

JO-CARROLL ENERGY, INC. (NFP)
Board Meeting Minutes Summary
September 28, 2016

The board met on Wednesday, September 28, 2016, at the Jo-Carroll Energy Headquarters. The following is a summary of the meeting activities. The Agenda, as amended, and the Consent Agenda were approved.

Chairman's Report – Chairman Senn reiterated that the board should always have in mind what our Members want and need, though with the pace at which the industry is changing, the Cooperative will face new challenges in implementing the will of the Members in ways that keep costs reasonable for our rural service area.

Presentations- Lyndon Gabbert, PPI VP of Finance and Accounting provided a presentation on contract extensions with PPI (Prairie Power Inc.).

Dairyland Report – Director Jones provided a report from the Dairyland Power Board meeting he recently attended. Jones reported that year-to-date, Dairyland has been managing their costs well.

AIEC Report – There was no AIEC Meeting in September.

APGA Report – Director Carroll provided an update on topics the APGA is following closely, such as the proposed Furnace Efficiency Rule and pipeline permitting issues. Carroll noted that natural gas use continues to rise as the power generation industry switches to natural gas as a fuel.

PPI Report – Director Kuhns reported on the generation numbers for the Prairie State Generating Campus in August.

Monthly Committee Review

- a. **Policy 104.1- Travel-** Director Kuhns made a motion to approve Board Policy 104.1 Travel as is which was seconded by Director Mattingley and carried unanimously.

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

- a. **Financial Operating Report** – Interim CEO Christman reported on the Cooperative's margins for August. Margins for the month were approximately \$91,000. The current equity of the co-op is at 24.34%, which is up from 23.53% in 2015. By general consent, the board moved to file the Financial Operating Report with the auditor.
- b. **Power Supply Report** – Kyle Buros discussed his work with Dairyland on future power supply matters. Kyle noted a shift in demand time for power on

Dairyland's system, due largely to a major decrease in dairy farming among Dairyland member cooperatives.

- c. **CFO Report** – CFO Heidenreich provided a slideshow presentation overview of the Federated Rural Electric Insurance Corporation workers compensation insurance program for Illinois electric cooperatives. A focus on safety at Jo-Carroll Energy has helped keep the Cooperative's premiums low and led to a return of premiums to the Cooperative totaling nearly \$15,000 over the last 2 years. Tracy provided an update on the audit process by BKD.
- d. **Sr. Vice President and Assistant General Manager Report** – Contained in Power Supply Report.
- e. **Culture of Excellence and Communications** – Merri Sevey, Vice-President of Human Resources recognized the Cooperative's culture of safety that has spread company-wide, noting that every employee continues to see the results of the company's emphasis on safety. Merri mentioned that the NRECA International Bolivia project has been postponed until 2017. Sevey also noted that October is Co-op Month and activities are planned for Jo-Carroll Energy, which will include a blood drive as well as an employee fundraiser to help raise money for local charities.
- f. **Member Services** – Jennifer Skien, Vice-President of Member Services invited Jesse Shekleton and Dan Marcure to provide the board with an update on cyber security and how Jo-Carroll Energy protects its various systems, as well as Member information. It was noted that PPI conducted a cyber security test and Jo-Carroll Energy ranked near the top. Skien then discussed write-off of doubtful accounts for 2015, which amounted to \$42,902.80, though \$12,795.38 was recovered through capital credits for those accounts.
- g. **External Affairs Update** – Chris Allendorf, Vice President of External Relations and General Counsel reported on attending Brian Stewart's annual fundraiser, for which Illinois ACRE made a contribution. Allendorf also discussed a situation in Henderson County in which FEMA (Federal Emergency Management Agency) provided disaster recovery money of approximately \$5 million to the county several years ago after severe flooding. Of that amount, \$3.7 million was de-certified, meaning the county would not be reimbursed for that amount. That amount was appealed and lowered, but the result is that the county (with only 7,000 residents) is scrambling to repay almost \$470,000 to IEMA (Illinois Emergency Management Agency) on behalf of FEMA. If Henderson County is unable to repay the amount to IEMA shortly, the entire state could lose FEMA funding. Allendorf concluded by noting that Representative Cheri Bustos was recently at the Cooperative to present a check on behalf of the USDA for grants and pass-through loans the Cooperative has received.

Board Issues

- a. **Discounted Estate Retirements Approval** – A motion, seconded, and carried unanimously to approve the discounted estate retirements, as presented.
- b. **PPI Wholesale Power Contract Amendments** – Discussion and possible action moved to Executive Session.
- c. **Approval of Dairyland Load Forecast Resolution** – A motion was made, seconded, and carried unanimously to approve the Dairyland load forecast.
- d. **PCA Discussion** – CFO Heidenreich provided a review of how PCA's are used at other Cooperatives.
- e. **NRECA Course 943.1- Effective Communications In Your Community-** Directors were selected to attend the NRECA Course 943.1.

Executive Session- A motion was to move into Executive Session at 11:11 A.M. which was seconded and carried unanimously.

A motion was made to come out of Executive Session at 11:55 A.M. which was seconded and carried unanimously.

Consideration of Matters discussed in Executive Session - Further discussion of the proposed PPI contract amendments was tabled until the October meeting. No other action was taken.

Reports

Reports were heard on: The Badger Group Meeting, Dairyland Board Meeting and the Region 5 & 6 Meeting.

Upcoming Meetings

PPI Board Meeting, NRCO Board meeting, AIEC Board meeting, Dairyland Board Meeting, NRECA Course 943.1 and NRECA 2016 Winter School for Directors.

Other Business- None.

Adjournment

Chairman Senn adjourned the meeting at 12:05 P.M.