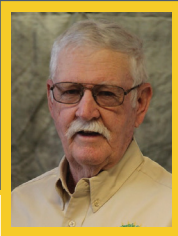


BOARD CHAIRMAN & PRESIDENT/CEO'S REPORT



Kay Schultz
Board Chairman



Joe Heyen
President/CEO

It is our pleasure to invite you to the 85th Annual Meeting of MJM Electric Cooperative Members on Thursday, June 6, 2024, to be held at the MJM headquarters in Carlinville. As we have in the past, we will continue the drive-thru format. Come join us for a pork chop sandwich, stay for some entertainment or head on out to the County Fair, all while conducting the important business of the Cooperative.

If you choose to stick around, there will be seating available, and Patty Ames will be providing music while you eat. There will also be a few "Electrified" displays for you to check out.

MJM has three incumbent Directors that are up for re-election for three-year terms: Todd Stewart- District 8, Robert Moore- District 2, and Charles Huebener- District 3.

At last year's meeting, the Membership was informed that MJM would no longer be using contractors for vegetation clearing. Our in-house team has come together, and that program has exceeded our expectations and is progressing very well. The crews are ahead of schedule and Member relations with the crews are much improved.

Maintaining our fleet continues to

be challenging as lead times on aerial trucks and digger derricks continue to be out as much as two years, and equipment prices have nearly doubled. As a result, we have upgraded our fleet maintenance program, and we are keeping trucks and equipment a little longer than in past years.

MJM is also in the process of replacing the outdated automated meter reading (AMR) system. This project is also ahead of schedule. The new meters will give us a more robust outage management system and they also have lower Electromagnetic Field (EMF) than our current meters, which is better for our environment.

With cyber security being a real concern for business, the Cooperative has been participating in cyber security tabletop exercises put on by the National Rural Electric Cooperative Association (NRECA) and participating with the Illinois Cyber Mutual Assistance (ICMA) to sharpen our processes for our Members. This is an important matter and MJM takes the protection of your data very seriously.

At MJM, we manage our finances quite effectively! I'm pleased to see that we have a good handle on our operations expenses and have been able to

maintain them steadily since 2018. It's also reassuring that our Total Utility Plant Investments have consistently outpaced our Long-Term Debt, indicating financial stability and growth.

The continued strength of our equity is yet another positive indicator of our healthy financial position. Our margins and member debt service coverage scores have remained within preset ranges for several years.

The increase in our margins from 2022 to 2023 is notable and indicates a positive trend. Additionally, MJM retired \$545,119 in capital credits in 2023.

Conducting a cost-of-service study to develop future-focused rate structures is a proactive step on our part, especially considering the evolving landscape of energy technologies like solar, wind, and battery storage. Adapting to these new technologies will be crucial for staying competitive and meeting the needs of all our Members.

Overall, it seems like we're on the right track financially and are taking the necessary steps to adapt to changes in the energy industry while ensuring fairness and benefit to all our Members.

We inspected 2,073 poles in 2023 with 118 found to need replacement. Overall, we installed 463 new poles. MJM has recommitted to a work plan that will provide system hardening and improve reliability across the territory.

Our Board Chairman, Kay Schultz, and I are proud to share that the Operation Roundup Program distributed \$21,000 to nonprofit organizations within the

MJM service areas in 2023, and \$26,608 so far in 2024. Complete details are on our website. We are very impressed with the work this committee does and the time they are willing to contribute to this cause. The Cooperative continues to be committed to all of the Counties that we serve in and is an integral part of the community. This is our home. Members are our friends, neighbors, and families. The Cooperative has a full range of involvement from youth education, economic development, and community enrichment.

MJM's Board of Directors conducted a board self-assessment session in March 2023. Lessons learned from these exercises greatly enhance Board performance. The Directors also take part in Board Credential programs offered by NRECA.

Let's not forget our employees. Our employees take their commitment to providing excellent service seriously. It is through their efforts that MJM is able to provide great service to the membership no matter the obstacles.

Members own the Cooperative, and our focus is on you. As we make decisions on behalf of the Members, we try to balance the overall well-being of the membership as a whole. The board and employees develop goals and objectives around your needs. We believe that our cooperative business model is working as it should, the Directors, MJM Staff and employees are dedicated to providing reliable service for our Members.

*W. Kay Schultz, Board Chairman
Joe Heyen, President/CEO*