

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
MENARD ELECTRIC COOPERATIVE
PETERSBURG, ILLINOIS
MARCH 29, 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 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 the proposed Wright Tree Service Line Clearance Contract. After discussion, it was moved and seconded that the Contract be approved. Motion carried.

Manager Hobbie presented a change to the Fire Retardant Clothing Policy. It was moved and seconded that the Policy, as revised, be approved. Motion carried.

Manager Hobbie presented the Manager's Report for February, 2016. He reviewed the Balance Sheet, Budget, as well as the Outage Summary and Safety Report. Under the Operations Report, Manager Hobbie reported on the status of 2016 Irrigation construction. He also presented an update on the Irrigation Load Control Project. He reviewed the Co-Bank 2016 Sharing Success Program. Manager Hobbie reported that the Cooperative had received Co-Bank Patronage in the total sum of \$184,870.26, which was a check for \$138,652.70 and equity of \$46,217.56. He also advised that Federated had paid a Patronage of \$3,205.00 of which \$1,823.00 was from 2015 and \$1,382.00 2008. Manager Hobbie discussed again the request by a Member for the Cooperative to participate in a USDA REDLG Loan. The Board discussed the matter, but no action was taken by the Board. He presented an update on Network security and cyber insurance. He discussed the fact that the Cooperative Auditor, Kevin Kelso, had assumed more customers and Mr. Kelso had advised that therefore, he did not think he could give the Audit Report at the usual date. There was discussion about whether to have him give the Report via telephone conference or to give the Report in person. It was the consensus to have him give

the Report in person and to agree upon a date for the Board, as well as for Mr. Kelso. It was moved and seconded the Manager's Report be approved as presented. Motion carried.

Hobbie presented the financial report for the month of February. Year to date margins were \$75,736 compared to \$23,597 a year earlier. Equity as of the end of February was 37.21% and the number of member accounts served was 10,809 compared to 10,771 a year ago. Net utility plant at the end of February was \$43,840,784 compared to \$43,041,726 last year. The cooperative continues to meet the requirements of the RUS, FFB and NRUCFC.

Director Goetsch reported on AIEC Activities and reviewed the March Executive Summary.

Director Martin reported on Prairie Power, Inc. and 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 gave a Report on plans for the Menard Electric Annual Meeting and the issues discussed by the Annual Meeting Committee. There was discussion about the issue of the need to raise the debt ceiling from \$50,000,000.00 to \$80,000,000.00. Attorney Smith advised that there was a Section called Disposition of Property in the Bylaws, which would require that the matter be submitted to the Membership for Membership vote and approval. There was discussion about whether to present the issue to the Membership at the next Annual Meeting or the 2017 Annual Meeting. After discussion, it was moved and seconded that the matter be submitted to the Membership for the 2016 Annual Meeting wherein the Membership would be asked to increase the debt ceiling from \$50,000,000.00 to \$80,000,000.00. Motion carried. Director Brooks discussed other plans for the Annual Meeting. He advised that there was currently one individual who had presented a Nominating Petition to the Cooperative. He advised that there was another individual who had expressed interest in being a Nominee for the Board.

Manager Hobbie reviewed the Capital Credit Estate Refunds Report.

President Frye reminded the Board that the next Meeting was April 26, 2016, at 6:00 p.m.

Under other business, President Frye reminded the Board that the NRECA Legislative Conference was scheduled for May 1-3, 2016 was discussed.

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