

MINUTES OF REGULAR MEETING OF DIRECTORS

January 29, 2019

The regular monthly meeting of the Egyptian Electric Cooperative Association Board of Directors was held on Tuesday, January 29, 2019, 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

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

Brad Austin, Staff
Bart Swisher, Staff
Dennis Luehr, Staff
Brooke Guthman, Staff
Travis Deterding, Staff

Absent: Gilbert Kroening

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 (\$9,960.16) 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. Jarrett 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. Mr. Hermetz discussed the efforts at AIEC to review and make recommendations on cooperative net metering policies, along with the current status of the year end expectations at SIPC. Discussion followed. A motion was made to approve these reports by Mr. Campbell seconded by Mr. Ebers, 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 current project of reviewing older sections of line and the plan to retire abandoned services. He also discussed the current status of members wishing to interconnect a renewable generating resource to EECA facilities. Discussion followed.

IT REPORT: Mr. Swisher presented the IT report. He updated the Board on the recent developments regarding the kiosk project with NISC/US Payments, along with new year replacement of aging computer hardware. Discussion followed.

MEMBER SERVICES REPORT: Ms. Guthman presented the Member Services Report. She discussed recent economic development projects in the area and our involvement in them. She also discussed the status of the AIEC scholarship and youth day activities, along with activities at the Jackson and Randolph county CEO/Start-Up programs. 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. He discussed the retirements of five employees and the recent hiring of four new employees. Discussion followed. In regard to finances, total margin for December 2018 was \$4,707.13 vs budget of \$-100,392.79. Operating Revenue was \$3,924,163.70 up 12.39% from December last year at \$3,491,632.47. KWH sales were 30,934,318 down 12.6% from last December at 35,394,054. KWH purchases were 32,456,833 a decrease of 10.1% from December last year at 36,117,441. Variance of Major Costs from budget was Power Cost \$345,615.10 lower, Distribution Expense \$41,760.94 higher, Depreciation \$287,644.04 higher, Interest Expense \$8,589.28 lower, Customer Expenses \$210,399.32 lower, Sales Expense \$1,318.94 lower, and General and Administrative

Expenses were \$3,373.86 higher. Mr. Luehr also discussed the current status of the write-off of obsolete equipment and the current status of director participation in the Illinois ACRE program. Discussion followed.

LEGAL REPORT: Mr. Broom presented the Legal Report. He reported that there was nothing new to report or discuss regarding legal matters.

MANAGER'S REPORT: Mr. Hermetz presented the Manager's report. In the manager's report, Mr. Hermetz briefly discussed retirement of five employees and the hiring of four new employees. He discussed succession planning and how the cooperative will be addressing employee retirements that are expected in the next few years. Mr. Hermetz reviewed policy 218, Nepotism, pointing out areas to possibly update. Discussion followed. Mr. Hermetz discussed current finances, recommended leaving the Power Cost Adder (PCA) at 1.5 mill at this time. Mr. Hermetz discussed the current status of the Operation Roundup project, discussion followed. Mr. Hermetz also updated the Board on the current status of goals and strategic projects. Items of correspondence, questions from last meeting were discussed, and member compliments/complaints were shared. Discussion followed. Upon a motion by Mr. Pyatt, seconded by Mr. Haake, the General Manager's report was approved.

OTHER BUSINESS:

Mr. Hermetz and Mr. Broom informed the Board that there was no Bylaws Committee meeting in January. Discussion followed.

Mr. Prest and Mr. Broom reviewed the responses of the recent director survey regarding governance. Discussion followed.

Upon a motion by Mr. Hicks, seconded by Haake, and a vote taken thereon, it was unanimously approved to **authorize all Directors to attend the 2019 SIPC Annual meeting on March 29, 2019.**

Upon a motion by Mr. Liefer, seconded by Mr. Campbell, and a vote taken thereon, it was unanimously approved to **set the 2019 Nominating Committee meeting date for May 7, 2019 6:30PM.**

EXECUTIVE SESSION: The board entered executive session at 11:03 AM. They returned to regular session at 12:24 PM.

Upon a motion by Mr. Haake, seconded by Mr. Campbell, and a vote taken thereon, it was unanimously approved to **confirm Kevin Liefer, Paul Pyatt, Ken Jarrett, and Shane Hermetz as SIPC Directors for 2019.**

MEETINGS: The next scheduled Board of Directors meeting will be held at the EECA Headquarters office beginning at 8:30AM on Tuesday, February 26, 2019. There being no further business to come before the Board of Directors, the meeting was adjourned at 12:26PM.

Date Approved February 26, 2019

Paul Pyatt, Secretary

Recorded by Shane Hermetz, EVP/GM