

Menard Electric Cooperative's

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78th Annual Meeting Recap

More than 350 members joined us for our annual meeting on Saturday, June 6th at PORTA High School. We hope you and your family were among the crowd. For those who could not attend, here's a brief summary of some of the information presented. The Official Notice contained President Martin's full report as well as more detailed financial information; you can view a copy at www.menard.com.

Manager's Report

General Manager Lynn Frasco gave his final address to members and highlighted some changes that have occurred during his 16 years as General Manager.

He talked about what a strong commitment to safety the co-op employees have, and how that combined with safer tools and increased training has led the co-op to achieve one of the best safety records among



The Mason County Pork Producers prepared and served more than 700 dinners this year.

all electric co-ops in the state. Each employee benefits from this increased focus on safety of course, but the co-op as a whole benefits as well

because its Workers Compensation Insurance Premiums have decreased over 40%, saving the co-op nearly \$80,000 a year.



More than 350 members registered for the meeting and received an attendance gift of an oven mitt, palm grater and jar opener. The majority of members also brought their registration card from the Official Notice and received a \$10 bill credit.



General Manager Lynn Frasco gave his last report during the annual meeting. His last day in the office was June 8.



New General Manager Eric Hobbie introduced himself to members.



Susie O kept members laughing with her stories of life as a farm wife.

The Sangamon County Health Department provided health screenings and information.



Tim the Twister and Sunshyne the Clown provided fun balloon creations and elaborate face painting.

Frasco also discussed the co-op's increased use of technology over the years. He highlighted digital communications and additional payment methods as two areas that continue to change to meet members' needs. A big change that has occurred was the installation of smart meters. When the co-op first began members read their own meters, then meter readers were sent to each home every month, and in 2009 digital meters that can be read automatically through the power lines were installed.

"They provide a wide range of information that has real value to deliver better service to our membership," Frasco said. He mentioned a few features such as collecting hourly readings, voltage readings, blink counts and meter tampering alerts, along with providing the means to turn electricity on or off, limit the flow of electricity and run reports during outages to find sections out of power.

Also in his report Frasco discussed how rates have changed through the years, showing a direct correlation between increases in power costs and Menard Electric's rates. He also showed how Menard Electric is ranked 12th out of the 24 Illinois electric cooperatives concerning rates. He noted that in a comparison with Ameren Utilities, Menard Electric's rates are higher, but the difference is quickly being reduced, as Ameren announced last month a 23% average increase in their residential rates being implemented in 2015.

Frasco thanked his dedicated staff and employees, the previous four General Managers, and the current Board of Directors for their dedication. He concluded, "I want to thank all of the Menard Electric members for your advice and encouragement, as we have done our best to meet your high standards of reliable and affordable electric service."

President's Report

President Gary Martin spoke to members about the constant maintenance and replacement of equipment as well as line clearance required on the co-op's nearly 2,600 miles of lines. Martin said the Board carefully weighs each decision that impacts members and their quality of



General Manager Eric Hobbie (right) is the co-op's 6th manager in its 78 year history. He is shown with retiring Manager Lynn Frasco (left) and his predecessor Dorland Smith (center).



Senior Radio and Electronic Technician Doug Pettit (right) was honored for 25 years of service with the co-op.

life and discussed the dilemma the Board faces balancing the cost of rates and the dependability of service required today. "No one is happy if they come home to a dark house or their power blinks and they have to reboot their computer and reset their clocks, but unfortunately, there is a cost to that reliability and dependability," he said. "Our Board and management are also unified in the knowledge that each of you is an owner in the cooperative and we have an obligation to you as owners to manage your cooperative in a responsible and efficient manner." Martin's full report was printed in the Official Notice.

New General Manager Eric Hobbie introduced himself and his family to members and discussed his background. He cited a 22 year career with City, Water Light and Power, where he moved from Apprentice Electrician to Chief Utility Engineer overseeing the electric and water divisions, a degree in electrical engineering with a masters in Business Administration, and a Professional Engineer license as items that make him qualified to lead the cooperative. He said, "I believe my experience and education gives me the ability to serve Menard and the members very well into the future."

Financials

Treasurer Roy Seaneay informed members that co-op margins for 2014 were \$1,705,069. "Of this amount, \$821,495 were capital credits assigned to us from Prairie Power, Inc., our wholesale power provider, and \$230,504 of capital credits from CoBank and other sources. Just like you, we'll receive those capital credit retirements at a later date. The remaining balance of \$653,070 in margins was from normal operations of the cooperative," he said. Detailed financial information was printed in the Official Notice.

