

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS  
MENARD ELECTRIC COOPERATIVE  
PETERSBURG, ILLINOIS  
MARCH 1, 2016

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, Jerry W. Brooks, Warren D. Goetsch, Gary L. Martin, Donald E. McMillan, Michael E. Patrick, and Roy H. Seaney. Directors Jodine Tate and Steven L. Worner were absent. Also present was Manager Eric Hobbie 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.

Manager Hobbie reviewed a proposal for Menard Owned Add-A-Phase Retirement. He discussed the reasons for the Retirement. He advised the cost associated with an Add-A-Phase buy out. After discussion by the Board, it was moved and seconded that the Cooperative proceed with a Add-A-Phase Buy Out using a 40 year life buy out. Motion carried.

Manager Hobbie discussed the proposed Construction Contract with L. E. Myers. He discussed the terms and provisions of the proposed Contract. It was moved and seconded that the President and Secretary be authorized to enter into the Contract. Motion carried.

Manager Hobbie presented the Manager's Report for January, 2016. He reviewed the Balance Sheet, Budget, as well as the Outage Summary and Safety Report. Under the Operations Report, Manager Hobbie discussed the construction of a new substation near Mechanicsburg. He reviewed the Irrigation Report for 2016 and advised that there were 6 systems currently planned. He presented an Irrigation Load Management update. He reviewed the status of plans for a network migration. Manager Hobbie reviewed the State of Illinois past due accounts. Manager Hobbie discussed the Line Clearance Contract. There was also discussion about the terms of a

Rural Economic Development Loan and Grant called "REDLG". A Member requested the Cooperative consider obtaining such a Loan/Grant. The issue was discussed by the Board with no action being taken. It was moved and seconded that the Manager's Report be approved as presented. Motion carried.

Manager Hobbie presented the financial report for the month of January. Year to date margins were (\$4,378) compared to (\$1956) a year earlier. Equity as of the end of January was

36.68% and the number of member accounts served was 10,816 compared to 10,777 a year ago. Net Utility Plant at the end of January was \$43,852,654 compared to \$42,905,363 last year. The cooperative continues to meet the requirements of the RUS, FFB and NRUCFC.

Director Goetsch reported on AIEC Activities and reviewed the Executive Summary, as well as advising of various retirements by AIEC employees.

Director Martin and Manager Hobbie reported on Prairie Power, Inc. Director Martin reported on the status of the consolidation plans. Manager Hobbie gave an update on the status of Prairie State.

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

Director Brooks reported on plans for the Annual Meeting.

Manager Hobbie reviewed the Capital Credit Estate Refunds Report.

The Board discussed the NRECA Annual Meeting.

President Frye reminded the Board that the next regular Meeting was scheduled for March 29, 2016, at 6:00 p.m.

Under other business, President Frye reminded the Board that the Co-Bank Meeting was scheduled for March 10-11, 2016 in Normal, Illinois.

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