

MINUTES OF REGULAR MEETING OF DIRECTORS
October 26, 2010

The regular monthly meeting of the Egyptian Electric Cooperative Association Board of Directors was held on Tuesday, October 26, 2010, in the Steeleville office. The meeting was called to order at 8:30 a.m. with the President and Secretary present. The minutes of the regular board meeting on September 28, 2010, were approved as presented by general consent.

Present for the **October 26, 2010**, meeting:

Paul Pyatt, President	Allen Haake	James Riddle, EVP/GM
Raymond Mulholland, Vice President	Paul Hicks (arrived 9:53 am)	M. Shane Hermetz, Asst Mgr
Kevin Liefer, Sec-Treas	Ken Jarrett	Brenda Rapp, Staff
Randall Campbell	Gilbert Kroening	William Broom, Attorney
Larry Ebers		Art Pontow, Staff

CHECKS/TREASURER'S REPORT: On motion of Mr. Haake, seconded by Mr. Campbell, the list of checks written for the month of September was approved as presented. Motion carried. On motion of Mr. Mulholland, seconded by Mr. Liefer, the treasurer's report was approved as presented. Motion carried.

CAPITAL CREDITS: Mr. Kroening made a motion, seconded by Mr. Jarrett, to approve capital credit refunds in the amount of \$10,604.23. Motion carried.

AIEC AND SIPC REPORTS: The AIEC report was given by Mr. Pyatt. The SIPC reports were given by Mr. Haake, Mr. Liefer, Mr. Mulholland and Mr. Riddle. On motion of Mr. Kroening, seconded by Mr. Ebers, the AIEC and SIPC reports were approved. Motion carried.

SAFETY REPORT: The AIEC did field audits and crew observations at both offices this past month. **ACCIDENTS:** There were two accidents reported in September. 1) Lineman reported twisted knee while walking on pavement/refueling truck. 2) Lineman reported yellow jacket sting to right arm - no lost time or medical treatment.

OUTAGE REPORT: The outage report was reviewed. There were 27 individual outages and 40 line outages during the month of September for a total of 2477.1 outage hours, which averages less than .17 outage hours per member.

MAJOR CAPITAL PROJECTS: Construction is in progress for the new North circuit out of Carterville Substation. The Carbondale zoning board approved the variance for the two acres we want to purchase near SI Airport, which will be used for the new substation. It will be on the agenda at Carbondale's city meeting on November 9. If approved, we will close on the property immediately and hope to break ground by December 1. Southern Precision Sand would like permanent power the first week of December, so we gave notice to Ameren of our intent to serve. The sand company has requested Egyptian to serve its facility. Additional three-phase construction at Walkers Bluff is in progress. Another project surfaced to relocate 18 poles along Union Hill Road. There are upgrades to do on Boskeydell Road and Reed Station Road in 2011 as well. The replacement of turtle meters is getting close to an end, but there are still the 66 meters on Kaskaskia Island. Alternative options are being discussed with Citizens Electric. Replacing the email server was discussed since Egyptian Telephone declined to bid the project. Bids in the range of \$7500-8500 annually had been received from GoDaddy and Google as third party administrators. After discussion, it was the general consensus for us to buy the new email server and do inhouse for approximately \$15,000 and we be in control. The money for this project had been approved previously.

MANAGER'S REPORT: Mr. Riddle presented the Manager's report along with the September operating report. Year to date electric revenue is up 2.8% over last year, but kWh sales are up 9.2%. The average revenue per kWh is 10.3 cents, while the average cost per kWh is 6.55 cents. Line loss is 4.9% over the past 12 months. Our YTD margins are \$2,308,045 with 3 months left in the year. Operating revenue is up about \$1 million over budget. Maintenance expense is \$200,000 under budget. Administrative and general is under budget about \$125,000 because budget was overstated. New services are up 27 over last year. On a motion of Mr. Mulholland, seconded by Mr. Jarrett, the manager's report was approved. Motion carried.

2011 BUDGET: The preliminary budget was presented. Significant expenses and capital items were discussed. There is the opportunity to bring any concerns back to the next meeting for discussion and/or revisions. A copy of the complete budget will be ready for the November board meeting. Once finalized, we would ask for board approval at the December meeting

RATE ADJUSTMENTS: Rate schedule adjustments were tabled in August after the cost of service study was presented. There had been discussion to increase the facility charge by \$2.00, amend the power cost adjustment, and move some of the PCA charges into the base rate; thus, not have a rate increase, just an adjustment. After discussion, it was the general consensus that rates are adequate and take a "wait and see" approach. Action on rates was tabled indefinitely. There was a discussion about current margins. Capital credit refunds were discussed, but money would have to be borrowed to do those refunds and the members at this year's annual/area meetings were clearly opposed to borrowing money to retire capital credits. Next year's budget listed 400 poles for replacement. After further discussion, Mr. Campbell made a motion, seconded by Mr. Haake, to accelerate pole changes, weather permitting, for the remainder of 2010. Motion carried unanimously.

