon of August 21st. The property was sold for \$250,000. Mr. Hermetz reviewed Board policy 111 (Landlord Agreement) and policy 114 (Insufficient Funds), presenting proposed changes. Mr. Hermetz introduced the 2019 NRECA International project to the Board and requested guidance on EECA participation. Discussion followed. Mr. Hermetz reminded directors to complete their NRECA Governance task force surveys and return them to President Prest by the September Board meeting. Items of correspondence, questions from last meeting were discussed, and member complaints were shared. Discussion followed. Upon a motion by Mr. Kroening, seconded by Mr. Ebers, the General Manager's report was approved.

OTHER BUSINESS:

Upon a motion by Mr. Campbell, seconded by Mr. Liefer, and a vote taken thereon, it was unanimously **agreed to amend Board policy, 111 Electric Service for Rental Units.**

Upon a motion by Mr. Campbell, seconded by Mr. Liefer, and a vote taken thereon, it was unanimously **agreed to amend Board policy 114, Insufficient Funds.**

Upon a motion by Mr. Campbell, seconded by Mr. Pyatt, and a vote taken thereon, it was **agreed upon by a vote of 8 voting YES and 1 voting NO to approve the retirement of \$500,000 of Capital Credits as General retirements and to continue estate retirements as submitted by members.**

Upon a motion by Mr. Campbell, seconded by Mr. Haake, and a vote taken thereon, it was unanimously **agreed to approve the minutes of the 2018 Strategic Planning meeting, held Tuesday, August 21, 2018.**

Upon a motion by Mr. Jarrett, seconded by Mr. Pyatt, and a vote taken thereon, it was unanimously agreed to **authorize a budget amendment, moving \$375,000 from the Construction Work Plan budget to the Transportation budget.**

Upon a motion by Mr. Haake, seconded by Mr. Campbell, and a vote taken thereon, it was unanimously **agreed that Shane Hermetz will be the alternate delegate at the 2018 NRECA Region 5 meeting in September 2018.**

EXECUTIVE SESSION: There was no Executive session.

MEETINGS: The next scheduled Board of Directors meeting will be held at the EECA Headquarters office beginning at 8:30AM on Tuesday, September 25, 2018. There being no further business to come before the Board of Directors, the meeting was adjourned at 11:36 AM.

Date Approved September 25, 2018

Paul Pyatt, Secretary

Recorded by Shane Hermetz, EVP/GM