

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
MENARD ELECTRIC COOPERATIVE
PETERSBURG, ILLINOIS
JANUARY 22, 2019

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, Directors 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 Manager of Accounting & Information Systems Chris Hinton, 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).

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

President Frye introduced CFC Representatives, Kerry Rollins and Jason Strong, who presented the Cost of Service Study results and rate structure alternatives for discussion and consideration.

Manager Anker discussed and reviewed a new Co-Bank Credit Agreement along with Promissory Notes and a Restated and Amended Line of Credit. After discussion and review, it was moved and seconded that the Agreement, Promissory Notes and Line of Credit be approved. Motion carried.

Manager Anker presented the Sept. 1, 2018 Engagement Letter for Jackson Thornton & Co., P.C. She discussed the letter and advised that long time Cooperative Auditor Kevin Kelso was now affiliated with Jackson Thornton. It was moved and seconded the Engagement Letter be approved. Motion carried.

Manager Anker presented the Manager's Report for December 2018. She presented a review of the accomplishments of the Cooperative for the 2018 year. She reviewed the Operating Statement, Balance Sheet, Budget and Member Services Report. Manager Anker discussed the Federated Safety and Loss Report, Reliability Report and Operations Report. She reviewed the Irrigation Report, the Monthly IT Security Report and the Rebate Summary. Manager Anker discussed what items would be in the February Connect Newsletter. She also discussed the Twelve Days of Christmas promotion winners. Manager Anker presented a Report on the Illinois Power Agency Adjustable Block Program. The Board tabled discussion until next month of a

review of the Cooperative's Mission Statement. It was moved and seconded the Manager's Report be approved as presented. Motion carried.

Manager Anker presented the financial report for the month of December. Year to date margins were \$2,035,768 compared to \$1,923,387 last year. Equity at the end of December was 41.38%. Member accounts served was 10,918. Net utility plant was \$49,320,394 compared to \$47,596,439 last year. The cooperative continues to meet the requirements of RUS, FFB, NRUCFC & CoBank.

Director Goetsch reported on AIEC activities and reviewed the Executive Summary. He discussed ACRE membership. It was moved and seconded the Board certify AIEC Annual Meeting Delegate as Director Worner with Director McMillan Alternate. Motion carried. It was moved and seconded the Board certify AIEC Voting Delegate for the NRECA Director from Illinois Election as Director Goetsch with Director Patrick Alternate. Motion carried. It was moved and seconded the Board certify AIEC Director from Menard Electric as Director Goetsch with Director Worner as Alternate. Motion carried.

Director Martin reported on Prairie Power, Inc. and reviewed the President's Report. He also discussed the January Board Executive Summary, as well as the December energy charge.

Manager Anker advised that there had been a Meeting of the Finance Committee. She advised that after a review of the payment history of Capital Credits, it was the recommendation of the Committee that in 2019 the Cooperative retire \$600,000.00 in Capital Credits as a general retirement and \$140,000.00 for estates, for a total retirement of \$740,000.00. It was so moved and seconded to adopt the recommendations of the Committee and the following Resolution:

RESOLUTION FOR RETIREMENT OF CAPITAL CREDITS

WHEREAS, Menard Electric Cooperative's 2018 pre-audit margins are in excess of approximately, \$2,035,768 and,

WHEREAS, Menard Electric Cooperative's Board of Directors desire to retire a total of \$740,000 in Capital Credits in the year 2019; and,

WHEREAS, Menard Electric Cooperative's equity on December 31, 2018 is approximately 41.38%; and,

WHEREAS, Menard Electric Cooperative's equity will be 40.90% after retirement of \$600,000; and,

WHEREAS, Menard Electric Cooperative desires to retire 1995 and portion of 1996 in general retirement for a total amount not to exceed \$600,000; and,

WHEREAS, The Cooperative Board of Directors desire to retire estates up to \$140,000 during the calendar year 2019,

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 1995 and a portion of 1996 totaling an amount not to exceed \$600,000 and the amount remaining for the retirement of estates up to \$140,000 during the calendar year 2019 for a total retirement of \$740,000.

Motion carried.

Manager Anker presented the monthly 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.

It was moved and seconded that the Board confirm and ratify all action taken in the Executive Session. Motion carried.

President Frye advised that next month's Board Meeting was scheduled for Tuesday, February 26, 2019, at 6:00 p.m.

Under other business, President Frye reminded the Board of the 2019 NRECA Annual Meeting sign up and reviewed the February 2019 Co-op Calendar.

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