

MINUTES OF REGULAR MEETING OF DIRECTORS

January 28, 2020

The regular monthly meeting of the Egyptian Electric Cooperative Association Board of Directors was held on Tuesday, January 28, 2020 at the Headquarters facility. The meeting was called to order at 8:29 AM by President Prest. Present for the meeting were:

Steve Prest, President
Paul Hicks, Vice President
Paul Pyatt, Sec.-Treasurer
Kevin Liefer
Ken Jarrett
Larry Ebers
Kevin Bame
Randall Campbell
Absent: None

Shane Hermetz, GM/EVP
Bill Broom, Attorney
Casey Twomey, Attorney
Brad Austin, Staff
Dennis Luehr, Staff

Jeremy Thies, Staff
Bart Swisher, Staff
Travis Deterding, Staff
Art Pontow, Staff
Kay Taylor, Staff

SAFETY Moment: The meeting opened with a safety training moment, focusing on the warning signs associated with stroke. Travis Deterding shared how training like this recently affected a Cooperative employee and a local contractor.

MEMBER and GUEST COMMENTS: Mr. Nick Reitz, Vice President of Government Relations for the Association of Illinois Electric Cooperatives presented a legislative and regulatory update to the Board of Directors. Discussion followed. Mr. Reitz left the meeting at 10 AM.

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 (\$7908.89) for the month, the AIEC report, the NRECA report, the CRC 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, motion carried.

SIPC DIRECTOR REPORTS: The SIPC report on Electric Systems was given by Mr. Liefer. Mr. Liefer discussed current electric systems projects and the transmission projects at SIPC. Discussion followed. The SIPC report on Power Production was given by Mr. Pyatt. Mr. Pyatt discussed the status of fuels and fuel markets. Discussion followed. The SIPC report on Admin and Finance was given by Mr. Jarrett. Mr. Jarrett reviewed current finances for the month and year to date. Discussion followed. Mr. Hermetz commented on current events in the power marketing world along with projections of year end finances for SIPC. Discussion followed. A motion was made to approve this report by Mr. Campbell seconded by Mr. Ebers, motion carried.

ENGINEERING\OPERATIONS REPORT: Mr. Austin presented the Engineering and Operations Report. He discussed the status of a variety of upcoming projects, including the proposed truck stop near the I-57/I-24 interchange, Walkers Bluff Casino, and developments at the SI Airport. Mr. Austin discussed the status of renewable interconnections by members and shared a review of system reliability indices, year to date and a look back of the last fifteen years. Discussion followed. Mr. Austin closed his presentation on discussions regarding a proposed three phase line extension south of Pinckneyville. Discussion followed.

IT REPORT: Mr. Swisher presented the IT report. He discussed the shared services agreement with Clay Electric Cooperative and the current status of IT equipment in service at the Cooperative. His shared documents regarding identify theft and credit card security. Discussion followed.

MEMBER SERVICES REPORT: Mrs. Kay Taylor presented the Member Services Report. She presented copies of the upcoming month's Illinois Country Living center section and Page 11 ad. Mrs. Taylor informed the Board of the closing of the Murphysboro schools REDLG paperwork. Discussion followed. She also discussed the upcoming blood drive in March, the continuing efforts to introduce Operation RoundUp to members, and the current status of the CSR vacancy; discussion followed. Mr. Austin added comment regarding the recent Energy Saving training held at the Cooperative on January 22nd. Discussion followed.

FINANCIAL REPORTS: Mr. Dennis Luehr presented the Human Resources and Finance Report. Total margin for December 2019 was \$873,898.35 vs budget of \$233,900.39. Operating Revenue was \$3,814,377.99 down 2.8% from December last year at \$3,924,231.93. KWH sales were 29,591,492 down 4.34% from last December at 30,934,318. KWH purchases were 31,448,615 a decrease of 3.11% from December last year at 32,456,833. Variance of Major Costs from budget was Power Cost \$1,414,116.72 lower, Distribution Expense \$86,355.96 lower, Depreciation \$599,056.51 higher, Interest Expense \$20,520.74 lower, Customer Expenses \$23,666.74 lower, Sales Expense \$6,931.57 higher, and General and Administrative Expenses were \$90,411.45 lower. Mr. Luehr discussed the current distribution equity position and projections of possible year end margin. Mr. Luehr, along with Mr. Pontow, discussed the ways members have to make a payment and how the trends are moving more toward online and automated methods of payment. Discussion followed.

LEGAL REPORT: Mr. Broom and Ms. Twomey presented the Legal Report. Mr. Broom commented on the recent work to update paperwork required to close the USDA REDLG loan with Murphysboro schools. Discussion followed.

MANAGER'S REPORT: Mr. Hermetz presented the Manager's report. In the manager's report, Mr. Hermetz presented the 2020 Strategic Scorecard and discussed how strategic items will be monitored into the future. Items of correspondence, questions from last meeting were discussed, and member compliments/complaints were shared. Mr. Hermetz shared with the Board concerns regarding credit card payments in live phone calls and the efforts to protect members from identity theft and credit card fraud. Discussion followed. Mr. Hermetz discussed current finances, recommending leaving the Power Cost Adder (PCA) at 2 mill. Mr. Hermetz discussed Policy 404, Director fees. Discussion followed. Mr. Hermetz concluded his report discussing the legislative and regulatory items that may arise in the coming year, along with a discussion of the national and local ACRE programs. Upon a motion by Mr. Liefer, seconded by Mr. Bame, the General Manager's report was approved.

OTHER BUSINESS:

Upon a motion by Mr. Jarrett, seconded by Campbell, and a vote taken thereon, it was unanimously approved to **authorize all Directors to attend the 2020 SIPC Annual meeting on March 26, 2020.**

Upon a motion by Mr. Campbell, seconded by Mr. Hicks, and a vote taken thereon, it was unanimously approved to **confirm Kevin Liefer, Paul Pyatt, Ken Jarrett, and Shane Hermetz as SIPC Directors for 2020.**

Upon a motion by Mr. Campbell, seconded by Mr. Ebers, and a vote taken thereon, it was unanimously approved to **set the 2020 Nominating Committee meeting date for May 5, 2020 6:30PM.**

Upon a motion by Mr. Pyatt, seconded by Mr. Campbell, and a vote taken thereon, it was unanimously approved to **amend Board policy 404, Per Diem, Mileage, and Expenses for Directors attending various meetings.**

EXECUTIVE SESSION: The board entered executive session at 12:03 PM. They returned to regular session at 12:53 PM.

MEETINGS: The next scheduled Board of Directors meeting will be held at the EECA Headquarters office beginning at 8:30AM on Tuesday, March 31,2020. There being no further business to come before the Board of Directors, the meeting was adjourned at 12:54 PM.

Date Approved: March 31, 2020

Paul Pyatt, Secretary

Recorded by Shane Hermetz, EVP/GM