

JO-CARROLL ENERGY, INC. (NFP)
Board Meeting Minutes Summary
October 25, 2017

The board met on Wednesday, October 25, 2017, 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.

Presentation- Bob Pelelo, Director of Operations, provided a presentation on Natural Gas operations. Pelelo reviewed the cooperative's safety and compliance efforts, highlighting member awareness, commenting on a notification that was sent to Members about installing EFVs (Excess Flow Valves), noting some installations have occurred at the request of Members, though many locations already had EFVs. Pelelo shared information on upcoming capital projects and long-term infrastructure maintenance projects.

Chairman's Report – Chairman Senn provided information on the NRECA CEO review that the board will be completing.

Dairyland Report – Director Mattingley discussed the Dairyland Report and their various generation sites, along with updates on their strategic and succession planning. Mattingley explained to our Members in attendance how Midcontinent Independent System Operator (MISO) functions. MISO is essential in establishing safe, cost-effective delivery of electric power across much of North America and Canada.

AIEC (Association of Illinois Electric Cooperatives) and NRECA Report – Chairman Senn discussed how ACRE (Action Committee for Rural Electrification) is committed to use donations to help promote cooperative principles.

APGA Report – Director Carroll provided an update on regulatory matters being followed by the American Public Gas Association (APGA). Their focus is on improving public awareness and safety. Carroll reported on an electric cooperative out of Minnesota (Lake Region Electric Cooperative) that is providing natural gas to their members.

PPI Report – Director Hallendorff reported on Prairie Power Inc. (PPI's) most recent generation figures and provided operational highlights from Prairie State Units 1 and 2. Hallendorff also discussed PPI's Solar Farm performance levels.

Monthly Committee Review

Policy Committee Recommendations – A motion was made, seconded and carried unanimously to approve the Policy Committee Recommendations for changes to Policies 105A, 108.3, 112, and 114. It was noted that Policy 102 will be reviewed further.

CEO's Report - President and CEO Mike Casper provided operational highlights and shared with the board the three main strategic goals of the cooperative, which include cooperative growth, operational excellence, and enhancing cooperative value. Cyber security is increasingly important for the organization and a presentation will be provided in November. Casper also provided an update on the CFO search.

- a. **Financial Operating Report** – Casper reported that the Cooperative's operating margins for the year-to-date were approximately \$2 million. The revised budget anticipates approximately \$2.85 million in margins by year-end. The current equity of the cooperative is approximately 25.32%, compared to 24.56% this time last year.

Strategic Projects

- a. **Senior Vice President and Assistant General Manager Report** – Kyle Buros, Senior Vice President and Assistant General Manager, discussed Jo-Carroll Energy's strategic goals and initiatives. A fiber plan overview was discussed for areas with concentrated Member interest. Buros updated the board on locations that are currently moving forward with Fiber installation and the areas of interest from other Members.
- b. **External Relations Update** – Chris Allendorf, Vice President of External Relations & General Counsel, provided the board with an overview of matters concerning the State of Illinois and the federal government. Congresswoman Cheri Bustos visited Galena and Jo-Carroll Energy provided a tour of the downtown Galena fiber pilot project. Bustos also visited businesses in the downtown area that are connected to the cooperative's fiber network. Allendorf stated that the Congresswoman is committed to making sure rural areas have the tools and funding to expand broadband access. Allendorf updated the board on Tri-County Economic Development Association's (TCEDA's) recent activities, noting that TCEDA was invited to partake in the grand opening of TKI (Tessengerlo Kerley, Inc.), a new manufacturing facility located in East Dubuque, where TKI officials praised the assistance offered by TCEDA.

Board Issues

- a. **Discounted Estate Capital Credit Retirements** – A motion was made, seconded and carried unanimously to approve the discounted estate retirements presented.
- b. **2017 Capital Credits General Retirement** – A motion was made, seconded and carried unanimously to approve the 2017 Capital Credits General Retirement.
- c. **Director Scholarship Options**- A motion was made, seconded and carried

unanimously to approve the Director Scholarship option two as presented.

Comments by Members- Comments were heard from the Members who attended the board meeting. Those in attendance appreciated the opportunity to see a board meeting in person and offer comments. One comment was in support of holding the annual meeting in the evening, which makes it more accessible for members.

Executive Session- A motion was made, seconded and carried unanimously to go into executive session at 11:12 A.M.

Out of Executive Session- A motion was made, seconded and carried unanimously to come out of Executive Session at 11:36 A.M.

Consideration of Matters discussed in Executive Session – A motion was made, seconded and carried 10-0 to approve a resolution authorizing the President & CEO and his designees to effectuate agreements that will terminate the power purchase agreement (PPA) with Morgan Stanley, an agreement with Dairyland Power related to that PPA, and enter into a new agreement with Dairyland Power for the Alliant Class A load beginning on April 1, 2018. Director Mattingley abstained from the vote.

Other Business- None.

Adjournment

Chairman Senn adjourned the meeting at 11:53 A.M.