

MINUTES OF REGULAR MEETING OF DIRECTORS

September 25, 2018

The regular monthly meeting of the Egyptian Electric Cooperative Association Board of Directors was held on Tuesday, September 25, 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.
Paul Hicks, Vice. Pres.
Paul Pyatt, Sec.-Treasurer
Randall Campbell
Kevin Liefer
Gilbert Kroening

Ken Jarrett
Larry Ebers
Allen Haake
Shane Hermetz, GM/EVP
Bill Broom, Attorney

Brad Austin, Staff
Bart Swisher, Staff
Dennis Luehr, Staff
Brooke Guthman, Staff
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 (\$0.00 for the month), the AIEC report, the NRECA 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. Haake and seconded by Mr. Hicks.

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 status of the FY2019 SIPC budget and load forecast projections for the SIPC Cooperatives. Discussion followed. A motion was made to approve these reports by Mr. Kroening seconded by Mr. Jarrett, 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 discussed the new reporting tools used by engineers when performing member energy audits. Discussion followed. He gave an update on member accounts that are interconnected to the Cooperative and producing electricity from a renewable resource.

IT REPORT: Mr. Swisher presented the IT report. He updated the Board on the work regarding the payment kiosk systems and recent enhancements regarding cybersecurity. He updated the Board on headquarters security. Discussion followed.

MEMBER SERVICES REPORT: Ms. Guthman presented the Member Services Report. She discussed the Key Accounts presentation that is scheduled for November. She discussed the recycling day in October. Discussion followed. She updated the Board on the classroom grant and scholarship programs, along with an update of front office activities. 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 Total margin for August 2018 was \$381,584.64 vs budget of \$-60,177.10. Operating Revenue was \$3,713,156.22 up 3.11% from August last year at \$3,601,125.92. KWH sales were 29,405,117 up 1.6% from last August at 28,954,570. KWH purchases were 30,611,103 an increase of 2.6% from August last year at 29,826,881. Variance of Major Costs from budget was Power Cost \$60,738.23 lower, Distribution Expense \$33,361.62 higher, Depreciation \$14,219.31 lower, Interest Expense \$6,674.49 lower, Customer Expenses \$7,241.31 higher, Sales Expense \$1,609.66 lower, and General and Administrative Expenses were \$6,999.89 higher. The status of the State of Illinois accounts was also discussed.

LEGAL REPORT: Mr. Broom presented the Legal Report. He reported that he was working with management on issues involving members in a joint account status with the Cooperative. Discussion followed.

MANAGER'S REPORT: Mr. Hermetz presented the Manager's report. In the manager's report, Mr. Hermetz discussed the status of current goals and the status of strategic projects. He discussed the current NRECA Region 5 meeting. Discussion followed. Mr. Hermetz recommended leaving the Power Cost Adder (PCA) at 1.5 mill. Mr. Hermetz reviewed Board Policy 116, Seasonal accounts. Discussion followed. Mr. Hermetz discussed the process of reviewing ways to improve interactions between the member and the Cooperative. As part of the discussions that followed, it was determined to create a committee of two board members to work with the attorney and management team to review cooperative by-laws and determine if changes can be recommended that will improve member interactions with the Cooperative. Items of correspondence, questions from last meeting were discussed, and member complaints were shared. Discussion followed. Upon a motion by Mr. Campbell, seconded by Mr. Pyatt, the General Manager's report was approved.

OTHER BUSINESS:

Upon a motion by Mr. Campbell, seconded by Mr. Haake, and a vote taken thereon, it was unanimously **agreed to approve the 2019 Cooperative Goals.**

Upon a motion by Mr. Haake, seconded by Mr. Jarrett, and a vote taken thereon, it was unanimously **agreed to set the 2019 EECA Annual meeting for Thursday, July 18, 2019.**

Upon a motion by Mr. Pyatt, seconded by Mr. Kroening, and a vote taken thereon, it was unanimously **agreed to approve the Letter of Conditions for the USDA Rural Economic Development loan for the SI Airport project.**

Upon a motion by Mr. Pyatt, seconded by Mr. Hick, and a vote taken thereon, it was unanimously **agreed to issue a Resolution of Appreciation for the EECA employee participation in helping restore electric service to Cooperative members affected by Hurricane Florence.**

EXECUTIVE SESSION: The board entered executive session at 11:39 AM. They returned to regular session at 12:09 PM.

MEETINGS: The next scheduled Board of Directors meeting will be held at the EECA Headquarters office beginning at 8:30AM on Tuesday, October 30, 2018. There being no further business to come before the Board of Directors, the meeting was adjourned at 12:10 PM.

Date Approved October 30, 2018

Paul Pyatt, Secretary

Recorded by Shane Hermetz, EVP/GM