

2019 ANNUAL REPORT



2020
Annual Meeting
canceled due to
COVID-19

Greetings

Although I would prefer to be sharing my remarks in person to Menard members in a more traditional setting, like the PORTA Auditorium at our Annual Meeting, it is necessary this year to handle things differently. The decision to cancel this year's Annual Meeting was a difficult one for your Board of Directors to make.

Member, employee and others' safety is and will always be our primary concern. Planning the details of the meeting, securing a venue, and abiding by all the timelines outlined in our Cooperative Bylaws requires a lot of lead time. We hope that later into the summer or fall our decision will look like the wrong decision; if that is the case, it means the virus situation would be looking much better overall.

A large component of our Annual Meeting is to report on the financial and operational health of our organization. The extensive report presented here communicates that information and highlights that Menard Electric Cooperative is financially sound and continues to serve members with quality and reliable service.

Menard Electric's employees have gone above and beyond in these unique and difficult times to meet the needs of members. It has taken extra effort, as nearly all administrative and operational tasks have required some level of modification to meet the requirements of the COVID-19 environment. Your board is especially proud of the quality of our team and their level of excellence in service to members.

You are encouraged to keep up to date with all our activities and programs by enjoying this monthly publication; our website menard.com and our Facebook Page are also wonderful ways to stay current. The MyMEC mobile app is another great way to report and view outages, even if you are not near your home or electric service location.

As always, if you have any concerns, complaints or ideas, please contact the Cooperative office. All members benefit when there is good dialogue on processes and procedures of all types and varieties. If you have questions on information within these reports, please ask.

Thank you for your membership and interest in your cooperative. Please be safe and join me in looking forward to returning again in person to our Annual Meeting of members next year.



D. Jay Frye
President
Board of Directors

A Firm Foundation and a Strong Vision for the Future



Alisha Anker
General Manager

Perhaps an ironic twist to this odd year is in the fact the theme for Menard Electric Cooperative's 2020 Annual Meeting would have been "Envisioning

Tomorrow," highlighting the forward-looking facets of our business beginning to take shape and the path we see ahead. Amid that irony is the fact disruptions from the coronavirus could have, but did not, cloud our resolute outlook to continue serving our members and local communities in an unwavering fashion.

I would like to thank your Board of Directors for the guidance and governance which enabled myself and our dedicated employees to continue safely and reliably providing essential services to the membership. We would also like to thank the members for their understanding and patience as we continue to operate in an era of uncertainty.

We here at Menard Electric Cooperative are positive about our vision of tomorrow; it begins with the important task of working together in all facets of our business – working with members to understand their needs and concerns, working with other electric cooperatives to enhance common practices, working with local organizations to benefit the local communities we serve, and working with our statewide and nationwide associations for the benefit of the cooperative model.

Our history began 84 years ago when electric service was brought to the first members of the Cooperative. The commitment to those members was strong, and our commitment today remains just as strong. Our mission reflects this ongoing strength: To provide reliable electrical service at a reasonable cost with concern for the safety and well-being of the members, the employees, and the communities of the cooperative.

I cannot acknowledge enough the hard-working exceptional team we have here. Since last year they have stepped up by going above and beyond to improve their abilities. We welcomed several new employees to the Cooperative family. Many others obtained certifications and professional licenses essential to their roles. I am very proud of them all as they extended excellent service in keeping with our mission.

Menard Electric Cooperative remains financially and operationally strong, as reflected by the reports herein. While the number of metered locations we serve remains largely unchanged, margins for 2019 were well ahead of our forecast and the year prior. I can attribute significant credit for this to our power supplier, Prairie Power, Inc., by their continued focus and dedication to stabilize and maintain reduced power costs over time. This has enabled us here at Menard Electric to keep a larger share of your dollars local, which we apply to improving system reliability, adding combinations of new technologies, making distribution system upgrades, and reclaiming our rights-of-way by vegetation management.

A strong financial position also provides for the retirement of Capital Credits to our members. This year more members than ever benefited from a general retirement of \$700,000 in accordance with the Board's one-time resolution to retire patronage allocated to members taking service during 1996 and 2018. Menard Electric Cooperative is respected as top-of-class in returning patronage to the membership; in total more than \$11 million has been returned since our incorporation.

