

# MINUTES OF REGULAR MEETING OF DIRECTORS

## March 26, 2019

The regular monthly meeting of the Egyptian Electric Cooperative Association Board of Directors was held on Tuesday, March 26, 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

Larry Ebers  
Ken Jarrett  
Shane Hermetz, GM/EVP  
Bill Broom, Attorney  
Casey Twomey, Attorney

Brad Austin, Staff  
Bart Swisher, Staff  
Dennis Luehr, Staff  
Brooke Guthman, Staff  
Travis Deterding, Staff  
Jeremy Theis, Staff  
Kay Taylor, Staff  
Cindy Krisby, Staff

Absent: Gilbert Kroening

Ms. Anna Guetersloh of Kerber Eck & Braeckel (KEB) was also in attendance.

### **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 (\$4408.30) 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. Hermetz. The SIPC report on Power Production was given by Mr. Pyatt. The SIPC report on Admin and Finance was given by Mr. Haake and Mr. Jarrett. Mr. Hermetz also discussed pending legislation and regulations that could impact operations at SIPC. Discussion followed. A motion was made to approve these reports by Mr. Hicks seconded by Mr. Campbell, 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 status of the requested interconnection and the feasibility study to interconnect a large renewable resource near the SI Airport substation. He updated the Board on the current status of electrical interconnects with Ameren Illinois in a variety of locations. Discussion followed.

**IT REPORT:** Mr. Swisher presented the IT report. He updated the Board on the status of communications issues at the Carbondale kiosk, along with plans to enhance cybersecurity at the Cooperative. Discussion followed.

**MEMBER SERVICES REPORT:** Ms. Guthman presented the Member Services Report. She discussed the status of Youth Tour visit to Springfield in April, along with discussing the Touchstone Energy Downtown revitalization program and how the concept of investing in your hometown is starting to develop in the city of Murphysboro. 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. In regard to finances, total margin for February 2019 was \$261,396.31 vs budget of -\$90,406.07. Operating Revenue was \$3,880,127.25 up 5.88% from February last year at \$3,664,786.13. KWH sales were 30,776,208 up 2.81% from last February at 29,936,331. KWH purchases were 31,019,001 a decrease of 1.7% from February last year at 31,550,221. Variance of Major Costs from budget was Power Cost \$25,962.48 lower, Distribution Expense \$69,845.99 lower, Depreciation \$22,684.44 higher, Interest Expense \$15,468.75 lower, Customer Expenses \$522.35 higher, Sales Expense \$52.09 higher, and General and Administrative Expenses were \$10,786.15 lower. Mr. Luehr also discussed the recent 2018 audit and audit report as presented by KEB. Discussion followed.

**LEGAL REPORT:** Mr. Broom presented the Legal Report. Mr. Broom discussed the recent work completed by the By Laws Committee to modernize our governance documents. Discussion followed.

**MANAGER'S REPORT:** Mr. Hermetz presented the Manager's report. In the manager's report, Mr. Hermetz discussed Lobby Day, which was held on March 20<sup>th</sup> and the efforts to discuss energy legislation with our elected officials.

Discussion followed. He also discussed the possibility of partnering with neighboring telephone cooperatives to assist them in delivering broadband services to members of EECA. 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. Liefer, seconded by Mr. Hicks, the General Manager's report was approved.

**OTHER BUSINESS:**

Mr. Hermetz and Mr. Broom updated the Board on recent activities of the Bylaws Committee and the status of updating the Cooperative Bylaws. Discussion followed.

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

Upon a motion by Mr. Pyatt, and second by Mr. Jarrett, **the KEB audit report for the year ended December 31, 2018 was approved** as presented by Anna Guetersloh. In her opinion, the financial statements present fairly, in all material respects, the financial position of the Cooperative as of December 31, 2018. **KEB issued an unmodified opinion.**

Upon a motion by Mr. Hicks, seconded by Mr. Liefer, and a vote taken thereon, it was unanimously approved to **approve the license agreement with Palmetto Electric Cooperative for the use of the Operation Round Up trademark and logo.**

Upon a motion by Mr. Campbell, seconded by Mr. Haake, and a vote taken thereon, it was unanimously approved to **accept the REDLG application from the Murphysboro school district #186 for a one-million-dollar loan and submit it to USDA for project consideration.**

Upon a motion by Mr. Pyatt, seconded by Mr. Haake, and a vote taken thereon, it was unanimously approved to **name Shane Hermetz as voting delegate and Dennis Luehr as alternate voting delegate for the CRC annual meeting in July.**

**EXECUTIVE SESSION:** The board entered executive session at 11:18 AM. They returned to regular session at 12:10 PM.

**MEETINGS:** The next scheduled Board of Directors meeting will be held at the EECA Headquarters office beginning at 8:30AM on Tuesday, April 23, 2019. There being no further business to come before the Board of Directors, the meeting was adjourned at 12:11 PM.

Date Approved April 23, 2019

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Paul Pyatt, Secretary

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Recorded by Shane Hermetz, EVP/GM