

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
MENARD ELECTRIC COOPERATIVE
PETERSBURG, ILLINOIS
JANUARY 26, 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, Roy H. Seaney, Jodine Tate, and Steven L. Worner. Also present was Manager Eric Hobbie and Attorney Charles K. Smith.

The Agenda of the meeting was read. There was one addition to the Agenda, being "Preparation for Annual Meeting". There were no other 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 suggested changes to Board Meeting dates as a result of conflicts. It was moved and seconded that the March 22, 2016 Board Meeting be moved to March 29, 2016; that the May 25, 2016 Meeting be moved to May 31, 2016; and that the August 23, 2016 Meeting be moved to August 30, 2016. Motion carried.

Manager Hobbie and Attorney Smith discussed the Arch Coal Bankruptcy and its potential effect on the Cooperative and the Viper Mine. Manager Hobbie advised that he had received court documentation, which provided a mechanism to apply for adequate assurance. He advised that he had made application. There was discussion about possibly applying for additional adequate assurance. Manager Hobbie reviewed the financial effects the bankruptcy could have on the Cooperative. Attorney Smith advised that he had contacted a bankruptcy in St. Louis to represent the Cooperative. He is Scott Greenberg of Sandberg, Phoenix & Von Gontard, P.C., of St. Louis. He discussed with the Board the Engagement Letter.

Manager Hobbie presented the Manager's Report for December, 2015. He reviewed the Balance Sheet, Budget, as well as the Outage Summary and Safety Report. Under the Operations Report, Manager Hobbie discussed the work done by the Cooperative Crews for the month. He reported on the Meeting of the Irrigation Committee and reviewed items discussed at the Meeting. He advised that there was going to be a Meeting of the Irrigation Committee. He advised that the Cooperative needed a new Form 475. Manager Hobbie and Director Seaney would be signatories on the Form 475. It was moved and seconded that a Resolution be adopted.

Motion carried. Manager Hobbie reported on 2016 Irrigation Construction requests and advised that there was little interest at the present time in new irrigation systems. He advised that

the Staff had elected to obtain a CoBank Loan in the amount of \$998,387.50 at the rate of 2.975%. The prior rate was 3.89%. He advised that the Staff had also taken an FFB Loan Advance at the rate of 2.838% for 32 years for an advance loan in the amount of \$2,500,000.00. He reported on the status of the State of Illinois past due accounts and the total amount that was past due. It was moved and seconded that the Manager's Report be approved as presented. Motion carried.

Manager Hobbie advised that the Cooperative Accounting Firm of Dreyer & Kelso were splitting up and that the Cooperative would remain with Mr. Kelso. As a result thereof, approval was needed on the Certified Public Accountant Amendment due to the name change of the Firm. It was moved and seconded to approve the signature change. Motion carried.

Director Goetsch reported on AIEC Activities.

Director Martin and Manager Hobbie reported on Prairie Power, Inc. They reviewed the December Energy charges and briefly discussed the status of the merger discussions. Manager Hobbie also presented the Prairie State Update.

Manager Hobbie advised that there had been a Meeting of the Capital Credits Committee. Director Martin reported that the Committee recommended a general retirement of \$375,000.00 with Estates Retirement of \$175,000.00 for a total Retirement of \$550,000.00. It was moved and seconded that the Committee's recommendation be adopted. Motion carried.

Manager Hobbie reviewed the Capital Credit Estate Refunds Report. He distributed to the Board the Conflict of Interest Certification and the Disclosure Form for 2016, as well as asking Directors to complete the Director's "Hours of Service" Log Sheet.

Manager Hobbie presented the financial report for the month of December. Year to date margins were \$1,595,152 compared to \$1,705,068 a year earlier. Equity as of the end of December was 38.04% and the number of member accounts served was 10,817 compared to 10,772 a year ago. Net Utility Plant at the end of December was \$43,844,514 compared to \$42,831,452 last year. The cooperative continues to meet the requirements of the RUS, FFB and NRUCFC.

It was moved and seconded that the Board go into Executive Session to discuss personnel matters. Motion carried. President Frye reconvened the monthly Board Meeting.

President Frye reminded the Board the next regular Meeting was February 23, 2016, at 6:00 p.m.

Under other business, President Frye reminded the Board of the Irrigation Clinic on February 4, 2016 at the Mason County Farm Bureau Building. He reminded the Board that the NRECA Annual Meeting was scheduled for February 14-17, 2016, in New Orleans. He also 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.