

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
MENARD ELECTRIC COOPERATIVE
PETERSBURG, ILLINOIS
JANUARY 28, 2020

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: Directors Warren D. Goetsch, Gary Holloway, Gary L. Martin, Donald E. McMillan, Michael E. Patrick, Dennis Ryan, Jodine Tate and Steven L. Worner. President D. Jay Frye was absent. In the absence of President Frye, Vice-President Goetsch conducted the Meeting. Also present were Engineering Manager Brady Smith, Manager Alisha Anker, and Attorney Charles K. Smith.

The Agenda of the meeting was read. There was one (1) addition to the Agenda under 5g. Delegate Selection, being the selection of CFC Delegate and Alternate Delegate. There were no changes or additions to the Agenda. Thereafter, with Vice-President Goetsch 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).

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

Brady Smith discussed with the Board a proposed Prairie Power Member Fiber Use Agreement. He reviewed and discussed with the Board the terms and provisions of the Agreement and the advantages to the Cooperative by entering into the Agreement. After discussion, it was moved and seconded that the Agreement be approved. Motion carried.

Manager Anker presented the Manager's Report for December, 2019. She reviewed the 2019 accomplishments for the Cooperative and the Cooperative Membership. Member highlights were reliability improvements, vegetation management progress, technology related improvements, business practice improvements, financial security enhancements, improving member relations, and employee related engagements. She reviewed the Operating Statement, Balance Sheet and Budget. She reviewed the Member Services Report and past due notices, generated cut-off tickets and write-offs for the month. Under the Operations Report and Reliability Report, she reported that for the month there were 27 incidents, total member outage minutes were 1,432.9. Manager Anker reviewed the Irrigation Report and the status of construction. She discussed the contents of the monthly Connect Newsletter and reviewed the materials contained therein. There was discussion about appointment of a Delegate and Alternate Delegate to the NRTC Annual Meeting scheduled for March 1st. It was moved and seconded that Director McMillan be the Delegate with the Alternate Delegate being Vice-President Goetsch. Motion carried. There was discussion about the CFC Delegate and Alternate. It was moved and seconded that Director Worner be the CFC Delegate with Director Ryan as the Alternate

Delegate. Motion carried. It was moved and seconded the Manager's Report be approved as presented. Motion carried.

Manager Anker and guest to monthly safety meeting, Director Ryan ,discussed the Safety Report and also discussed the Concealed Carry Ban Policy.

Director Goetsch reported on AIEC Activities.

Director Martin reported on Prairie Power, Inc. He reviewed the January Board highlights and the President's Report.

Director Martin reported on the recent meeting of the Finance Committee. There was discussion about unclaimed Capital Credits and how to handle unclaimed retired Capital Credits. After discussion, it was determined to refer the issues to the Policy/Bylaw Committee. Manager Anker reviewed the Capital Credit Retirement Declaration Options. She presented five (5) different options. Manager Anker advised that the Committee recommended Option number 4 providing for \$700,000.00 in general retirement and \$160,000.00 retirement in estates. After discussion by the Board, it was moved and seconded the following Resolution be adopted:

RESOLUTION

WHEREAS, Menard Electric Cooperative's 2019 pre-audit margins are in excess of approximately \$2,375,133; and,

WHEREAS, Menard Electric Cooperative's equity on December 31, 2019 is approximately 40.37%; and,

WHEREAS, Menard Electric Cooperative's Board of Directors desire to retire a total of \$860,000.00 in Capital Credits for the year 2020; and,

WHEREAS, Menard Electric Cooperative desires to retire patronage allocated in 1996 and a portion of 1997 in general retirement for a total amount not to exceed \$700,000.00; and,

WHEREAS, The Cooperative Board of Directors desire to retire estates up to \$160,000.00 during the calendar year 2020; and,

WHEREAS, Menard Electric Cooperative's equity will be 39.66% after the general retirement of \$700,000.00 and the estates retirement of \$160,000.00;

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 1996 and a portion of 1997 totaling an amount not to exceed \$700,000.00 and the amount remaining for the retirement of estates up to \$160,000.00 during the calendar year 2020 for a total retirement of \$860,000.00.

Motion Carried.

Manager Anker also discussed the recent Rate Study received from CFC. She advised that the Report was not very informative and advised that AIEC would be doing a Rate Study for the Cooperative.