OFFICE LIGHTING: Ameren's Act on Energy Funds is available to its customers, and in our case, to convert our office lighting to T-8's. We can take advantage of this rebate now and make some changes before we are required to do so in the near future. The cost of materials is \$32,465, but with the rebate of \$7410, the cost drops to \$25,055. The conversion would be done with in-house maintenance personnel and also linemen on inclement weather days during the upcoming months. The energy savings by going to T-8's is calculated to be approximately \$7000/year, so the project would have a 3.6 year payback. Mr. Campbell made a motion, seconded by Mr. Hicks, to proceed with converting the office lighting to T-8's at both offices. Motion carried unanimously.

DIRECTOR PER DIEM: After a brief discussion, director per diem was tabled until next month.

125/CAFETERIA PLAN: With changes to the company's medical plans effective January 1, 2011, it is necessary to rescind the 2 ½ month carry over option in our 125/cafeteria plan. Employees have been notified to use all money by December 31. Mr. Haake made a motion, seconded by Mr. Hicks, to amend our 125 Plan adoption agreement and rescind the 2 ½ month carry over option. Motion carried. Mr. Mulholland made a motion, seconded by Mr. Kroening, to adopt two amended 125 Plans agreements effective January 1, 2011, as they apply to each subgroup with authorization of EVP/GM to sign. Motion carried. (Adoption Agreements are attached.)

DIRECTORS SEMINAR: Six directors are planning to attend Course #939.1 –Applying Governance Concepts to Real Boardroom Challenges on November 17, 2010, in Springfield, IL.

At 12:00 p.m. the board went into executive session to discuss personnel issues.

Upon reconvening into regular session at 12:20 p.m., and there being no further business to come before the Board of Directors, the meeting was adjourned at 12:21 p.m.

Date approved: November 30, 2010

Kevin Liefer, Secretary

Recorded By: *Brenda Rapp*

**RESOLUTION OF THE BOARD OF DIRECTORS ADOPTING THE
AMENDMENT AND RESTATEMENT OF THE 125 PLAN**

WHEREAS, EGYPTIAN ELECTRIC COOPERATIVE ASSOCIATION (the "Employer") sponsors the 125 Plan, which is a cafeteria plan under Section 125 of the Internal Revenue Code of 1986, as amended ("Code"), that provides one or more of the following benefits: a premium-only plan that allows employees to pay for insurance premiums on a pre-tax basis, a health care flexible spending account under Section 105 of the Code, a dependent care assistance account under Section 129 of the Code, a limited-use health care flexible spending account under Section 105 of the Code; a cash benefit option that allows employees to receive cash in lieu of health benefits, and/or a health savings account benefit plan that allows employees to fund HSA contributions on a pre-tax basis.

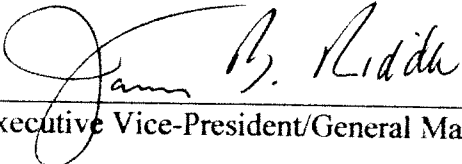
WHEREAS, the 125 Plan is administered by Cooperative Benefit Administrators, Inc. ("CBA"), a wholly-owned subsidiary of National Rural Electric Cooperative Association ("NRECA");

WHEREAS, NRECA determined that the 125 Plan, as previously amended and restated January 1, 2006, as administered by CBA, shall be amended and restated, effective as of January 1, 2010; and

NOW, THEREFORE, BE IT RESOLVED, that the officers of the Employer hereby are authorized and directed to take any and all actions required to implement and administer the 125 Plan, including but not limited to, execution of a plan document or plan amendment, as applicable, in the form attached hereto, and the submission of reimbursement requests.

BE IT FURTHER RESOLVED, that the Executive Vice-President/General Manager of Egyptian Electric Cooperative Association is hereby authorized to execute the Adoption Agreements that are required for the amendment of its 125 Plan.

IN WITNESS WHEREOF, the undersigned, authorized by the members of the Board of Directors of the Employer, have executed this Resolution of the Board of Directors on this 26th day of October, 2010.



Executive Vice-President/General Manager

RESOLUTION OF THE BOARD OF DIRECTORS ADOPTING THE
AMENDMENT AND RESTATEMENT OF THE 125 PLAN

WHEREAS, EGYPTIAN ELECTRIC COOPERATIVE ASSOCIATION (the "Employer") sponsors the 125 Plan, which is a cafeteria plan under Section 125 of the Internal Revenue Code of 1986, as amended ("Code"), that provides one or more of the following benefits: a premium-only plan that allows employees to pay for insurance premiums on a pre-tax basis, a health care flexible spending account under Section 105 of the Code, a dependent care assistance account under Section 129 of the Code, a limited-use health care flexible spending account under Section 105 of the Code; a cash benefit option that allows employees to receive cash in lieu of health benefits, and/or a health savings account benefit plan that allows employees to fund HSA contributions on a pre-tax basis.

