

MINUTES OF REGULAR MEETING OF DIRECTORS
March 29, 2011

The regular monthly meeting of the Egyptian Electric Cooperative Association Board of Directors was held on Tuesday, March 29, 2011, at the Steeleville office. The meeting was called to order at 8:30 a.m. with the President and Secretary present.

Present for the **March 29, 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	Art Pontow, Staff
		Michael Twomey, Attorney

Gilbert Kroening (absent)

The consent agenda, consisting of the consideration of minutes of the board meeting held February 22, 2011, the February treasurer's report, capital credit estate refunds (\$), the AIEC report, the safety report and the outage report, was approved by a motion from Mr. Jarrett, seconded by Mr. Hicks. Motion carried. The list of checks for February was pulled from the consent agenda as there were several questions. After discussion, on motion by Mr. Hicks, seconded by Mr. Haake, the list of checks written for the month of February was approved as presented. Motion carried.

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

2010 AUDIT PRESENTATION: Mark Dallas from Kerber, Eck & Braeckel presented the audit for year 2010. The audit was performed in accordance with GAAS (Generally Accepted Auditing Standards) and GAS (Governmental Auditing Standards). The audit was given an unqualified opinion with reasonable assurance that the financial statements are free of material misstatement whether caused by error or fraud. No material weaknesses or significant deficiencies were reported. Internal controls were reviewed the segregation of duties, proper authorization of transactions, proper reconciliation procedures and physical security over assets. Fraud risk inquiries were performed and no irregularities or illegal acts were noted. One uncorrected misstatement was a reclassification of a portion of the accumulated postretirement benefit obligation to the regulatory asset, however, it did not affect net margin. Our DSC in 2010 was 2.72 and TIER was 3.59. The net margin was \$2,076,245. Mr. Liefer made a motion, seconded by Mr. Haake, to approve the 2010 audit as presented. Motion carried.

MAJOR CAPITAL PROJECTS: The Walkers Bluff "Cave" project has not yet been completed. The owners have requested additional services as plans indicate more construction on the property. The Union Hill Road relocation of 17 poles is underway. Construction on the Timber Trail Estates project starts this week. Construction has begun on the SI Airport Substation and by mid April work will begin on the north circuit out of Carterville Substation. Southern Illinois Electric started building the 3 miles of line near Makanda. There was an inquiry for service in the Cutler/Conant area. We quoted an initial price, but there could be an issue as to who has service rights. The voice radio project is complete, but we need our FCC license before it will be operational. Specs for our new phone system were sent to six bidders and plans are to open bids in late April.

FINANCIAL REPORTS: Mr. Pontow presented the financials for the month of February. February margins were \$380,939, which put YTD at \$1,041,865. Revenue is up 1.5% over last February while kWh sales are up 5.2%. Expenses are right on target except for maintenance expense, but that overage is attributable to the ice storm in early February. February power costs were higher than budgeted, but YTD power costs are slightly under budget.

MANAGER'S REPORT: Mr. Riddle presented the Manager's report along with the February operating report. We are not eligible for FEMA reimbursement for the February ice storm. We will barcode our registration cards for Annual Meeting and use scanners to speed up the registration process. The goals for 2011 were reviewed. Several draft revisions on deposit and disconnect policies were presented. Action will be taken at the April meeting after the board has had time to review. The Youth to Washington banquet has been cancelled. Four students will be sent to Washington, DC, in June. We are still waiting for the union contract to be signed before any lineman position will be advertised. A Letter of Agreement with NISC has been signed for their Meter Data Management System as budgeted. Our members will be able to access their individual account information through this system. On a motion of Mr. Haake, seconded by Mr. Campbell, the manager's report was approved. Motion carried.

BOARD SELF-ASSESSMENTS: Six samples of board self-assessment forms were mailed to the directors for review. Also included was the form used in the past. After discussion, there was a general consensus to change to a new form, which was sample five in their packet. This form covers nine board responsibilities and evaluates the board's performance using a rating scale.

AREA MEETINGS: During the month of March we had three area meetings scheduled in three different areas. There were 9 attendees at Sparta, 3 at Campbell Hill, and 6 at Carbondale. Two were held on Saturday morning, which did not go over well. The first year we had two evening meetings and had better attendance. After discussion, it was decided to again try two evening meetings next year preferably in February.

RESAP: Our RESAP (Rural Electric Safety Achievement Program) application has been submitted. With this certification, the importance of safety for the organization is stressed and may provide some cost savings with our insurance. Mr. Haake made a motion, seconded by Mr. Jarrett, to approve the following resolution:

WHEREAS, EGYPTIAN ELECTRIC COOPERATIVE places a high value on maintaining a safe environment for employees and members, and

WHEREAS, the Board believes that taking proactive steps will help improve the cooperative's safety performance,

NOW THEREFORE BE IT RESOLVED, that the Board of Egyptian Electric Cooperative hereby adopts a leadership commitment to the Rural Electric Safety Achievement Program.

Motion carried.

LAWSUIT: We recently received papers regarding a lawsuit filed against EECA in small claims court in Williamson County for \$10,000 plus costs by a member for reasons of tort. This member does have an interconnection with our system and his equipment is in compliance, but he has not met all of the requirements as outlined in our interconnect agreement. He has requested statistical information on his account and any information we had we did forward to him. The matter has been turned over to our attorney.

NOMINATING COMMITTEE APPOINTED: The terms of Larry Ebers, Gilbert Kroening, and Ray Mulholland expire with this year's annual meeting. The Nominating Committee meeting has been set for Tuesday, May 10, 2011, at 6:30 p.m. in Steeleville. The following members were appointed to the Nominating Committee:

Robert Arthur	Russell Biggs	Rick Fager
Virgil Gramenz	Kenneth Hollmann	Stuart Langrehr
Roger Morgenstern	Loren Prest	Donald Stallman

SOUTHERN SERVICES: Mr. Riddle, Mr. Haake, and Mr. Liefer led the discussion on Southern Services. There is approximately \$737,000 in the Southern Services bank account. There is still some money coming in from our first long distance carrier, PNG. All the other alternative businesses that were researched didn't materialize. It was noted that some of the best decisions of that group was to not enter into those businesses. Discussion at their meeting centered on what to do with the money in the account. There was a general consensus that the group should not be dissolved. Consideration is being given to refunding a portion back to the distribution cooperatives who are members. Their next meeting is July 13.

INTERNATIONAL PROGRAM: Mr. Pyatt opened discussion on the NRECA's International Program. Jim Coleman, CEO at Shelby Electric, did a presentation at the AIEC board meeting describing his experience on a recent trip to Haiti. The cooperative crews that make the trip assist and train linemen to do the work more safely. They plan to go back in about six months. He commented that a \$500 donation is a tremendous help with supplies and equipment. Mr. Riddle will contact NRECA for more information as to how donations are used.

SCHOLARSHIP: Mr. Campbell presented the idea of scholarships to be given at our annual meeting. There was an interest and there will be further discussion at next month's meeting. We will check if any of the other co-ops give scholarships at their annual meeting and what procedures they might use.

At 11:50 a.m. the board went into executive session. Upon reconvening into regular session,

POLICY 205: Mr. Jarrett made a motion, seconded by Mr. Ebers, to amend Policy 205---Employee – Major Medical Group Insurance Plan as presented. Motion carried. (See attached Policy 205)

There being no further business to come before the Board of Directors, the meeting was adjourned at 12:19 p.m.

Date Approved: April 26, 2011

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

**EGYPTIAN ELECTRIC COOPERATIVE ASSOCIATION
POLICY BULLETIN NO. 205**

SUBJECT: EMPLOYEE - MAJOR MEDICAL GROUP INSURANCE PLAN

POLICY:

1. Any "full-time", non-union employee of Egyptian Electric Cooperative may apply for and participate in the major group medical plan (s) being made available by the cooperative. "Full-time", non-union employees may have deposited to their bank accounts an amount equivalent to, but not more than, the amount the Cooperative would have contributed for the group medical coverage for participation in an alternative plan. Participation in alternative plans may be limited due to the minimum number of participants required in Egyptian Electric Cooperative's group medical plan.
2. Dependents of an eligible employee shall be covered by the insurance plan, provided the employee requests such coverage and pays his or her portion of the applicable monthly premium. Dependent coverage will be in accordance with the terms and conditions stated in the policy offered by the cooperative's insurance carrier.
3. In the event an employee should become divorced, the cooperative will make coverage available to the ex-spouse in accordance with provisions of the insurance plan and the COBRA law. In such an event, the cooperative will pay no more than its share of an *employee only* premium if there are no dependent children covered under the plan.
4. Upon retirement with 20 years of service, a participating employee may elect to continue the medical insurance coverage if the employee continues to pay his or her share of the applicable premium
5. The spouse of a deceased retired employee may retain coverage under the medical plan if he or she continues to pay the employee's portion of the applicable premium. Upon remarriage of the spouse, insurance coverage will terminate unless COBRA provisions apply. In any event, the cooperative will not pay any portion of the premium after remarriage of the spouse.
6. In the event of termination after an employee's 55th birthday, the employee may continue medical coverage as long as he/she continues to pay 100% of the premiums.

Adopted: 4/25/1978

Revised: 8/24/2004

Revised: 3-29-2011

Attested: Kevin Liefer, Secretary