

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
MENARD ELECTRIC COOPERATIVE
PETERSBURG, ILLINOIS
JANUARY 24, 2017

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, Roy H. Seaney and Steven L. Worner. Directors Dennis Ryan and Jodine Tate were absent. Also present was Interim Manager Lynn Frasco 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).

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

The Capital Credit Committee reported on its Meeting. The Committee recommended that the Cooperative adopt a Resolution for the retirement of \$400,000.00 in General Retirements and \$175,000.00 in Estate Retirements. It was moved and seconded to adopt the recommendations of the Committee and the following Resolution:

RESOLUTION

WHEREAS, Menard Electric Cooperative's 2016 pre-audit margins are in excess of approximately \$2,237,666.00; and,

WHEREAS, Menard Electric Cooperative's Board of Directors desire to retire a total of \$575,000.00 in Capital Credits in the year 2017; and,

WHEREAS, Menard Electric Cooperative's equity on December 31, 2016 is approximately 39.29%; and,

WHEREAS, Menard Electric Cooperative's equity will be 38.84% after retirement of \$400,000.00; and,

WHEREAS, Menard Electric Cooperative desires to retire the balance of 1993 and a portion of 1994 in general retirement for a total amount not to exceed \$400,000.00; and,

WHEREAS, the Cooperative Board of Directors desire to retire estates up to \$175,000.00

during the calendar year 2017,

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of Menard Electric Cooperative now wish to declare the general retirement of capital credits for the balance of 1993 and a portion of 1994 totaling an amount not to exceed \$400,000.00 and the amount remaining for the retirement of estates up to \$175,000.00 during the calendar year 2017 for a total retirement of \$575,000.00.

Motion carried.

Director Worner presented a Report of the Meeting of the Irrigation Committee. He reviewed a proposed agreement for Members moving to Rate 51 and the terms and provisions of the proposed Rate 51. He advised that the Committee agreed that they needed additional information before next month's Board Meeting and that such would be provided by Staff for them to review. The Staff would put together a more detailed analysis.

There was a detailed discussion by the Staff and the Board in reviewing the proposed 2017 Financial Budget. After discussion, it was moved and seconded to approve the 2017 Financial Budget. Motion carried.

Interim Manager Frasco presented the Manager's Report for December, 2016. He reviewed the Balance Sheet, Budget, as well as the Outage Summary and Safety Report. Under the Operations Report, Manager Frasco advised that there were 20 new irrigation systems for the season and that 11 had been completed with 9 yet to be completed. He reported on work done by the Cooperative Crews for the month. He discussed the FFB Loan Advances, one being in the amount of \$1,000,000.00 with a 7 year reprice of 2.29% and the other being a \$1,000,000.00 advance with a 32 year term and interest of 2.85%. He discussed the NRECA International Program and advised that Troy Shafer was going to Bolivia on March 12 - April 2, 2017. He reviewed Troy's schedule while in Bolivia. Manager Frasco advised that the Cooperative would be receiving a Workman's Comp refund for 2012-2015 in the sum of \$94,989.00. He also discussed considering membership in the NISC, being a software provider. The offer was for Menard to become a Member at the rate of \$100.00. He advised that by becoming a Member, the Cooperative would receive the software package that AIEC used for Board Reports. He also discussed the fact that ATS was being purchased by SEDS and what impact that would have on Menard. He also reviewed the trend in the Cooperative receiving fewer NSF checks and discussed the possible reasons therefore. He discussed the program Co-Bank had instituted for disabled veterans whereby Co-Bank would sponsor 50 disabled vets for an outdoor program to improve the mental health of disabled veterans. He advised that he sought out organizations who could suggest possible participants. The only one suggested resided in the Springfield area and Manager Frasco hoped to locate someone in Menard's territory. He also reported on a conference call with AIEC regarding a visit with representatives from the Attorney General's office, who were apparently looking at the pre-paid meter reading program of Cooperatives. Menard does not have a pre-paid meter reading program. He advised that there were concerns by Representatives from the Attorney General about the Program taking advantage of Members and he discussed the

effect of the Program on Cooperative Members. It was moved and seconded the Manager's Report be approved as presented. Motion carried.

Manager Frasco presented the financial report for the month of December. Year to date margins were \$2,237,666 compared to \$1,561,574 last year. Equity at the end of December was 39.29%. Member accounts served was 10,874. Net utility plant was \$45,725,436 compared to \$43,844,514 last year. Co-op meets requirements of RUS, FFB and NRUCFC.

Director Goetsch reported on AIEC Activities and reviewed the Executive Summary.

Director Martin reported on Prairie Power, Inc. and asked Board Members to review the President's Report, which was the first report of Eric Hobbie as President of Prairie Power.

Manager Frasco reviewed the Capital Credit Estate Refunds Report.

It was moved and seconded that the Board enter into Executive Session for discussion of personnel matters. Motion carried. It was moved and seconded that the Board reconvene the monthly Board Meeting. Motion carried.

President Frye advised that the next regular Board Meeting for February was scheduled for March 7, 2017.

Under other business, Manager Frasco reminded the Board of the Irrigation Clinic scheduled for February 2, 2017, at the Mason County Farm Bureau Office, Havana, Illinois, also the Course 2610.1 Understanding the Electric Business at AIEC Headquarters on February 8, 2017, and the NRECA Annual Meeting scheduled for February 26 - March 1, 2017 in San Diego, California. President Frye also discussed the Course 964.1 entitled The New Energy Landscape, with the Meeting being at AIEC Headquarters on March 8, 2017, as well as the Co-Bank Meeting in Bloomington, Illinois, on March 13-14, 2017, and upcoming Menard Meetings/Classes.

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