Electric plant-in-service improvements during 2019 included the replacement of over 700 poles identified by our robust pole testing program, the upgrade of over 20 miles of overhead

and underground primary facilities in accordance with our Work Plan, the replacement of over 140 three-phase metering components identified during our line loss investigation, and the connection of 68 new services coupled with the retirement of 75 services. The cooperative also interconnected over 50 renewable solar pv energy systems owned by members wishing to make a

positive environmental impact in their community.

In addition, we designed the layout for two new distribution substations and fiber-tied advanced

communications from our headquarters to the primary breaker packages at six existing substations. We look forward to those new substations coming online in the coming months and year. This work by our Engineering and Operations teams is a testament to their dedication to improve system reliability and decrease outage times for our members.

Our vegetation management efforts in the past year have improved safety and reliability. Mechanical trimming and clearing continued across almost 300 miles of essential distribution electric facilities and herbicides were applied to over 1,000 miles of right-of-way. Menard Electric Cooperative continues to partner with neighboring cooperative crews specialized in the clearance of energized lines.

As many members are aware, load management is a key and vital program for the Cooperative. During the past year we enrolled over 250 irrigation members in the cellular-based technology load management program, and we deployed over 40 new demand response units in the fields to replace outdated radio controllers. This program and these new enhancements were recognized nationally by an article in the Rural Electric (RE) Magazine that drew the attention of cooperatives across the country interested in

**We here at Menard
Electric Cooperative are
positive about our vision
of tomorrow.**

deploying state-of-the-art load control technologies.

A long-awaited upgrade to our automated meter reading software and servers was accomplished. This upgrade was enhanced by the replacement of multiplexers in all substations which are an essential component in the existing communications tool chest and are used to bring data from the field readily into our headquarters. All these and other communications technologies are forging a path for our future, to build a more robust and smarter distribution system for the membership.

The cooperative remains committed to pursuing new initiatives that enhance our business services and satisfy concerns and comments from our members. Earlier this year we engaged a new after-hours call center service. This service provider has integrated their systems with our customer information, metering, billing, and outage management systems to provide a much broader range of service to our members all hours of the day and night. Now members may securely and confidentially make a billing account inquiry or payment by phone 24/7/365, report a security

light or electric service issue, and of course report an unfortunate outage. In addition, after many requests, we have implemented paperless billing, added an additional bill smoothing methodology for budget-wise families, and expanded our automated payment options to provide a choice of three calendar dates to routinely draft balances from a checking or savings account.

Concern For Community and Cooperation Among Cooperatives are two of our seven guiding principles. In our local communities, Menard Electric Cooperative in combination with CoBank donated a total of \$11,500 in Sharing Success funds to three charitable organizations. We continued our educational scholarship program as well, with awards to four graduating HS seniors whose families are members of the cooperative. On a national level, crews and equipment from Menard Electric assisted cooperatives in Florida and North Carolina as part of a mutual aid effort following Hurricane Dorian last fall. We look forward to continuing this dedication throughout 2020.

Finally, last year during our Annual Meeting I was pleased to announce

the cooperative's stellar safety record. It is with great pride and honor that I announce the cooperative's accomplishment of another 365 days of No Lost Time incidents this year – marking a total of eight years without a minute, hour or day of Lost Time. As we continue to navigate the evolving coronavirus pandemic, this commitment to safety has never been more top of mind. We work carefully to ensure the health and well-being of our employees, so they can ensure the needs of our members are met, then return home to their families each evening.

In closing, I am inspired by the way our employees and your Board of Directors continue to rise to the challenges faced by the energy industry today. Ours is an essential industry. I trust the powers that be did not debate that qualification very long; it was the right one. We here at the cooperative will move forward to continue our commitment to the mission and our guiding principles, with a vision toward the future and a steadfast eye on the cooperative business practices and community support that embodies our strong history. Till next year, be well.

