

JO-CARROLL ENERGY, INC. (NFP)
Board Meeting Minutes Summary
February 26, 2015

The board met on Wednesday, February 26, 2015, at the Jo-Carroll Energy Headquarters. The following is a summary of the meeting activities. The Agenda and the Consent Agenda were approved.

Chairman's Report – Chairman Senn commented on the NRECA Annual Meeting, which is a great opportunity for cooperatives around the country to share ideas and experiences.

AIEC Report - Director Senn reported the AIEC is monitoring proposed legislation in Illinois that could affect cooperatives, as well as preparing for the NRECA Annual Meeting.

APGA Report – Director Carroll reported on the promulgation by the U.S. Department of Energy of a rule pertaining to electric resistance water heaters that will go into effect in 2017. Industry sources reported that, due to the rule, furnace prices could increase as much as \$2,000.

PPI Report – Director Hallendorff and CEO Hastings reported on the PPI Board Meeting. Director Hallendorff reported on the improvement in the Prairie State plant's performance. He reported that PPI is continuing to work with the City of Geneseo on a plan to improve reliability and that they are in the early stages of considering a solar project.

Monthly Committee Review

(a) Policy Report – Policy 137 – Privacy Principles for Member-Consumer Information was approved as presented without revisions.

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

- a. **Financial Operating Report** – Hastings reported that the Cooperative had an unaudited margin of \$664,600 in January. This compares to a budgeted margin of \$423,643. The Board accepted the January Financial Operating Report for filing by general consent.
- b. **Power Supply Report** - CEO Hastings reported Jo-Carroll Energy, in addition to Alliant Energy, has filed a formal protest with FERC over ITC's proposed rate increase.
- c. **Rentech Report** – CEO Hastings reported that the next meeting with Rentech is scheduled for March.
- d. **CFO Report** – Vice President and Chief Financial Officer Heidenreich reported that the Cooperative was able to lock-in pricing on 4 debt notes at a lower rate, which will save the Cooperative a significant amount of money in interest payments over the term of the notes.
- e. **Sr. Vice President and Assistant General Manager Report** – Sr. Vice President and Assistant General Manager Buros reported that the Cooperative's Drug and Alcohol Plan was in compliance with Illinois Commerce Commission requirements.
- f. **Culture of Excellence and Communications** – Merri Sevey, Vice President of Human Resources reported on the status of the Co-op Connections Card and the money that has been saved through its use by Members. Sevey informed the Board that a new culture survey would be completed in April, with the result available in time for strategic planning in the Summer.

- g. **Member Services** – Jennifer Skien, Vice-President of Member Services, gave a summary of the work that has been done on rate unbundling, including the new bill layout and informational meetings scheduled with employees. Skien reported that the Cooperative will be applying for a USDA grant to assist Members with energy audits.
- h. **External Affairs Update** – Chris Allendorf, Corporate Counsel, and John Cox, Board Attorney, reported on a number of legislative issues, including the state budget proposed by Governor Rauner, the possibility of a bill being introduced in Illinois that would force ratepayers of ComEd and Ameron to subsidize Exelon's nuclear generation fleet, and possible legislation regarding PCB use in transformers. Cox and Allendorf have been working with Representative Stewart on amending an Illinois law that requires businesses to provide the state with economic assistance packages from other states, in order to qualify for Illinois incentives.

Board Issues

- a. **Allocation of 2014 Margins** – The 2014 allocation of margins was approved as presented.
- b. **CRC 2015 Voting Delegate/Alternate** - The 2015 Voting Delegate and Alternate were chosen.
- c. **NRECA Legislative Meeting Attendees** - Those attending the NRECA Legislative Conference were confirmed.
- d. **Capacity and Services Agreement with Dairyland** – CEO Hastings provided the board with an overview of the capacity and services agreement with Dairyland, relating to the Morgan Stanley Capital Group PPA. The board approved the agreement.

Executive Session

Executive Session was held to discuss pending and possible litigation and employment matters, and a presentation from Mike Bunney, Regional Vice President of CFC.

Consideration of Matters discussed in Executive Session -The Board authorized staff to further explore information presented in Mike Bunney's presentation.

- e. **RED Loan** – Lisa McCarthy, Executive Director of TCEDA, presented the board with a request from Neumiller Farms in Savanna for the Cooperative to sponsor their application for a rural economic development loan through the USDA. The Board approved the request.
- f. **Review of Director Districts** – Hastings reported that all broadband Members are assigned to a director district, like gas and electric Members, and that they would receive a ballot for a contested director election in their district. No further action was taken by the Board.
- g. **Resolution to Change the Inside Union Contract 401(k) Match** – Board Resolution was passed authorizing an increase in the Cooperative's 401(k) match for the inside employee bargaining unit, as required by NRECA.
- h. **Jo-Carroll Energy Budget Meeting Date** – The date for the budget meeting was changed to Tuesday, December 22, 2015, 9:00 AM, due to a conflict with the PPI Meeting.
- i. **Unbundling Member Meetings** – The Director attendees for each of the member meetings regarding unbundling of rates were discussed.
- j. **CFC Meeting Attendees** – Those planning to attend the CFC Forum were

confirmed.

- k. **Review of Unbundled Rates** – Pat Keleher, Manager of Energy Services, reviewed the new tariffs required for unbundling rates. Keleher also explained what the cost makeup is of the new charges on unbundled bills. The unbundled rates were approved, effective May 1, 2015.

Reports – Reports were heard on: NRECA Course 2610.1–Understanding the Electric Business, Dairyland District meeting, and the NRECA Annual Meeting.

Upcoming Meetings – NRECA Course 901.1-Rules & Procedures for Effective Board Meetings was discussed.

Adjournment – The meeting was adjourned at 1:26 P.M.