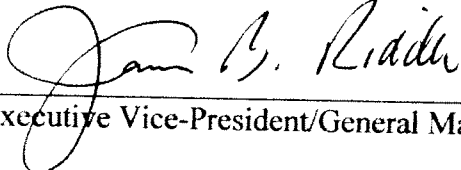
WHEREAS, the 125 Plan is administered by Cooperative Benefit Administrators, Inc. ("CBA"), a wholly-owned subsidiary of National Rural Electric Cooperative Association ("NRECA");

WHEREAS, NRECA determined that the 125 Plan, as previously amended and restated January 1, 2006, as administered by CBA, shall be amended and restated, effective as of January 1, 2011; and

NOW, THEREFORE, BE IT RESOLVED, that the officers of the Employer hereby are authorized and directed to take any and all actions required to implement and administer the 125 Plan, including but not limited to, execution of a plan document or plan amendment, as applicable, in the form attached hereto, and the submission of reimbursement requests.

BE IT FURTHER RESOLVED, that the Executive Vice-President/General Manager of Egyptian Electric Cooperative Association is hereby authorized to execute the Adoption Agreements that are required for the amendment of its 125 Plan.

IN WITNESS WHEREOF, the undersigned, authorized by the members of the Board of Directors of the Employer, have executed this Resolution of the Board of Directors on this 26th day of October, 2010.



Executive Vice-President/General Manager

AMENDMENT TO THE 125 PLAN

Re: Coverage of Over-the-counter Drugs and Adult Child Dependent Eligibility

WHEREAS, EGYPTIAN ELECTRIC COOPERATIVE ASSOCIATION (the "Employer") sponsors the amended and restated 125 Plan, which is a cafeteria plan under Section 125 of the Internal Revenue Code of 1986, as amended ("Code"), that provides one or more of the following benefits: a premium-only plan (the "POP") that allows employees to pay for insurance premiums on a pre-tax basis, a health flexible spending account (the "Health FSA") under Section 105 of the Code, and/or a limited use health flexible spending account (the "Limited Use Health FSA") under Section 105 of the Code;

WHEREAS, the 125 Plan is administered by Cooperative Benefit Administrators, Inc. ("CBA"), a subsidiary of National Rural Electric Cooperative Association ("NRECA");

WHEREAS, the Patient Protection and Affordable Care Act, as clarified by IRS Notice 2010-59, provides that a Health FSA can only reimburse participants for over-the-counter drugs and medicines that are prescribed by a medical practitioner, effective January 1, 2011;

WHEREAS, the Patient Protection and Affordable Care Act also extends the tax-free treatment of health insurance premiums and benefits to children of participants up to age 26, effective March 30, 2010;

WHEREAS, NRECA has determined that the 125 Plan, as administered by CBA, should be amended, effective as of January 1, 2011, to comply with the limitation on reimbursement of over-the-counter drugs and medicines from the Health FSA; and

WHEREAS, NRECA further has determined that the 125 Plan, as administered by CBA, should be amended, effective as of May 1, 2010, to extend the tax-free treatment of health insurance premiums and benefits to children of participants up to age 26 under the POP and Health FSA, respectively.

NOW, THEREFORE, pursuant to the authority reserved to the plan sponsor by Section 13 of the 125 Plan, the 125 Plan is hereby amended, as follows:

First Change

Section 4 of the 125 Plan shall be amended by adding the following new paragraph to the end of subsection 4.07:

Notwithstanding the foregoing, effective May 1, 2010, an employee's child under age 26 is eligible for coverage as a dependent, regardless of student status, marital status, financial dependency, for purposes of the Health Flexible Spending Account, Limited Use Flexible Spending Account, and Premium Only Plan.

Second Change

Section 4 of the 125 Plan shall be amended by adding the following new subsection 4.33A thereto:

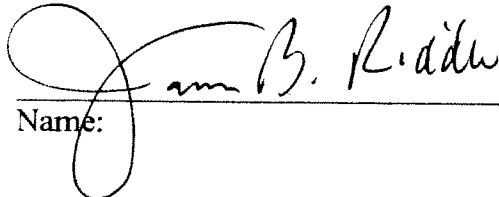
4.33A Medical Practitioner. “Medical Practitioner” shall include any health care professional, licensed by the appropriate state agency and acting within the scope of his or her license. Medical practitioners may include but are not limited to a medical doctor, doctor of osteopathy, optometrist, dentist, dental hygienist, psychologist, certified nurse practitioner, pharmacist, clinical psychologist, chiropractor, and podiatrist.

Third Change

Section 10 of the 125 Plan shall be amended by replacing subsection 10.01(e) with the following new subsection 10.01(e):

10.01(e) For over-the counter drugs/medicines and medical supplies, a Medical Practitioner’s prescription (for drugs/medicines only) identifying the purchaser or the individual to whom the prescription was issued (effective January 1, 2011), cash register receipts specifying the date of the purchase, the name of the item purchased, the cost of the item, doctor’s certifications and any other appropriate documentation.

IN WITNESS WHEREOF, the Employer has caused the 125 Plan to be amended by approval of the Board of Directors, and signed by the duly authorized officer below:


Name: _____

October 26, 2010
Date

Executive Vice-President/ General Manager
Title: