

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
MENARD ELECTRIC COOPERATIVE
PETERSBURG, ILLINOIS
JANUARY 23, 2018

The monthly Board Meeting of the Board of Directors of Menard Electric Cooperative was called to order at 6:00 P.M. at the Headquarters of the Cooperative, 14300 State Highway 97, Petersburg, County of Menard and State of Illinois.

On roll call the following Directors were present: President D. Jay Frye, Warren D. Goetsch, Gary L. Martin, Donald E. McMillan, Michael E. Patrick, Dennis Ryan, Roy H. Seaney, Jodine Tate, and Steven L. Worner. Also present was Joe Smith, Chief Technology Officer for Prairie Power, Inc., Manager Alisha Anker, and Attorney Charles K. Smith.

The Agenda of the meeting was read. There were no changes or additions to the Agenda. Thereafter, with President Frye presiding and with these minutes being transcribed by or under the direction of Secretary Patrick, the following procedures were had (all action being first duly moved and seconded, and all action taken being upon the unanimous vote of the Board, or without dissenting vote or abstention, unless otherwise stated).

Manager Anker introduced Joe Smith, Chief Technology Officer for Prairie Power, Inc., who gave a presentation on the technology at Prairie Power, Inc.

President Frye reviewed the Consensus Agenda. It was moved and seconded that the Consensus Agenda be approved. Motion carried.

Manager Anker presented the Manager's Report for December 2017. She reviewed the Balance Sheet, Budget, Rebate Summary, Outage Summary and Safety Report. She reviewed a synopsis of the Cooperative's accomplishments for 2017. Under the Operations Report, she advised of the outages and causes of the various outages. She reviewed the Irrigation Report. She reported on the status of Rate 51 and advised that Rebate Checks had been sent. She also advised that it would be necessary to send each Member who received their Rebate a 1099 Miscellaneous unless the Member was a corporate entity. She reported on the OMS and advised that the Cooperative Staff had started training. Manager Anker presented the Security Report. It was moved and seconded to approve the Manager's Report. Motion carried.

Manager Anker presented the financial report for the month of December. Year to date margins were \$1,947,306 compared to \$2,150,678 last year. Equity at the end of December was 39.81%. Member accounts served was 10,894. Net utility plant was \$47,596,138 compared to \$45,725,534 last year. Co-op meets requirements of RUS, FFB, NRCFC and CoBank.

Manager Anker reviewed the Cooperative NRECA Employee Benefit Audit Engagement Letter. She advised that every five (5) years NRECA required an Audit to be completed for the Benefit Plan. She advised that NRECA had obtained bids from five (5) firms, so as to compare quotes with the quote from current Auditor Kevin Kelso. After discussion, it was moved and seconded that the Cooperative hire the current Auditor Kevin

Kelso, and that the President be authorized to execute the Engagement Letter. Motion carried.

Director Goetsch reported on AIEC Activities. He reported on both the December Board Meeting and the January Board Meeting.

Director Martin gave a Report on Prairie Power, Inc.

Director Goetsch and Manager Anker presented a review of the ByLaw Policy Committee Meeting and discussed proposed changes to the Policy on late fees. They advised that the Committee had recommended a minimum fee of \$3.00 or 3% of the bill, to start with the July 1, 2018, billing. It was so moved and seconded. Motion carried. Manager Anker and Attorney Smith discussed the proposed changes to Section 4.02 Qualifications of the ByLaws so as to read, "A qualified Candidate must receive service from the Cooperative which includes facility charges and have their primary residential abode within the district they represent." After much discussion, the adoption of the proposed changes were tabled for further consideration. Motion carried. There was also discussion about possible changes to the definitions and descriptions of Director District boundaries as set forth in Section 4.05 of the ByLaws. After discussion, it was recommended that no changes be made at this time.

Director Martin give a report of the Finance Committee. He advised that the Committee had met and recommended a total of \$640,000.00 in Capital Credits be retired with \$470,000.00 being a general retirement and \$170,000.00 being estate retirements. It was so moved and seconded that the following Resolution be adopted:

(See Exhibit A, attached hereto and incorporated herein by reference.)

Motion carried.

Manager Anker reviewed the Capital Credit Estate Refunds Report.

Manager Anker discussed the Co-Bank No Barrier USA Program and discussed the qualifications for the Program.

Director Frye advised that it was necessary to appoint a CFC Annual Meeting Delegate and an Alternate Delegate. It was moved and seconded that Director Patrick be named the Delegate with Director Ryan as the Alternate. Motion carried.

It was moved and seconded that the Board enter into Executive Session. Motion carried. It was moved and seconded that the Board reconvene the monthly Board Meeting. Motion carried.

President Frye reported that next month's Board Meeting was scheduled for February 20, 2018, at 6:00 p.m.

Under other business, President Frye reminded the Board that the NRECA Annual Meeting was scheduled for February 25-28, 2018, in Nashville, Tennessee.

There being no further business to come before the Board, it was moved and seconded the Meeting be adjourned. Motion carried.

Respectfully submitted,

Secretary

President