

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS  
MENARD ELECTRIC COOPERATIVE  
PETERSBURG, ILLINOIS  
SEPTEMBER 27, 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, Warren D. Goetsch, Gary L. Martin, Donald E. McMillan, Michael E. Patrick, Dennis Ryan, Roy H. Seaney, and Jodine Tate. Director Steven L. Worner was 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.

President Frye introduced CFC Representative, Aaron Stallings, who reviewed the KRTA Report.

Manager Hobbie discussed changes to the Allocation Methodology of Capital Credits. It was the consensus of the Board that Manager Hobbie and Staff put together suggestions for different methods of calculating and retiring Capital Credits and then the matter would be referred to the Finance Committee for consideration.

President Frye advised that there was a meeting of the Policy Committee to discuss two (2) new proposed Policies, one being the Group Hospitalization for Deceased Family Members Policy and the other being Policy on Leave for Birth or Adoption of Children. After discussion, the Committee advised that they recommended adopting the Policies. It was moved and seconded that the Policies be adopted. Motion carried.

Manager Hobbie presented the Manager's Report for August, 2016. He reviewed the Balance Sheet, Budget, as well as the Outage Summary and Safety Report. Under the Operations Report, Manager Hobbie discussed the status of the Arch Coal Bankruptcy. He advised that it appeared the Cooperative would be paid in full in the context of the bankruptcy proceedings. There was discussion about the issue of late payment penalties as provided for in the existing Contract. Manager Hobbie advised that he would investigate this further. Manager Hobbie discussed possible changes to handling bad debts in relation to Capital Credits. He discussed revising the Patronage Capital Policy and ByLaws to provide for no transfer or assignment of capital credits when bad debts existed. He also discussed early retirement of capital credits to

recoup bad debts after two (2) years uncollectible status. There was also discussion about discounting early retirement of capital credits to capture time value of bad debt. It was the consensus of the Board to review these suggestions further and refer the matter to the Finance Committee. Manager Hobbie distributed a sign up sheet for the NRECA Course 943.1. It was moved and seconded the Manager's Report be approved. Motion carried.

Hobbie presented the financial report for the month of August. Year to date margins were \$2,172,063 compared to \$1,643,257 a year earlier. Equity as of the end of August was 38.57% and the number of member accounts served was 10,857 compared to 10,812 a year ago. Net utility plant at the end of August was \$45,125,329 compared to \$43,633,389 last year. The cooperative continues to meet the requirements of the RUS, FFB and NRUCFC.

Director Goetsch reported on AIEC Activities. He and Director McMillan discussed the Region V Meeting.

Director Martin reported on Prairie Power, Inc. and presented an update on Prairie State.

Manager Hobbie presented the Capital Credit Estate Refunds Report.

President Frye advised that the next Meeting was scheduled for October 25, 2016, at 6:00 p.m.

Under other business, President Frye advised again that the NRECA Course 943.1 entitled "Effective Communications in Your Community" was scheduled either for November 16<sup>th</sup> or 17<sup>th</sup>, 2016.

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