Manager Anker discussed the issue of Station Power Service. She reviewed the terms of a proposed Rate Schedule for Station Power Service. She discussed what was involved with Station Power Service and recommended that it was necessary to come up with a proposed rate for such service. It was the consensus of the Board that Manager Anker proceed with development of a proposed Rate Schedule for review and consideration by the Board.

There was discussion about the Finance Committee reviewing the Benefits Package for Cooperative Staff and Employees. Director Martin advised that the Committee was still reviewing issues related thereto.

Manager Anker reviewed the Capital Credit Estate Refunds Report.

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.

Vice-President Goetsch advised that the next regular Board Meeting was scheduled for Thursday, February 27, 2020 at 6:00 p.m.

Under Other Business, Vice-President Goetsch reminded the Board of upcoming Meetings and Classes, as well as the CFC Financial Workshop on February 6-7, 2020 at the Wyndham Hotel and Conference Center, Springfield and the Illinois Electric Cooperative Lobby Day on March 18, 2020 at the State Capitol.

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

Respectfully submitted,

Secretary

Vice-President

MENARD ELECTRIC COOPERATIVE
MONTHLY OPERATING REPORT

	Year to Date			December 2019		This Month		
	Last Year	This Year	Budget	Variance	Last Year	This Year	Budget	Variance
1. Operating Revenue	30,195,811	30,072,583	30,345,830	(273,247)	2,171,232	2,208,468	2,343,012	(134,544)
kWhr Sold	214,048,390	208,596,240	209,568,926	(972,686)	16,013,754	15,707,879	16,947,717	(1,239,838)
2. Cost of Power	19,462,841	18,757,714	18,932,326	174,612	1,741,737	2,216,480	1,568,209	(648,271)
kWhr Purchased	232,508,225	225,633,578	225,831,000	197,422	17,316,045	17,164,812	18,263,000	1,098,188
3. Operation Expense	1,389,508	1,594,801	1,811,247	216,446	63,505	79,067	146,862	67,795
4. Maintenance Expense	3,150,500	2,991,608	3,147,441	155,833	484,154	200,446	271,847	71,401
5. Consumer Accounts & Coll. Exp.	489,182	435,680	512,847	77,167	35,542	19,321	41,232	21,911
6. Member Service Expense	133,669	192,354	160,553	(31,801)	10,712	15,581	12,592	(2,989)
7. General Office Expense	782,189	608,952	617,476	8,524	34,466	45,727	53,997	8,270
8. Outside Professional Services	47,447	45,171	59,600	14,429	8,095	0	9,125	9,125
9. Insurance, Employee & Welfare	26,335	8,870	1,800	(7,070)	21,562	3,546	150	(3,396)
10. Director's Fee & Mileage	116,673	111,962	125,454	13,492	12,801	3,776	7,317	3,541
11. Dues - Assoc. Organizations	148,869	138,252	147,000	8,748	11,516	11,526	12,600	1,074
12. Other Misc. General Expense	391,278	371,658	393,173	21,515	74,199	11,459	32,259	20,800
13. Depreciation Expense	2,192,719	2,241,866	2,282,432	40,566	182,985	190,544	196,128	5,584
14. Tax Expense - Property	0	276,975	280,800	3,825	(244,130)	19,575	23,400	3,825
15. Tax Expense - Other	24,740	25,004	26,557	1,553	1,756	1,782	2,064	282
16. Interest Expense on L-T Debt	1,264,023	1,311,778	1,336,865	25,087	106,626	107,852	112,595	4,743
17. Total Expense less Power	10,157,132	10,354,931	10,903,245	548,314	803,789	710,202	922,168	211,966
17a. Total Operating Cost	29,619,973	29,112,645	29,835,571	722,926	2,545,526	2,926,682	2,490,377	(436,305)
18. Operating Margins	575,838	959,938	510,259	449,679	(374,294)	(718,214)	(147,365)	(570,849)
19. Non-Operating Margins	83,090	137,869	71,580	66,289	19,466	11,903	4,030	7,873
20. G & T Capital Credits	1,146,478	1,139,473	1,000,000	139,473	0			0
21. Other Capital Credits	214,286	137,853	120,000	17,853	744			0
22. Total Margins	2,019,692	2,375,133	1,701,839	673,294	(354,084)	(706,311)	(143,335)	(562,976)

