

JO-CARROLL ENERGY, INC. (NFP)

May 22, 2019

Board Meeting Minutes Summary

The regular board meeting of Jo-Carroll Energy, Inc. (NFP) was held at the cooperative's headquarters in Elizabeth, Illinois on Wednesday, May 22, 2019 at 9:00 A.M.

A Safety Moment was provided by Director Joe Mattingley.

Chairman's/AIEC Report – Director Senn provided a summary from the AIEC board meeting, which he recently attended, and discussed the upcoming Jo-Carroll Energy Annual Meeting (June 12) and the Open Board Meeting (June 26). Senn also noted that the proposed bylaw changes will be presented this year during the Annual Meeting.

APGA Report – Directors Carroll, Mattingley, and President and CEO, Mike Casper, attended the APGA Board and Committee Meetings in Washington D.C. and provided an update on regulatory matters being followed by the American Public Gas Association.

Dairyland Power Cooperative (DPC) Report – Director Mattingley provided highlights from the Dairyland Board and managers meeting and also discussed the future of Dairyland's generation portfolio.

Prairie Power Inc. (PPI) Report – Director Kuhns provided the PPI generation reports and highlights from the PPI board meeting he recently attended.

Executive Committee Report – Director Senn provided a list of items that were reviewed and discussed during the executive committee meeting on April 24, 2019.

Policy 129.1 (Severance) – A motion was made, seconded and carried unanimously to repeal Policy 129.1.

Governance Overview Topic – Director Tindell discussed the board's role in mitigating and detecting fraud. CFO Chuck Woods discussed Jo-Carroll Energy's accounting control procedures, noting that they have implemented all recommendations from the auditors and no deficiencies were noted in this year's audit report.

CEO Report – President and CEO Casper discussed the "Red Flag Policy" on cybersecurity and noted that this is an operations policy that will be further developed by staff.

Financial Operating Report – YTD operating margins for April were approximately \$3.8 million vs. a budgeted amount of approximately \$2.8 million. The variance is due largely to the timing of various O&M expenses. The current equity of the cooperative is 24.95% compared to 24.54% this month last year.

Strategic Objectives – Kyle Buros, Senior VP and Assistant General Manager noted that the transmission asset sale with ITC is moving forward. The Village of Hanover will be receiving power from Jo-Carroll Energy beginning in July, but the village will otherwise continue with its own utility operations.

External Relations Update – Chris Allendorf, Vice President of External Relations & General Counsel, discussed current legislative issues, noting many proposals for new revenue are being considered in Springfield, such as increases in the gas tax and vehicle registration fees, in order to help pay for a new capital bill. Allendorf provided an update on the activities of Northwest Illinois Economic Development (NWILED), including that the NWILED board is moving forward with hiring a new executive director after June 30.

Member Engagement - Merri Sevey, Vice President of Human Resources discussed starting a “volunteer corps” at Jo-Carroll Energy to allow employees to assist groups in the cooperative’s service territory when requests are made for volunteers.

Member Services – Jennifer Meyer, VP of Member Services discussed different technology options for directors, as well as providing an overview of new office hours for all of the cooperative’s office locations.

Board Issues and Action Items –

A motion was made, seconded, and carried unanimously to approve the IPEA contract amendment.

A motion was made, seconded, and carried unanimously to approve the First Call rate proposal.

A motion was made, seconded, and carried unanimously to approve the Cooperative System Integrity Fund participation level.

A motion was made to appoint Director Kuhns and Director Stanger to serve on the PPI Board as the Director and Alternate Director, which was seconded and carried unanimously.

A motion was made, seconded and carried unanimously to approve the Rural E-Connectivity Program (“Reconnect”) Resolution.

Executive Session – None.

Chairman Senn adjourned the meeting at 11:32 A.M.