

MINUTES OF REGULAR MEETING OF DIRECTORS
January 25, 2011

The regular monthly meeting of the Egyptian Electric Cooperative Association Board of Directors was held on Tuesday, January 25, 2011, at the Prairie State Generation Company-Lively Grove Mine. The meeting was called to order at 8:30 a.m. with the President and Secretary present.

Present for the **January 25, 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	Paul Hicks	Brenda Rapp, Staff
Randall Campbell	Ken Jarrett	Bryce Cramer, Staff
	William Broom, Attorney	Art Pontow, Staff

Gilbert Kroening (absent)

The consent agenda, consisting of the consideration of minutes of the board meeting held December 20, 2010, the list of checks for December, the December treasurer's report, capital credit estate refunds (\$8,371.36), the AIEC report, the safety report and the outage report, was approved by a motion from Mr. Mulholland, 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. Campbell, seconded by Mr. Hicks, the SIPC reports were approved. Motion carried.

MAJOR CAPITAL PROJECTS: The Walkers Bluff project is ongoing. The upgrade and expansion of the grounding grid at Lenzburg has been completed. The SIU TEC project is complete. We are ready to start on the Carterville Willow Creek Subdivision project, which entails about 65 metering points. The Cutler Substation is ready to go. After discussion and review, Mr. Haake made a motion, seconded by Mr. Jarrett, to renew the five-year agreement with IDNR that covers the spare conduit system north out of Hill Prairie Sub to County Road 18 in case we need it for future use. There is no cost involved. Motion carried. With extra load on the Hastings substation, speculation is that another new substation will be required in the near future somewhere south of the university.

FINANCIALS: Art Pontow reviewed the December financials. Revenue was up 1.9% over last year and sales were up 6.5%. We had negative margins in December (-\$893,817); but we ended the year with margins of \$1,402,012. We had budgeted for positive margins in 2010; however, we were under budget on sales and expenses for the year and over budget with interest and miscellaneous income so our bottom line was higher than budgeted. Looking at costs for the year we were under budget in most categories; power cost was slightly over budget and ROW maintenance was the exception after we added right of way crews in December which increased costs and put us over budget. KEB began its preliminary audit work for the year 2010 and will return in late February to finish. The audit will be presented at the March meeting.

MANAGER'S REPORT: Mr. Riddle presented the Manager's report. Line loss is right at 6% for the past 12 months. Load factor increased 4.65% over last year, but our fuel adder dropped 42% from last year. Equity is 59.28% as of December 31. The goals for 2011 were reviewed. A complete review of our bylaws is underway. Discussions are ongoing with Citizens Electric about metering on Kaskaskia Island. On a motion of Mr. Hicks, seconded by Mr. Liefer, the manager's report was approved. Motion carried.

SIPC REIMBURSEMENT: Discussions are ongoing with SIPC concerning the reimbursement of a portion of the construction costs of the line to Knight Hawk Coal. There's been a difference of opinion as to what the reimbursement should be—on the average cost of the line or actual cost of the segment being taken over by SIPC. That transmission line was initially built for one customer. As additional customer(s) are added in the future beyond the Cutler Substation, additional reimbursement would be requested at that time.

CUSTOMER SERVICE REPRESENTATIVE: We had 116 applicants for the CSR position. The list has been narrowed down to ten to take the Work Keys Assessment test at JALC on February 5. We anticipate a start date of March 7.

ROW CONTRACT BIDS: Contract bids for right-of-way were received from 5 contractors. After comparison of the bids, Mr. Mulholland made a motion, seconded by Mr. Haake, to accept the low bid of \$934,740 from Oil Field Electric/Tree. Motion carried.

EMAIL ADDRESSES: The AIEC has requested use of our members' email addresses to send out notices on grassroots regulatory issues. The general consensus was to allow for the emails, but to sign a letter of understanding between Egyptian Electric and the AIEC that Egyptian approves any mailings before they're sent. In the same category, our participation with Touchstone Energy offered us the opportunity to update our website. It needed an update and is now more user friendly. We are still looking at our options for outage notifications. To have our CIS system make outgoing phone calls requires a substantial investment for software. We are looking at our possibilities on a more conservative scale.

SIPC DELEGATES: Mr. Haake made a motion, seconded by Mr. Jarrett, authorizing all Egyptian directors to attend the SIPC annual meeting on Thursday, March 31. Motion carried. There was a motion made by Mr. Campbell, seconded by Mr. Ebers, that the same four directors (Haake, Liefer, Mulholland and Riddle) be named as EECA representatives to the SIPC board for the next year. Motion carried. Decided by general consensus, the President (Mr. Pyatt) will be the voting delegate and the Vice President (Mr. Mulholland), the alternate voting delegate.

NOMINATING/ANNUAL MEETING: Mr. Liefer made a motion, seconded by Mr. Mulholland, setting Thursday, July 21, 2011, as the date for our 2011 annual meeting. Motion carried. Mr. Haake made a motion, seconded by Mr. Liefer, setting Tuesday, May 10, 2011, as the date for our Nominating Committee meeting. Motion carried.

POLICY 404: After discussion, there was a general consensus to add the following requirement to Policy 404---Per Diem, Mileage & Expenses for Directors Attending Various Meetings. A director must complete the NRECA credentialed Cooperative director program within the first 5 years following his election/appointment on the board to be eligible for nomination for a third term. There are five required classes to obtain the CCD certification. (See attached Policy 404)

LINE OF CREDIT CONVERSION: We have been operating with a limited amount of cash; therefore, management deems it is time to convert \$2 Million from our line of credit to long term debt. Short-term interest rates are much lower than locking in long term rates at this time. It will be amortized over 30 years, but we will spread \$500,000 amounts over the next four years and look at repricing as each comes due over the four year period. Mr. Hicks made the motion, seconded by Mr. Jarrett, giving management the authorization to convert \$2 million from our line of credit to long term debt. Motion carried.

At 11:30 a.m. the board went into executive session.

Upon reconvening into regular session and there being no further business to come before the Board of Directors, the meeting was adjourned at 11:45 a.m.

Date Approved: February 22, 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.
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

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