Menard Electric Cooperative by the Numbers

33 
Employees

418+ years of
experience

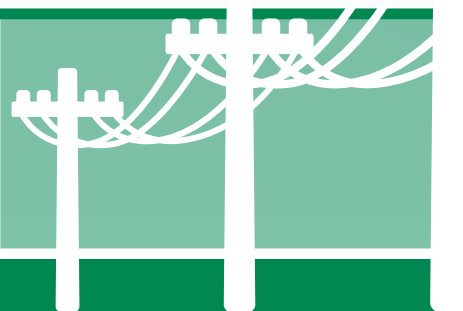


68 new services
connected

1,107 average monthly kWh use
for residential members



\$11
Million+
capital credits
returned



2,555 miles
of line

4.27 members per
mile of line

10,918 meters
served

Balance Sheet

For the Year Ending December 31,	2019	2018
Assets		
Total Utility Plant	\$74,267,811	\$71,494,706
Accumulated Depreciation	(22,932,346)	(22,202,926)
Net Utility Plant	\$51,335,465	\$49,291,780
Investments in Associated Organizations	11,653,132	10,447,849
Other Investments	3,102,857	3,811,172
Cash - General Fund	1,274,558	536,528
Cash - Construction Fund	454	454
Special Deposits	5,004	2,891
Temporary Investments	2,830,408	132,763
Notes Receivable	0	0
Accounts Receivable (Net of Bad Debt Allowance)	2,572,954	2,572,678
Materials and Supplies	497,770	429,297
Prepaid Expenses	184,520	182,810
Other Receivables and Current Assets	42,322	24,657
Deferred Debits	9,243	93,600
Regulatory Assets	0	0
Total Assets	\$73,508,687	\$67,526,479
Members' Equity and Liabilities		
Members' Patronage Capital	\$26,433,900	\$24,922,488
Other Equities	2,934,149	2,880,850
Total Members' Equity	\$29,368,049	\$27,803,338
Long-Term Debt RUS	859,569	930,455
Long-Term Debt CFC	0	0
Long-Term Debt FFB	24,846,967	21,884,161
Long-Term Debt CoBank	11,693,129	12,987,781
Long-Term Debt Prepayments Unapplied	(248,679)	(2,452,258)
Accumulated Provision for Post-Retirement Benefits	965,479	840,614
Notes Payable	0	0
Accounts Payable	2,715,860	2,387,257
Security Deposits	154,770	155,620
Current Maturities Long-Term Debt	2,039,000	2,000,000
Other Current & Accrued Liabilities	454,009	442,838
Deferred Credits	660,534	546,673
Total Members' Equity & Liabilities	\$73,508,687	\$67,526,479

Statement of Revenue and Expenses

For the Year Ending December 31,	2019	2018
Revenues		
Sales of Electric Energy to Members	\$29,908,059	\$30,040,058
Other Electric Revenues	164,522	155,752
Total Revenues	\$30,072,581	\$30,195,810
Expenses		
Cost of Purchased Power	\$18,757,712	\$19,462,842
Operating Expense	1,599,855	1,389,507
Maintenance Expense	3,305,209	3,150,500
Office Expenses	2,023,592	2,135,644
Depreciation Expense	2,240,902	2,192,720
Tax Expense	25,077	24,740
Interest Expense on Long-Term Debt	1,311,778	1,264,021
Total Expense	\$29,264,125	\$29,619,974
Operating Margins	\$808,456	\$575,836
Non-Operating Margins:		
Interest on Investments	194,047	92,982
Other Non-Op. Margins	(10,526)	(9,890)
CoBank and Other Patronage Capital	137,863	214,285
G&T Capital Credits	1,139,473	1,146,478
Total Margins	\$2,269,313	\$2,019,691
Members' Patronage Capital Beginning of Year	24,922,488	23,507,690
	\$27,191,801	\$25,527,381
Retirement of Capital Credits	(757,901)	(604,893)
Members' Patronage Capital End of Year	\$26,433,900	\$24,922,488

Menard Electric Cooperative is a member of Prairie Power, Inc. (PPI), which is an electric Generation and Transmission cooperative. The cooperative obtains virtually all of its purchased power from PPI, which amounted to \$19,412,585 and \$18,713,271 for the years ended December 31, 2018 and 2019, respectively. Amounts due PPI at December 31, 2018 and 2019 were \$1,742,001 and \$2,217,524 respectively. Beginning in 2007, PPI developed plans for its members to help stabilize power costs against future fluctuations. Menard's net cost to this program for 2018 and 2019 were \$820 and (\$99,526), respectively. For a complete set of financial footnotes, please contact us.



