

MINUTES OF REGULAR MEETING OF DIRECTORS
February 22, 2011

The regular monthly meeting of the Egyptian Electric Cooperative Association Board of Directors was held on Tuesday, February 22, 2011, at the Steepleville office. The meeting was called to order at 8:30 a.m. with the President and Secretary present.

Present for the **February 22, 2011**, meeting:

Paul Pyatt, President	Larry Ebers	James Riddle, EVP/GM
Raymond Mulholland, Vice President	Allen Haake	M. Shane Hermetz, Asst Mgr
Kevin Liefer, Sec-Treas	Ken Jarrett	Brenda Rapp, Staff
Randall Campbell	Gilbert Kroening	William Broom, Attorney

Paul Hicks (absent)

The consent agenda, consisting of the consideration of minutes of the board meeting held January 25, 2011, the list of checks for January, the January treasurer's report, capital credit estate refunds (\$10,683.80), the AIEC report, the safety report and the outage report, was approved by a motion from Mr. Liefer, seconded by Mr. Haake. Motion carried.

SIPC DIRECTOR REPORTS: The SIPC reports were given by Mr. Liefer, Mr. Mulholland, Mr. Haake, and Mr. Riddle. On motion of Mr. Kroening, seconded by Mr. Jarrett, the SIPC reports were approved. Motion carried.

MAJOR CAPITAL PROJECTS: Oilfield Electric will be finishing up with the underground for the Walkers Bluff "Cave" project within the next few weeks. When finished, they will move to the Union Hill Road relocation of 17 poles due to widening the road. Construction on the Timber Trail Estates project starts this week. Within the next 30 days, plans are to start on the SI Airport Substation and the north circuit out of Carterville Substation. Projects continue to roll in. We are meeting with Southern Illinois Electric to discuss their helping us build a 3 mile line in private right-of-way near Makanda. We have also been discussing 2 tie lines to Southern Illinois Electric. Each tie would be about ½ mile of line; we would build one and they would build the other. Interconnecting the two systems would improve reliability for both cooperatives in these rural areas. Having the TWACS system allows us to meter any usage fairly close. Another interconnect with Tri-County Electric Cooperative on north White Walnut Road would be a good move to improve reliability in that area especially if the hospital project materializes. Sharing employees and equipment helps all of us as we improve our services for our members. Installation of the voice radio system is complete and over the next two weeks it will be set up. Specs for our new phone system will be written up and put out for bid by the end of March.

INTERCONNECT AGREEMENT: After discussion, Mr. Haake made a motion, seconded by Mr. Campbell, to approve an interconnect agreement with Fredericka Waddell of Makanda. Her solar panel installation has been inspected and does meet all obligations and policy requirements. Motion carried.

MANAGER'S REPORT: Mr. Riddle presented the Manager's report along with the January operating report. Even though kWh sales are up 4.2% over January 2010, revenue is down .6% because of power cost. Average revenue per kWh is 9.844 cents compared to 10.323 cents last January. Line loss over the past 12 months is 5.1%. Margins in January were \$660,926. The audit by Kerber, Eck & Braeckel started today and they should make a presentation at the March meeting. The EVP/GM evaluation will be mailed out in the next few weeks and be due by the March meeting with a summary ready at the April meeting. The most recent grievance regarding time off for sickness in family was resolved. On a motion of Mr. Mulholland, seconded by Mr. Ebers, the manager's report was approved. Motion carried.

CFC LOAN: Management converted \$1 Million from our line of credit to a 30-year loan. Short-term interest rates remain to be lower than long term rates at this time. Two loans of \$500,000 each were amortized over 30 years with repricing after one year for one and after two years on the second. We will convert the other \$1 Million from the line of credit to a long term loan when needed.

EECA BYLAWS: Over the next several years, a complete review of our bylaws is being considered. Attorney Broom has a 136 page Guide from NRECA for bylaw revisions. This will be a lengthy project as numerous options will be brought to the board for consideration. Once the final product is developed, it will be taken to the membership for a vote at the annual meeting.

CUSTOMER SERVICE REPRESENTATIVE: We did the testing at JALC, interviewed nine candidates, and selected the final candidate. Pending a background check and passing a pre-employment physical, Cindy Krisby of Sparta will fill the CSR position and start work on March 7.

EMAIL ADDRESSES: An agreement is being drafted by the AIEC to address the concerns of Egyptian Electric regarding emails involving grassroots support of NRECA and/or the cooperatives' issues. We want to approve any mailings before they're sent to our membership. We currently have about 3000 email addresses. The member would have to opt out if he didn't want to receive the information.

ICWCG: Mr. Haake made a motion, seconded by Mr. Jarrett, naming Kevin Liefer as delegate and Jim Riddle as the alternate delegate for the Illinois Cooperatives Workers Comp Group annual meeting on April 14, 2011. Motion carried.