Balance Sheet Analysis

Menard Electric Coop

12/31/18 - 12/31/19

24-Jan-20

	Prior Yr Balance 12/31/18	Current Yr Balance 12/31/19	End of Yr Balance 12/31/18	Change YTD
ASSETS:				
Utility Plant in Service	70,601,486	73,097,059	70,601,486	2,495,573
Construction Work in Process	893,220	1,168,648	893,220	275,428
Total Utility Plant in Service	71,494,706	74,265,707	71,494,706	2,771,001
Accumulated Depreciation	(22,202,926)	(22,933,310)	(22,202,926)	(730,384)
Net Utility Plant	49,291,780	51,332,397	49,291,780	2,040,617
Nonutility Property - Net				0
Inv.in Assoc.Org.-Pat.Cap.	9,755,917	10,948,691	9,755,917	1,192,774
Inv.in Assoc.Org.- General Funds				0
Inv.in Assoc.Org.-Non Gen Funds	691,932	704,432	691,932	12,500
Investments in Economic Dev. Projects				0
Other Investments	3,521,505	2,817,205	3,521,505	(704,300)
Special Funds	289,667	241,714	289,667	(47,953)
Total Other Prop. & Investments	14,259,021	14,712,042	14,259,021	453,021
Cash-General Funds	536,528	1,274,891	536,528	738,363
Cash-Constr.Fund Trustee	454	454	454	0
Special Deposits	2,891	5,004	2,891	2,113
Temporary Investments	132,763	2,830,408	132,763	2,697,645
Notes Receivable - Net	0	0	0	0
Accounts Receivable-Net-Energy	2,572,678	2,124,979	2,572,678	(447,699)
Accounts Receivable-Net-Other	16,032	34,389	16,032	18,357
Materials & Supplies	429,297	497,770	429,297	68,473
Prepayments	182,811	184,520	182,811	1,709
Other Current & Accrued Assets	8,626	8,161	8,626	(465)
Total Current & Accrued Assets	3,882,080	6,960,576	3,882,080	3,078,496
Regulatory Assets	0	0	0	0
Deferred Debits	93,600	0	93,600	(93,600)
TOTAL ASSETS & OTHER DEBITS	67,526,481	73,005,015	67,526,481	5,478,534
OWNER'S EQUITY:				
Memberships	294,150	302,940	294,150	8,790
Patronage Capital	22,902,797	24,164,587	22,902,797	1,261,790
Operating Margins-Prior Years	0	0	0	0
Operating Margins-Current Year	2,019,691	2,375,133	2,019,691	355,442
Non-Operating Margins	0	0	0	0
Other Margins & Equities	2,586,700	2,632,131	2,586,700	45,431
Total Margins & Equities	27,803,338	29,474,791	27,803,338	1,671,453
LIABILITIES:				
Long Term Debt-RUS	999,455	930,569	999,455	(68,886)
Long Term Debt Other - RUS Guar.	22,507,161	25,519,967	22,507,161	3,012,806
Long Term Debt - Other	14,295,781	12,988,129	14,295,781	(1,307,652)
Long Term Debt Other - Adv Payments	(2,452,258)	(248,679)	(2,452,258)	2,203,579
Total Long Term Debt	35,350,139	39,189,986	35,350,139	3,839,847
Accumulated Operating Provisions	840,614	916,116	840,614	75,502
Total Other Noncurrent Liabilities	840,614	916,116	840,614	75,502
Notes Payable	0	0	0	0
Accounts Payable	2,387,257	2,601,644	2,387,257	214,387
Deposits	155,620	154,770	155,620	(850)
Other Current & Accrued Liabilities	442,838	455,147	442,838	12,309
Total Current & Accrued Liabilities	2,985,715	3,211,561	2,985,715	225,846
Deferred Credits	546,673	212,559	546,673	(334,114)
Miscellaneous Operating Reserves				0
TOTAL LIAB.'S & OTHER CREDITS	67,526,479	73,005,013	67,526,479	5,478,534

