

MINUTES OF REGULAR MEETING OF DIRECTORS

November 27, 2018

The regular monthly meeting of the Egyptian Electric Cooperative Association Board of Directors was held on Tuesday, November 27, 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.	Allen Haake	Brad Austin, Staff
Paul Hicks, Vice. Pres.	Ken Jarrett	Bart Swisher, Staff
Paul Pyatt, Sec.-Treasurer	Larry Ebers	Dennis Luehr, Staff
Randall Campbell	Shane Hermetz, GM/EVP	Brooke Guthman, Staff
Kevin Liefer	Bill Broom, Attorney	Travis Deterding, Staff
Gilbert Kroening	Elisha Sanders, Attorney	Jeremy Theis, Staff
	Kyle Childress, Law Student	

Absent: n/a

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 (\$10,337.16) 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. Campbell and seconded by Mr. Jarrett.

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 departmental budget requests submitted to their committees for review. Mr. Hermetz discussed the status of the FY2019 SIPC budget overall and the all-in power cost for the SIPC Distribution Cooperatives. 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 discussed the process of taking applications for the upcoming retirement of employees in his department, the current status of crew work with the directional boring equipment, and the overall status of projects at the office facility. Discussion followed. He also gave an update on member accounts that are interconnected to the Cooperative and producing electricity from a renewable resource. Discussion followed.

IT REPORT: Mr. Swisher presented the IT report. He updated the Board on the upcoming support changes with our payment kiosks, along with upcoming regulatory changes regarding credit card usage protections. Discussion followed.

MEMBER SERVICES REPORT: Ms. Guthman presented the Member Services Report. She discussed the Key Accounts presentation that was held on November 1st. She gave the board a summary report of the recent employee/members services team meeting. She also discussed the current status of the electronic signatures project, the current status of updating the EECA crisis communications plan, and the status of using automated calls to notify members of specific activities. 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 Total margin for October 2018 was \$91,018.74 vs budget of \$-111,534.55. Operating Revenue was \$3,311,796.44 up 6.68% from October last year at \$3,104,507.09. KWH sales were 25,147,270 down 0.1% from last October at 25,164,658. KWH purchases were 26,480,339 an increase of 3.0% from October last year at 25,700,594. Variance of Major Costs from budget was Power Cost

\$338,679.86 higher, Distribution Expense \$58,109.64 higher, Depreciation \$14,527.91 lower, Interest Expense \$5,955.13 lower, Customer Expenses \$3,480.96 lower, Sales Expense \$746.22 lower, and General and Administrative Expenses were \$12,842.59 higher. Mr. Luehr also discussed the current status of this year's capital credit retirements along with the proposal of raising the line of credit borrowing limit to \$10 million dollars to allow the Cooperative flexibility to borrow money as needed at the lowest possible interest rate available. The status of the State of Illinois accounts was also discussed. Discussion followed.

LEGAL REPORT: Mr. Broom presented the Legal Report. Mr. Broom discussed that he has reviewed the paperwork for the upcoming REDLG project with SI Airport and all paperwork is in order. He also updated the Board on recent activities of the Bylaws Committee and the status of updating the Cooperative Bylaws. 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. Mr. Hermetz reviewed policies 116, 117, and 304, pointing out areas to update. Discussion followed. Mr. Hermetz discussed current finances along with the FY2019 budget, recommended leaving the Power Cost Adder (PCA) at 1.5 mill at this time. Items of correspondence, questions from last meeting were discussed, and member compliments/complaints were shared. Mr. Hermetz shared the letters of appreciation from school children living in South Carolina that were affected by the recent hurricanes. Mr. Hermetz also discussed the importance of Touchstone Energy and their various programs. Discussion followed. Upon a motion by Mr. Haake, seconded by Mr. Liefer, the General Manager's report was approved.

OTHER BUSINESS:

Upon a motion by Mr. Jarrett, seconded by Mr. Pyatt, and a vote taken thereon, it was unanimously **agreed to amend EECA Policy 116 – Seasonal Service, Policy 117 – Use of Pre-Pay Systems, and Policy 304 – Expense accounts.**

Upon a motion by Mr. Campbell, seconded by Mr. Haake, and a vote taken thereon, it was unanimously **agreed to adopt the FY2019 Budget.**

Upon a motion by Mr. Liefer, seconded by Mr. Jarrett, and a vote taken thereon, it was unanimously **agreed to raise the Line of Credit borrowing at CFC to 10 million dollars.**

EXECUTIVE SESSION: The board entered executive session at 11:23 AM. They returned to regular session at 11:57 AM.

MEETINGS: The next scheduled Board of Directors meeting will be held at the EECA Headquarters office beginning at 8:30AM on Tuesday, December 18, 2018. There being no further business to come before the Board of Directors, the meeting was adjourned at 11:58 AM.

Date Approved December 18, 2018

Paul Pyatt, Secretary

Recorded by Shane Hermetz, EVP/GM