BOARD'S ROLE-FIDUCIARY DUTIES: Attorney Broom discussed the fiduciary duties and responsibilities of the Board members. It was noted there were never less than 7 directors at a regular board meeting over the past year. He went on to explain that each director is protected as long as he acts in good faith and has done his due diligence. Should any potential conflict of interest arise, that director should excuse himself during discussion and vote and it be shown in the minutes. Relying on the expertise of professionals, staff, and committees was good business practice. He instructed them to provide guidance, direction and leadership, to be aware and keep informed, and exercise judgment in good faith.

ANNUAL REVIEW: The Form 990 questionnaire had been mailed to all directors for completion. Mr. Campbell made a motion, seconded by Mr. Liefer, acknowledging that the following policies were reviewed with the board:

- ❖ *Policy 112 Privacy Principles for Member Information*
- ❖ *Policy 220 Business Ethics*
- ❖ *Policy 222 Whistleblower Complaint Procedure & AntiRetaliation*
- ❖ *Policy 401 Qualifications for Directors*
- ❖ *Policy 402 Functions of the Board of Directors*
- ❖ *Policy 406 Compliance with Title VI of Civil Rights Act*
- ❖ *Policy 407 Equal Employment Opportunity*

Motion carried. These policies are to be reviewed on an annual basis.

POLICY 404: After discussion on continuing education for board members, Mr. Mulholland made a motion, seconded by Mr. Haake, to revise Policy 404---Per Diem, Mileage & Expenses for Directors as presented. Motion carried. (See attached Policy 404)

There being no further business to come before the Board of Directors, the meeting was adjourned at 11:30 a.m.

Date Approved: March 29, 2011

Kevin Liefer, Secretary
Recorded by Brenda K Rapp, Assistant Secretary

**EGYPTIAN ELECTRIC COOPERATIVE ASSOCIATION
POLICY BULLETIN NO. 404**

SUBJECT: PER DIEM, MILEAGE AND EXPENSES FOR DIRECTORS ATTENDING VARIOUS MEETINGS

OBJECTIVE:

To provide fair and equitable compensation for attendance of Directors at board, committee, member, and other meetings and to encourage their attendance and participation as appropriate.

POLICY:

1. Per diem of \$150.00 per day, plus travel from the director's home and out-of-pocket expenses, will be paid to directors when attending (a) regular monthly meetings, (b.) monthly statewide board meetings, (c) all special meetings of the full board, (d) statewide annual meetings, (e) regional meetings, f) national meetings, (g) committee meetings, and (h) schooling. Directors not participating in the medical insurance benefit plan who have received their CCD certification shall receive a per diem of \$200 per day; and furthermore, such Directors who have received their Board Leadership Certification shall receive a per diem of \$250 per day.
 - A. A director must complete the NRECA credentialed Cooperative director program within the first 5 years following his election or appointment on the board to be eligible for nomination for a third term.
 - B. No director shall be eligible to be re-elected who has not attended at least one Board Leadership Certificate course in the TWO years after attaining NRECA's CCD certification AND every two years thereafter until the Board Leadership Certificate is attained.
 - C. After attainment of CCD and BLC, a director must attend a minimum of one course designated for directors within his three year term to be eligible for re-election.
2. In-state per diem will be paid for the day of the meeting and, as appropriate, for travel time to and from such meetings. For out-of-state travel, an additional one-day's per diem will be paid for unless otherwise designated by the board.
3. Directors and officers shall be reimbursed for all legitimate expenses for attendance at such meetings upon submission of a detailed expense account, with receipts attached as appropriate. Such expense accounts will be reviewed by the Secretary-Treasurer. No expenses will be paid for spouses of directors accompanying them to meetings. Travel shall be reimbursed on the following basis:
 - A. If commercial air travel is available, then without regard to the mode actually used, reimbursement shall be for the expenses actually incurred in an amount not to exceed round trip air coach fare, plus cost of transportation to and from the airport and other expenses attendant to air travel.
 - B. If commercial air travel is not available, then the directors or officer shall select the means of travel which in his judgment is the most satisfactory under the circumstances, giving due consideration to factors of time and cost. Reimbursement shall be for actual expenses incurred.
 - C. Mileage reimbursement, plus toll costs, for use of personal automobile shall be at the rate established by the Internal Revenue Service for travel to and from each meeting. In those instances where directors travel with others, only the director or officer actually using his automobile shall receive mileage and tolls paid.

RESPONSIBILITY:

It shall be the responsibility of the Board of Directors to see that the provisions of this policy are carried out.

Revised: 02/27/2001
Reviewed: 8/24/2004
Revised: 12/20/2010
Revised: 1/25/2011
Revised: 2/22/2011

Attested: Paul Hicks, Secretary
Attested: Gilbert Kroening, Secretary
Attested: Kevin Liefer, Secretary
Attested; Kevin Liefer, Secretary
Attested: Kevin Liefer, Secretary