MENARD ELECTRIC COOPERATIVE

This Month

	December15	December16	December17	December18	December19
1. Operating Revenue	2,060,213	2,195,368	2,231,035	2,171,232	2,208,468
kWhr Sold	15,584,663	16,844,322	16,742,533	16,013,754	15,707,879
2. Cost of Power	1,380,394	1,871,713	2,009,618	1,741,737	2,216,480
kWhr Purchased	16,761,740	18,209,425	18,131,444	17,316,045	17,164,812
3. Operation Expense	77,488	94,252	194,107	63,505	79,067
4. Maintenance Expense	834,879	414,469	489,280	484,154	200,446
5. Consumer Accounts & Coll. Exp.	271,089	54,040	38,563	35,542	19,321
6. Member Service Expense	9,580	7,987	7,601	10,712	15,581
7. General Office Expense	62,213	67,272	68,094	34,466	45,727
8. Outside Professional Services	3,250	3,238	3,253	8,095	0
9. Insurance, Employee & Welfare	(28,801)	23,425	20,651	21,562	3,546
10. Director's Fee & Mileage	10,348	8,541	12,291	12,801	3,776
11. Dues - Assoc. Organizations	11,363	11,477	11,391	11,516	11,526
12. Other Misc. General Expense	45,639	72,661	59,932	74,199	11,459
13. Depreciation Expense	164,986	166,212	168,758	182,985	190,544
14. Tax Expense - Property	(202,592)	(220,000)	(229,900)	(244,130)	19,575
15. Tax Expense - Other	2,416	2,817	2,618	1,756	1,782
16. Interest Expense	103,193	104,429	104,733	106,626	107,852
17. Total Expense less Power	1,365,051	810,820	951,372	803,789	710,202
17a. Total Operating Cost	2,745,445	2,682,533	2,960,990	2,545,526	2,926,682
18. Operating Margins	(685,232)	(487,165)	(729,955)	(374,294)	(718,214)
19. Non-Operating Margins	5,021	19,117	21,891	19,466	11,903
20. G & T Capital Credits	0	0	0	0	
21. Other Capital Credits	0	0	0	744	
22. Total Margins	(680,211)	(468,048)	(708,064)	(354,084)	(706,311)

MENARD ELECTRIC COOPERATIVE

Year to Date

	December15	December16	December17	December18	December19
1. Operating Revenue	28,177,111	28,149,591	28,502,393	30,195,811	30,072,583
kWhr Sold	202,810,128	204,231,497	205,227,689	214,048,390	208,596,240
2. Cost of Power	18,161,760	18,341,087	18,104,399	19,462,841	18,757,714
kWhr Purchased	219,440,246	221,785,214	223,736,446	232,508,225	225,633,578
3. Operation Expense	1,057,139	1,057,906	1,071,745	1,389,508	1,594,801
4. Maintenance Expense	3,283,009	2,931,339	3,443,723	3,150,500	2,991,608
5. Consumer Accounts & Coll. Exp.	750,943	251,782	491,342	489,182	435,680
6. Member Service Expense	115,084	108,626	104,784	133,669	192,354
7. General Office Expense	803,026	826,726	816,324	782,189	608,952
8. Outside Professional Services	47,987	53,208	80,269	47,447	45,171
9. Insurance, Employee & Welfare	(18,272)	28,248	24,650	26,335	8,870
10. Director's Fee & Mileage	147,935	92,074	118,739	116,673	111,962
11. Dues - Assoc. Organizations	134,730	137,040	137,208	148,869	138,252
12. Other Misc. General Expense	283,210	323,559	318,914	388,502	371,658
13. Depreciation Expense	1,950,030	1,973,811	2,010,388	2,192,719	2,241,866
14. Tax Expense - Property	0	0	0	0	276,975
15. Tax Expense - Other	35,983	36,902	36,230	24,740	25,004
16. Interest Expense	1,238,817	1,262,990	1,256,788	1,264,023	1,311,778
17. Total Expense less Power	9,829,621	9,084,211	9,911,104	10,154,356	10,354,931
17a. Total Operating Cost	27,991,381	27,425,298	28,015,503	29,617,197	29,112,645
18. Operating Margins	185,730	724,293	486,890	578,614	959,938
19. Non-Operating Margins	68,966	56,014	102,580	80,314	137,869
20. G & T Capital Credits	1,085,885	1,156,406	1,141,366	1,146,478	1,139,473
21. Other Capital Credits	220,993	213,965	192,551	214,286	137,853
22. Total Margins	1,561,574	2,150,678	1,923,387	2,019,692	2,375,133