

JO-CARROLL ENERGY, INC. (NFP)
Board Meeting Minutes Summary
October 28, 2015

The board met on Wednesday, October 28, 2015, at the Jo-Carroll Energy Headquarters. The following is a summary of the meeting activities. The Agenda and the Consent Agenda were approved.

Member Presentation – Mark Turczynski thanked the board for holding open meetings. Mr. Turczynski informed the board that he thought the application for solar panels may be simplified, in case it was deterring members from subscribing. Mr. Turczynski also commented on the recent Member Appreciation Days that the Cooperative held, stating that he believed they were successful and worthwhile.

Chairman's Report – Chairman Senn stated that though we are facing challenges ahead as an industry, it is also an exciting time, because of new technology and capabilities. The challenge for the Cooperative will be to balance future costs in a manner that is affordable for our rural area.

Dairyland Report – Director Stadel reported that Dairyland margins are over budget for the year-to-date. Dairyland will be returning a portion of those excess margins and will be deferring the rest to keep costs down next year.

AIEC Report – Chairman Senn reported that there has been discussion at the AIEC about the state's inability to pass a budget and the effect that's having on cooperatives, since state agencies may soon be unable to pay their utility bills.

APGA Report – Director Carroll reported that the APGA and the AGA are teaming up to challenge a new furnace efficiency rule. Additionally, the APGA estimated that 65% of gas technicians will be retiring in the near future.

PPI Report – Director Hallendorff presented the board with the latest generation and financial numbers from PPI.

Monthly Committee Review

Director Smith reported on Board Policy 145 – Open Meetings, which was approved without changes.

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 approximately \$624,000 in September, compared to a budgeted margin of approximately \$441,000. Power sales remain down, along with the cost of purchased power. Equity is at approximately 23.92%, which will decrease after this year's capital credit retirements, pending board approval. The Board accepted the September Financial Operating Report for filing by general consent.
- b. **Power Supply Report** - CEO Hastings reported on the Cooperative's proposal for a 5Mw solar project did not make Dairyland's "short list". With regard to PPI, the

merger committee is interviewing possible consultants to review merger possibilities.

- c. **Rentech Report** – CEO Hastings deferred discussion of Rentech matters to executive session.
- d. **CFO Report** – Vice President and Chief Financial Officer Heidenreich reported that the external auditors are conducting preliminary audit work at the Cooperative. Heidenreich also reported that the Cooperative has received its first dividend check from the community solar project. Finally V.P. Heidenreich informed the board of upcoming insurance renewals, as well as cyber insurance products that the Cooperative is evaluating.
- e. **Sr. Vice President and Assistant General Manager Report** – Sr. Vice President and Assistant General Manager Buros reported on the building addition, as well as providing the board with strategic planning update.
- f. **Culture of Excellence and Communications** – Merri Sevey, Vice President of Human Resources updated the board regarding open employment positions at the Cooperative. Sevey also commented on the large turnout for the grand-opening of the Dollar General. President and CEO Hastings was present for the ribbon cutting ceremony and Elizabeth Village President, Mike Dittmar, spoke favorably of the Cooperative's involvement with the Dollar General project.
- g. **Member Services** – Jennifer Skien, Vice-President of Member Services, made a presentation to the Board that is also being given by John Scott, Energy Advisor, to local groups.
- h. **External Affairs Update** – Chris Allendorf, Corporate Counsel, updated the board on state and federal legislative and regulatory matters. Allendorf also updated the board on the activities of TCEDA, including the recently held Manufacturing Day tours for local students.

Board Issues

- a. **Capital Credit Retirement** – CFO Heidenreich presented the board with a proposed capital credit retirement plan for 2015. The Board approved capital credit retirements of a total amount of approximately \$1.3 million. The Board also approved the Estate Retirement Approval process.
- b. **2016 Leadership Forum Attendee** – the Board approved sending Director Holesinger and 1 staff person for the 2016 Jo Daviess County Leadership Forum.
- c. **Voting Credentials IL Cooperative Workers Compensation Group** – The Board appointed CEO Hastings as the voting delegate for the 2015 ICWCG and RSI annual meeting.
- d. **2016 Board Meeting Schedule** – The Board approved the 2016 board meeting dates.
- e. **Authorization of Christmas Donations Members (Food Pantry)** – No action was taken, since the board had previously approved these donations as part of

the 2015 budget.

- f. **Scholarship Program Proposal** – Peggy Francomb, Manager of Communications, presented the board with proposed changes to the Cooperative's scholarship program. The number of scholarships and the amounts of the awards would be increased at no cost to the Members, since the scholarships are paid for out of the unclaimed capital credits fund, as allowed by state law. The Board approved the changes to the scholarship program, as presented.

- g. **New Checking Account for USDA Loan Payment** – The board approved opening a new checking account to administer the REDLG loan received by the Cooperative.

Reports – Reports were heard from directors in attendance at the Member Appreciation Days held in Savanna, Geneseo and Elizabeth Offices.

Upcoming Meetings – NRECA Course 921.1 Risk Oversight: The Boards Role in Risk Management.

Other Business – The board reviewed the NRECA Annual meeting travel sheets, Director Kuhns photo with Certificate of Achievement and the video of the Natural Gas Industry: Wellhead to Burner Tip that will be purchased for viewing at a later date.

Executive Session

Executive Session was held to discuss pending and possible litigation, and employment matters.

Consideration of Matters discussed in Executive Session – No action taken.

Adjournment – The meeting was adjourned at 12:01 P.M.