

JO-CARROLL ENERGY, INC. (NFP)
Open Board Meeting Minutes Summary
March 25, 2015

The regular board meeting of Jo-Carroll Energy, Inc. (NFP) was held at Jo-Carroll Energy Headquarters in Elizabeth, Illinois on Wednesday, March 25, 2015. The following is a summary of items of action.

The Agenda as modified and the Consent Agenda were approved.

Chairman's Report – Chairman Senn commented on the Member meetings that have taken place to discuss the new unbundled rates and bills. He reminded the board that even though the Cooperative celebrated its 75th anniversary last year, the next 25 years will likely be as challenging as the first 75, albeit for different reasons.

AIEC Report - Director Senn reported on the approval of resolutions at the NRECA Annual Meeting in support of increased gas and electric cooperation and the NRECA's 21st Century Report. CFC made a presentation to the AIEC board about cost recovery through facility charges.

APGA Report – Director Carroll reported on the recent APGA Operations & Marketing conference in Florida. Attendees participated in a case study of a recent natural gas explosion.

PPI Report – Director Hallendorff reported that PPI's expenses were slightly over-budget. PPI is moving ahead with obtaining several megawatts of wind and solar power, including two 500 kw solar projects at Spoon River and Shelby Electric Cooperatives.

Monthly Committee Review

(a) **Policy Report** – Policy 137.1 – Identity Theft Prevention (Red Flags) – Staff are still working on possible updates to Board Policy 137.1 and a motion to send Policy 137.1 to the Policy Committee carried unanimously.

(b) **Executive Committee Report** –

(1) Board Conflicts of Interest – The committee reviewed the Cooperative's bylaws and current board policies and determined that no conflicts of interest currently exist among the directors.

CEO's Report - The CEO reported on the following in addition to his written report:

- a. **Financial Operating Report** – Hastings reported that the Cooperative exceeded budgeted margins by approximately \$200,000 in February. The Board accepted the February Financial Operating Report for filing by general consent. Hastings also reported that the Member meetings regarding rate unbundling and bill redesign are going well, with some good participation by the Members who do attend.
- b. **Power Supply Report** - CEO Hastings reported that he was very impressed with the new CEO of Dairyland, commenting that it is refreshing that someone from outside the organization was brought in, with the possibility of bringing new ideas to Dairyland.
- c. **Rentech Report** – CEO Hastings reported a conference call was held on March 23.
- d. **CFO Report** – CFO Heidenreich informed the board that the audit report is complete; the Cooperative's Form 990 will be the next step. Additionally, Heidenreich stated that 2014 allocation notices have been sent to the Members.
- e. **Sr. Vice President and Assistant General Manager Report** – Assistant General Manager Buros reported that there were no Member comments on the redesign of the bills; all comments pertained to the unbundled rates. The comments regarding

unbundled rates have focused on bottom-line costs, with some confusion about the unbundled rates being “revenue neutral”, since some Members will see an increase in their bills. Staff has been working with Members to help them better understand the individual impact the unbundled rates may have.

- f. **Culture of Excellence and Communications** – Merri Sevey, V.P. of Human Resources reminded the board that the 76th Annual Meeting of the Cooperative is scheduled for April 18 in Geneseo. Also, as part of the Cooperative’s Culture of Excellence, employees will be receiving a new survey as part of the Dennison Culture Exercise.
- g. **Member Services** – Jennifer Skien, V.P. of Member Services, reported that her department has not seen an increase in calls due to the unbundled rates and bill redesign. Skien also informed the board that they may be receiving calls from Members because disconnects have started, with the end of winter.
- h. **External Affairs Update** – Chris Allendorf, Corporate Counsel, provided the board with a legislative update, including a bill in Illinois that would benefit Exelon’s nuclear generation fleet. Allendorf also informed the board of a letter the NRECA is circulating through Congress that asks for each Member’s support for RUS funding. Allendorf also updated the board on the activities of TCEDA, as well as a brief overview of a potential project for a Rural Economic Development loan. Board Attorney Cox updated the board on the Campbell Center.

Board Issues

- a. **Work Orders and Special Equipment** – A motion to approve work orders and special equipment purchases carried unanimously.
- b. **Revisions to Rates** – A motion to make minor revisions to previously approved unbundled rates carried unanimously.

Reports – Reports were heard on: APGA Marketing/Sales Conference/SIF Operations Conference, NRECA Course 901.1, Member Meetings at Geneseo, Fulton, Mt. Carroll, Savanna, and Elizabeth and the TCEDA Annual Meeting.

Upcoming Meetings – Member Meeting at Galena and the Jo-Carroll Energy Annual Meeting.

Other Business - None

Executive Session - A motion to go into Executive Session at 10:50 A.M. to discuss pending and possible litigation and employment matters carried unanimously.

A motion to end the Executive Session was made at 11:20 A.M. and carried unanimously.

Consideration of Matters discussed in Executive Session – None

Adjournment – The meeting was adjourned at 11:21 A.M.