Comparative Statistics

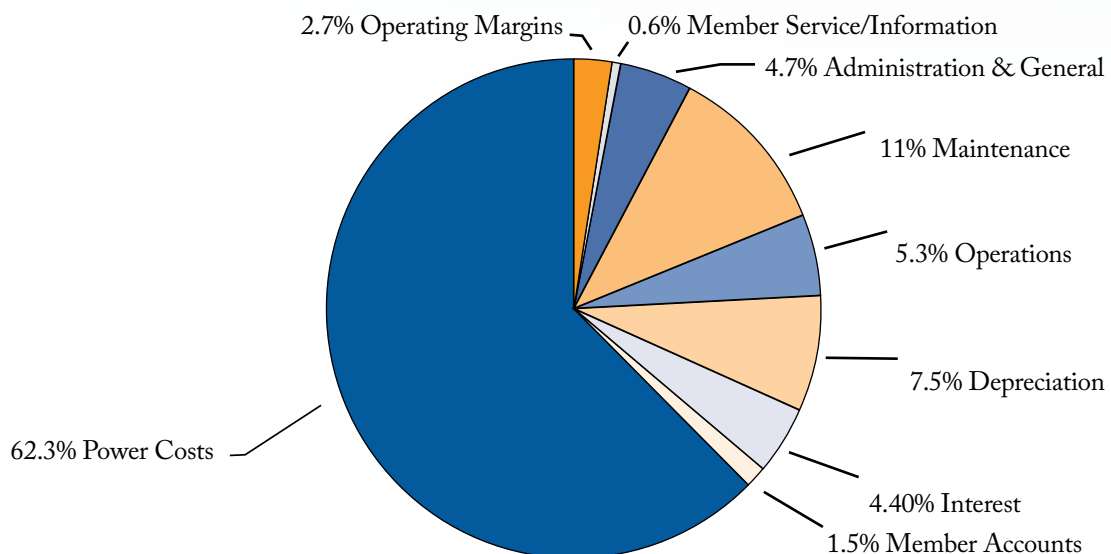
	2019	2018
End of Year Avg. Interest Rate on Long-Term Debt	3.363%	3.485%
Total kWhs Purchased	225,633,578	232,517,183
Total kWhs Sold and Used by MEC	208,596,240	214,319,908
Percent of Line Loss	7.55%	7.83%

Comparative Income Statements

(Restated in pennies per kilowatt-hour sold)

Per kWh Sold:	2019	2018
Revenue	14.417¢	13.912¢
Power Cost	8.992	8.967
Gross Margin	5.425¢	4.945¢
Operations Expenses	0.767	0.640
Maintenance Expenses	1.585	1.452
Office Expenses	0.970	0.984
Depreciation	1.074	1.010
Taxes	0.012	0.011
Interest	0.629	0.582
Operating Margins	0.388¢	0.266¢
Non-Operating Margins	0.700	0.665
Total Margins	1.088¢	0.931¢

Where Your Dollar Was Spent in 2019





Minutes of the 82nd Annual Meeting of Menard Electric Cooperative

June 13, 2019

The Eighty Second Meeting of the Members of Menard Electric Cooperative was held at PORTA High School in Petersburg, Menard County, Illinois, on Thursday, June 13, 2019, pursuant to legal notice duly given to the members of the Cooperative on the 23rd day of May, 2019. The meeting was called to order by President D. Jay Frye at 7:00 o'clock P.M. (Central Daylight Time).

The meeting was opened with the Pledge of Allegiance led by Storie Wilson and Adelaide Boston, and followed by the singing of the National Anthem. Invocation was given by Pastor Brian Lesemann, St. John's Lutheran Church, Bath, Illinois.

