

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
MENARD ELECTRIC COOPERATIVE
PETERSBURG, ILLINOIS
JANUARY 27, 2015

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 Gary L. Martin, Jerry W. Brooks, D. Jay Frye, Warren D. Goetsch, Donald E. McMillan, Michael E. Patrick, Roy H. Seaney and Jodine Tate. Director Steven L. Worner was absent. Also present was Attorney Charles K. Smith and Manager Lynn A. Frasco.

The Agenda of the meeting was read. There were no changes or additions to the Agenda. Thereafter with President Martin presiding and with these minutes being transcribed by or under the direction of Secretary Frye, 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 Martin reviewed the Consensus Agenda. It was moved and seconded that the Consensus Agenda be approved as presented. Motion carried.

President Martin introduced Brian Adams from AIEC and Chris Hinton, Manager of Accounting & Information Systems, who presented the 2014 Cost of Service Study. He and Mr. Hinton discussed various rate options for 2015. The Board discussed, in detail, the various options. The Board suggested some changes to the various options. After discussion, Manager Frasco advised that they would bring back a combination of options 1 and 2 for consideration by the Board.

Manager Frasco presented the Manager's Report for December, 2014. He reviewed the Balance Sheet, Budget, as well as the Outage Summary and Safety Report. Under the Operations Report, Manager Frasco advised that he was still working on renewal of the Sherman Franchise and that he met with the Mayor and other Representatives of the City. He stated that the City Council would be meeting shortly to consider the Franchise Agreement. He reported on the status of irrigation construction for the year. He reviewed the Liheap Assistance Program and the Home 3.0 Rebate Program. He advised that Menard's Engineering Department was recommending a move to LED security lights as standard equipment. He distributed the 2015 Youth Day and Youth to Washington Information. He advised that there was an advance from the FFB Loan with an interest rate of 2.20% fixed for thirty-three (33) years. It was moved and seconded the Manager's Report be approved. Motion carried.

Frasco presented the Financial Report for the month of December. Year to date margins were \$1,763,467 compared to \$1,966,940 a year earlier. Equity as of the end of December was 36.97% and the number of member accounts served was 10,772 compared to 10,714 a year ago.

Net Utility Plant at the end of December was \$42,831,452 compared to \$41,276,363 last year. The cooperative continues to meet the requirements of the RUS, FFB and NRUCFC.

Director Goetsch reported on AIEC Activities.

Director Brooks reported on Prairie Power, Inc.

Manager Frasco reviewed the proposed Contract for Line Construction with L.E. Myers for 2015. It was moved and seconded the Contract be approved. Motion carried.

Director Brooks presented a Report of the Annual Meeting Committee and advised that the Annual Meeting would be held June 6, 2015. He discussed various plans for the Meeting.

Director Frye reported on the Meeting of the Capital Credit Committee. He recommended that Menard pay \$350,000.00 in General Retirements for the year plus \$175,000.00 for Estates. It was moved and seconded that the following Resolution be adopted:

RESOLUTION

WHEREAS, Menard Electric Cooperative's 2014 pre-audit margins are in excess of approximately \$1,760,000.00; and ,

WHEREAS, Menard Electric Cooperative's Board of Directors desire to retire a total of \$525,000.00 in Capital Credits in the year 2015; and ,

WHEREAS, Menard Electric Cooperative's equity on December 31, 2014 is approximately 37.0%; and,

WHEREAS, Menard Electric Cooperative's equity will be above 36.6% after retirement of \$350,000.00; and,

WHEREAS, Menard Electric Cooperative desires to retire the balance of 1991, and a portion of 1992 in general retirement for a total amount not to exceed \$350,000.00p and,

WHEREAS, the Cooperative Board of Directors desire to retire estates up to \$175,000.00 during the calendar year 2015,

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 1991, and a portion of 1992 totaling an amount not to exceed \$350,000.00 and the amount remaining for the retirement of estates up to \$175,000.00 during the calendar year 2015 for a total retirement of \$525,000.00.

Motion carried.

Manager Frasco presented the Capital Credit Estate Refunds Report.

Manager Frasco distributed to the Board Members the Conflict of Interest Certification and Disclosure Form. He asked the Directors to turn in their “hours of service” log sheet.

President Martin called the Board into Executive Session.

President Martin reconvened the monthly Board Meeting.

President Martin advised that the next Board Meeting was scheduled for March 3, 2015 at 6:00 p.m.

Under other business, President Martin advised that an Irrigation Clinic was being held on February 5, 2015, in Havana, Illinois. He advised that the NRECA Screening Meeting - Manager Search - would be held on February 19, 2015 and that the NRECA Annual Meeting was on February 23-25, 2015, in Orlando, Florida. He also advised that a CoBank Meeting was being held on March 19-20, 2015 in Bloomington, Illinois. He reminded the Board that the February monthly Board Meeting was being moved from February 24, 2015 to March 3, 2015 and that the March monthly Board Meeting was being moved from March 24, 2015 to March 31, 2015.

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