Board of Directors

Directors Gary Martin, Jay Frye and Don McMillan ran unopposed and were re-elected by members to the Board of Directors. In a re-organizational meeting after the event the Board named positions as follows: President Jay Frye, Vice President Jerry Brooks, Secretary Mike Patrick and Treasurer Jodine Tate.



Some of our youngest guests chose to get a bird's eye view of the surrounding area.

Prizes

A fun part of our annual meeting each year is the door prize drawing. Menard Electric, local businesses, and our suppliers, provided more than 30 prizes this year, including gift cards, bill credits, small electrical appliances, a leaf blower, and much more. Thanks to the following who donated gifts for this year's meeting: Aclara, ATS, Central IL Reclosers, Cox Wood Industries, Drake Scruggs, Fletcher Reinhardt, HD Supply, LE Meyers, National Bank of Petersburg, U.S. Electric, United Utility Supply, Vermeer and Wright Tree Service

Grand Prize Winner

Congratulations to Gary Rushing of Petersburg, who won the grand prize of a \$300 Bill Credit.

Board Meeting Report

For full minutes please visit our website at www.menard.com or contact our office.

Present was Manager Lynn Frasco, new Manager Eric Hobbie, Attorney Charles Smith, Manager of Accounting & Information Systems Chris Hinton and Directors Gary Martin, Jerry Brooks, Jay Frye, Warren Goetsch, Donald McMillan, Michael Patrick, Roy Seaney, Jodine Tate and Steven Worner.

Auditor Kevin Kelso discussed the 2014 Financial Audit. Board approved the audit as presented.

Aaron Johnson from Co-Bank presented an analysis of the possibility of refinancing the RUS-FFB Loan Portfolio through Co-Bank. Frasco and Hinton also discussed their analysis of the refinance with the Board. Board

voted to refinance the two smallest RUS Direct Notes with Co-Bank. Frasco advised the staff would continue to review potential refinance with the Board and that there would be further discussions in that regard.

Frasco advised all requested systems for new irrigations for 2015 would be completed within the week. He reported on the status of the tree trimming work. He also reported on the results of the recent MISO Capacity Auction.

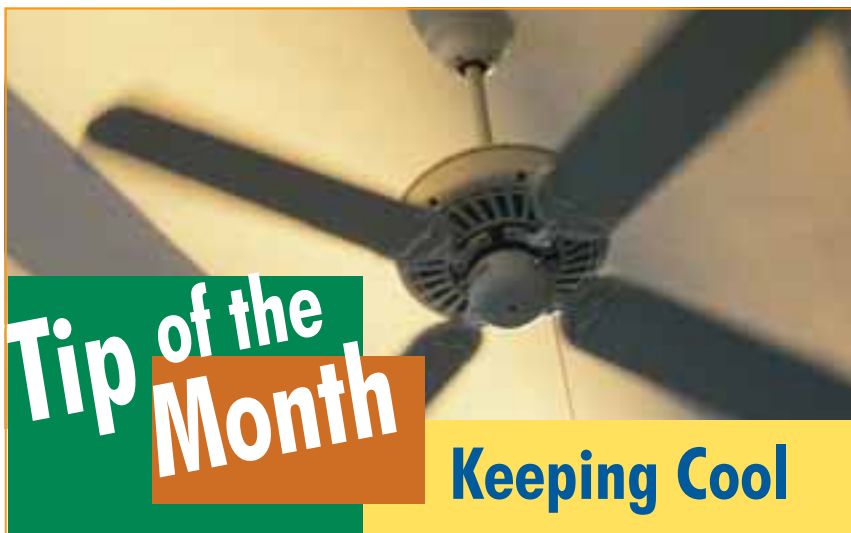
Frasco presented the financial report for the month of March. Year to date margins were \$239,003 compared to \$445,682 a year earlier. Equity as of the end of March was 36.38% and the number of member accounts served

was 10,779 compared to 10,722 a year ago. Net Utility Plant at the end of March was \$43,064,182 compared to \$41,589,069 last year. The cooperative continues to meet the requirements of the RUS, FFB and NRUCFC.

Goetsch reported that there was no AIEC meeting, but reported on the AIEC Scholarship Fund.

Martin and Brooks appointed as Director and Alternate Director respectively for the Prairie Power Annual Meeting and Hobbie and Martin appointed as Directors and Brooks as Alternate Director to the Prairie Power Board.

Brooks reported on the status of plans for the 2015 Annual Meeting.



Tip of the Month

Keeping Cool

On a mild day a ceiling fan, or even a small box fan, may be all the "cooling" you need to feel comfortable. Remember though that fans cool people by moving the air, they don't cool the air itself, so turn them off when you leave the room.