Manager Alisha Anker introduced guests in attendance at the Meeting.

President Frye reviewed the proposed Agenda for conducting the Annual Meeting. There being no objections to the Agenda as presented, it was approved and adopted. President Frye then appointed the Parliamentarian, Sergeant-at-Arms, and appointed vote tellers.

Michael H. Patrick, Secretary of the Cooperative, was introduced by President Frye. Secretary Patrick read the Notice of the Meeting and the President thereupon declared proof that the Notice was sufficient and ordered the Notice and Certificate of Mailing filed with the minutes of the

Meeting. Secretary Patrick reported that a quorum of members were present in person and/or by proxy. The President directed him, as Secretary, to annex to the minutes of the Meeting, a list of the members present and to file the proxies with the records of the Cooperative. It was thereupon moved and seconded that the reading of the Minutes of the 81st Annual Meeting of June 14, 2018 be dispensed with and the Minutes be approved as recorded and published in the Annual Meeting Book. Motion carried.

President Frye introduced Attorney Smith to conduct the election of Directors. Attorney Smith advised that for District #1, there were two (2) nominees being Freda Habermehl and Gary Holloway. Attorney Smith advised that for District #4, there was one nominee that being Dennis Ryan. It was moved and seconded that a unanimous ballot be cast for Dennis Ryan as Director for a three (3) year term for District #4. Motion carried. Attorney Smith advised that for District #6, there was one nominee, that being Steve Worner and that there were no other nominations. It was moved and seconded that a unanimous ballot be cast for Steve Worner as Director for District #6 for a three (3) year term. Motion carried. Attorney Smith then reviewed with the Membership the procedure for voting for Director for District #1. He asked

nominee Habermehl and nominee Holloway to address the Membership. There followed the voting by the Membership. After completion of the voting process, the tellers were asked to retire to count the ballots for District #1 and when they had completed the vote count, to report the results to the Membership.

President Frye announced that Director Roy Seaney had chosen to retire from the Menard Electric Board after twenty-five (25) years of dedicated service. President Frye thanked and commended Roy for his many years of dedicated service to the Cooperative.

Treasurer Dennis Ryan presented the Treasurer's Report. It was moved and seconded that the Treasurer's Report be approved as presented. Motion carried.

President Frye and Manager Anker presented a joint President's and Manager's Report.

President Frye asked Attorney Smith to announce the results of the election. Attorney Smith advised that nominee Gary Holloway had received the most votes and was therefore elected Director for District #1 for a three (3) year term.

President Frye then called for new and unfinished business and answered questions from Members.

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



Programs & Services

Member Driven

Security Lights

We can light up the night with automatic dusk-to-dawn pole-mounted LED security lights. Many members opt for the peace of mind these worry-free lights provide; a low monthly fee includes installation, maintenance and all electricity usage from the light.

Vegetation Management

Trees and vegetation grown too close to our power lines is a safety hazard not only for our linemen but for members, children and others in the community working or playing in trees near lines. Tree limbs that contact lines is also a major cause of power interruptions. To keep our service safe and reliable we must control the vegetation growing around our lines.

Renewable Energy

We have policies in place to allow us to partner with members who safely interconnect renewable energy sources, like solar or wind, to our system. Contacting us early in the planning process will allow us to provide electric usage data, an idea of what a renewable system might produce, and review how our process works.

Community Focused

Scholarships

Our Youth to Washington Scholarship Program awards cash funds to high school seniors continuing their education at a four-year university, a two-year community college, or a technical school program. In addition, one selected scholarship winner is awarded an all-expenses paid trip to Washington, D.C. as part of the National Rural Electric Cooperative Association Youth to Washington program. High school seniors whose parents/guardians are actively served at their primary residence are eligible to apply.

Sharing Success

We partner with CoBank's Sharing Success program to provide funds to local non-profit organizations providing services in our communities. Through the program, our Board of Directors selects worthy applicants for the funds, and CoBank, also a cooperative, matches those donations.

