

JO-CARROLL ENERGY, INC. (NFP)
Board Meeting Minutes Summary
July 23, 2015

The board met on Thursday, July 23, 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 reported on the rapid displacement of coal generation by natural gas. Senn noted that this change highlights the difficulties rural America will face under the President's Clean Power Plan.

Dairyland Report – Director Stadel reported that operating margins were down slightly from the budgeted amount. Equity is above 19%.

AIEC Report – There was no AIEC meeting this month.

APGA Report – Director Carroll echoed Chairman Senn by noting the increase in natural gas generation. Carroll also stated that propane is becoming very cheap and could threaten natural gas as an energy source.

PPI Report – Director Hallendorff noted that wind generation purchased by PPI is consistently more expensive than power generated at the Prairie State Campus, per MWh. Hallendorff is seeking further information on this.

Monthly Committee Review

(a) Policy Report – Director Smith provided a summary of the Policy Committee meeting: Policy 137.1-Identity Theft was approved as amended; Policy 111-Capital Management was approved as amended and Monthly Policy 141-Use of Cell Phones was approved as amended.

(b) Annual Meeting Committee Report – Director Stadel reported on discussion the committee has had about the date and location for the 2016 Annual Meeting of the Cooperative. A final location has not yet been chosen, but will likely be in the East Dubuque/Menominee area and take place in the evening with a dinner provided.

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 unaudited negative margins of approximately \$160,000 in June, due largely to the cooler temperatures. Equity is at 23%. The Board accepted the June Financial Operating Report for filing by general consent.
- b. **Power Supply Report** - CEO Hastings reported that the Dairyland compensation review is continuing.
- c. **Rentech Report** – CEO Hastings reported that discussions with Rentech are ongoing.
- d. **CFO Report** – Vice President and Chief Financial Officer Heidenreich informed the board that the Illinois Bank & Trust line of credit will be up for renewal in August.

- e. **Sr. Vice President and Assistant General Manager Report** – Sr. Vice President and Assistant General Manager Buros reported that the Cooperative is close to executing a contract for the headquarters expansion project. Buros also reported on a presentation he gave at the Illinois renewables Conference in Bloomington.
- f. **Culture of Excellence and Communications** – Merri Sevey, Vice President of Human Resources informed the board of new hires at the Cooperative for several vacant positions. Sevey also reported that the Cooperative is facing challenges with new rules going into effect because of the Affordable Care Act.
- g. **Member Services** – Jennifer Skien, Vice-President of Member Services, reported that LIHEAP does not have any funds available for summer cooling assistance.
- h. **External Affairs Update** – Chris Allendorf, Corporate Counsel, reported on legislative affairs at the state and federal level, provided an update on the efforts of TCEDA, and gave a status update on the Dollar General store.

John Cox, Board Attorney, updated the board on his work with the Greater Dubuque Development Corporation.

Board Issues

- a. **Approval of Actuary Firm** – CFO Heidenreich presented information on a recent RFP for an actuary firm. NRECA was approved as the Cooperative’s actuarial firm.
- b. **CFC Key Ratio Trend Analysis (KRTA)** – CFO Heidenreich reviewed the KRTA data for the Cooperative, based on 2014 numbers provided by CFC.
- c. **Resolution for Building Addition** – A resolution was approved allowing the President and CEO to proceed with the headquarters building expansion.
- d. **2016 Annual Meeting date** – By general consent, the board directed the Annual Meeting Planning Committee to continue discussion regarding the 2016 Annual Meeting.
- e. **PPI Orientation** – Attendees noted.
- f. **September Board Meeting Date** – No action.
- g. **Resolution Regarding CFC Director Election**– A resolution was approved in support of CEO Hastings’ candidacy for the CFC board.

Executive Session

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

Consideration of Matters discussed in Executive Session – No Action.

Reports – Reports were heard on: Strategic Planning Meeting and NRECA Conference call.

Upcoming Meetings – NRECA Course 957.1, AIEC Annual Meeting, and Brian Stewart event.

Adjournment – The meeting was adjourned at 11:07 A.M.