

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

JUNE 28, 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, Dennis Ryan, 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 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.

The Board discussed the Alternate Director for AIEC. It was moved and seconded that Director Worner be named as the Alternate Director. Motion carried.

The Board discussed appointment of the NRECA Voting Delegate, both primary and alternate. It was moved and seconded that Director Goetsch be the Primary Voting Delegate and Director McMillan be the Alternate Voting Delegate for NRECA. Motion carried.

Manager Hobbie presented the Manager's Report for May, 2016. He reviewed the Balance Sheet, Budget, as well as the Outage Summary and Safety Report. Under the Operations Report, Manager Hobbie reported on work done by the Cooperative Crews for the month. He reviewed the State of Illinois delinquent accounts, which were approximately \$272,000.00. He reviewed with the Board his proposal as to changes in the Bylaws and the Policies with regard to how to handle Capital Credits in the event of a bankruptcy by a Member. The Board discussed and reviewed the proposed changes and it was the consensus of the Board to proceed with revising the Policies and Bylaws in accordance therewith. Manager Hobbie presented an Irrigation Load Management Update. It was moved and seconded that the Manager's Report be approved as presented. Motion carried.

Hobbie presented the financial report for the month of May. Year to date margins were \$1,640,622 compared to \$1,236,200 a year earlier. Equity as of the end of May was 38.89% and the number of member accounts served was 10,838 compared to 10,792 a year ago. Net utility plant at the end of May was \$44,293,409 compared to \$43,331,694 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.

Director Martin reported on Prairie Power, Inc. He reviewed the terms of the Wholesale Power Contract/Transmission Service Agreement Extension. He presented an update on the status of Prairie State.

The Board discussed the 79th Annual Meeting of Members.

President Frye presented proposed Board Meeting dates and times for 2016/2017. A copy of the Board Meeting dates and times are marked Exhibit A, attached hereto and incorporated herein by reference. The Board decided to schedule the 80th Annual Meeting of Members on June 15, 2017. Also, the Board discussed the Alternate NRECA Board of Election Delegates. It was moved and seconded that Director Worner act as the Alternate. Motion carried. President Frye submitted a proposal for Board Committee and Delegate Appointments for 2016/2017. A copy of the Board Committee and Delegate Appointments is marked Exhibit B, attached hereto and incorporated herein by reference.

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 approve and adopt the actions the Board taken in Executive Session. Motion carried.

Manager Hobbie presented the Capital Credit Estate Refunds Report.

President Frye advised that the next Board Meeting was scheduled for July 26, 2016, at 6:00 p.m.

Under other business, President Frye advised that the AIEC Annual Meeting was scheduled for July 28-29, 2016, at the Crowne Plaza Hotel, Springfield, Illinois. President Frye suggested considering changing the name of the Capital Credit Committee to the Finance Committee. After discussion by the Board, it was moved and seconded that the Capital Credit Committee name be changed to Finance Committee. Motion carried.

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