Your Board of Directors



D. Jay Frye
President
District 5
Easton



Warren Goetsch
Vice President
District 8
Williamsville



Michael Patrick
Secretary
District 7
New Holland



Dennis Ryan
Treasurer
District 4
Petersburg



Gary Holloway
District 1
Petersburg



Gary Martin
District 2
Alexander



**Donald "Chuck"
McMillan**
District 9
Williamsville



Jodine Tate
District 3
Virginia



Steven Worner
District 6
Manito

Your Menard Electric Cooperative Employees

General Manager

Alisha Anker

Engineering

Brady Smith, Engineering Manager

Bart Bailey, Engineering/IT
Coordinator

Ross Cloninger, Forester/Field
Technician

Dustin Crosier, Senior System
Engineer

Dave Groth, Engineering Tech

Doug Pettit, GIS/Technology
Specialist

Tim Schafer, Field Engineer

Accounting

Chris Hinton, Manager of
Accounting & Information Services

Sue Freeland, Assistant Accountant

Pam Davis, Accounts Payable Clerk

Member Services

Trish Michels, Director of
Member Services

Alycia Clifton, Receptionist

Kim Kyes, Billing Operator

Michelle McNeal, Communications

Cheryl Milstead, Radio Dispatcher

Peggy Ogden, Receptionist

Operations

Dalton Whitley, Operations Manager

Jason Beggs, Lineman

Brandon Blair, Crew Leader

Robb Hanner, Area Serviceman

Austin Harvey, Apprentice Lineman

Dwayne Heyen, Area Serviceman

Stormy Hild, Lineman

Kyle Hill, Lineman

Michael Justice, Groundman/
Mechanic Leadman

Seth Parker, Area Serviceman

Erik Raikes, Storekeeper/Leadman

Nick Schachtsiek, Lineman

Troy Shafer, Area Serviceman

Levi Vogt, Lineman

Matt Wassell, Area Serviceman

Jeremy Willis, Leadman

Our Mission

To provide reliable electrical service at a reasonable cost
with concern for the safety and well-being of the members,
the employees, and the communities of the cooperative.

UNDERSTANDING THE SEVEN COOPERATIVE PRINCIPLES

Cooperatives around the world operate according to the same set of core principles and values, adopted by the International Co-operative Alliance.

These principles are a key reason why America's electric cooperatives operate differently from other electric utilities, putting the needs of our members first.



VOLUNTARY AND OPEN MEMBERSHIP

Membership in a cooperative is open to all persons who can reasonably use its services and stand willing to accept the responsibilities of membership, regardless of race, religion, gender or economic circumstances.



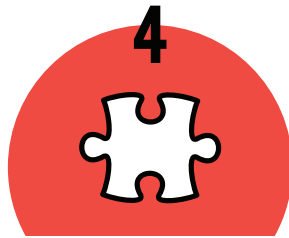
DEMOCRATIC MEMBER CONTROL

Cooperatives are democratic organizations controlled by their members, who actively participate in setting policies and making decisions. Elected representatives (directors/trustees) are elected from among the membership and are accountable to the membership. In primary cooperatives, members have equal voting rights (one member, one vote); cooperatives at other levels are organized in a democratic manner.



MEMBERS' ECONOMIC PARTICIPATION

Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital remains the common property of the cooperative. Members allocate surpluses for any or all of the following purposes: developing the cooperative; setting up reserves; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.



AUTONOMY AND INDEPENDENCE

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control as well as their unique identity.



EDUCATION, TRAINING AND INFORMATION

Education and training for members, elected representatives (directors/trustees), CEOs and employees help them effectively contribute to the development of their cooperatives. Communications about the nature and benefits of cooperatives, particularly with the general public and opinion leaders, helps boost cooperative understanding.



COOPERATION AMONG COOPERATIVES

By working together through local, national, regional, and international structures, cooperatives improve services, bolster local economies and deal more effectively with social and community needs.



CONCERN FOR COMMUNITY

Cooperatives work for the sustainable development of their communities through policies supported by the membership.

THESE ARE
THE WORDS
WE LIVE BY.

