

JO-CARROLL ENERGY, INC. (NFP)
Board Meeting Minutes Summary
February 24, 2016

The board met on Wednesday, February 24, 2016, 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 high cost of large-scale battery storage projects as being high, but that technological advances may bring costs down where it warrants consideration. Senn also noted that transmission costs are on the rise around the country, as well as the effects of the EPA's Waters of the U.S. rule may have on cooperatives and farmers.

Dairyland Report – Director Stadel reported that there was no meeting this month.

AIEC Report – Director Senn reported that AIEC's Norm Conrad is retiring and Bradley Rightnowar has been hired to replace him. Former Secretary of Transportation, Ray La Hood, will be the keynote speaker at the AIEC Annual meeting. The passage of the "Electrify Africa" Act was also discussed.

APGA Report – Director Carroll reported that the Sierra Club is bringing lawsuits related to fracking. The APGA is in the process of hiring a new general counsel.

PPI Report – Director Hallendorff reported on the Prairie State generating units' performance and availability.

Monthly Committee Review

(a) Policy Report – Policy 100.1 - Governing Style was discussed and approved with no 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 unaudited margins of approximately \$1,142,000 in January, compared to a budgeted amount of \$725,000. The Board accepted the January Financial Operating Report for filing with the auditor by general consent.
- b. **Power Supply Report** - CEO Hastings reported the following: Alliant Energy has approached the cooperative with an offer to purchase 16 Mw of generation from a new natural gas facility. Dairyland will soon release marketing materials related to their planned solar energy projects. The PPI board has decided not to pursue any further merger or consolidation efforts.
- c. **CFO Report** – Vice President and Chief Financial Officer Heidenreich reported on the cooperative's weighted cost of capital, noting that it has decreased due to proactive efforts by the board and staff, as well as favorable market conditions. Heidenreich also reported that the independent audit for 2015 was close to completion.
- d. **Sr. Vice President and Assistant General Manager Report** – Director of

Operations, Bob Pelelo, reported on the electric and natural gas work plans for 2016, as well as the status of the headquarters building addition. Manager of Key Accounts, Ken Sivertsen, provided updates on compliance efforts and key accounts. Director of Engineering, Jesse Shekleton, provided an update on the Cooperative's net metering policy and the fiber pilot project in Galena.

- f. **Culture of Excellence and Communications** – Merri Sevey, Vice President of Human Resources outlined the Cooperative's partnership with Southwest Tech regarding the school's electrical power distribution program.
- g. **Member Services** – Jennifer Skien, Vice-President of Member Services, clarified a small discrepancy between the recently approved yearly Sand Prairie rates and the marketing materials. Skien also updated the board on outstanding account balances.
- h. **External Affairs Update** – Chris Allendorf, Vice President of External Relations and General Counsel reported on the stay issued by the U.S. Supreme Court regarding the Clean Power Plan, as well as the effects that Justice Scalia's death may have on current and potential cases. Allendorf also reported on the NexGen breakfast being held by TCEDA at Highland Community College and that TCEDA's annual meeting will be held on March 17 at the Irish Cottage.

Board Issues

- a. **Discounted Estate Retirements Approval** – CFO Heidenreich presented the current discounted estate capital credit retirements for the board's consideration. The discounted estate retirements were approved as presented.
- b. **Approval Allocation of 2015 Margins** – Allocation of the 2015 Margins were approved.
- c. **CRC Voting Delegate/Alternate** – The CRC Delegate and Alternate were chosen.
- d. **NRECA Legislative Conference** – The NRECA Legislative Conference will be held May 1-4 and the attendees were confirmed.
- e. **CFC Forum** – The CFC Forum will be held June 5-8 and the attendees were selected.
- f. **TCEDA Annual Meeting**– The TCEDA Annual Meeting will be held March 17th and the attendees for the meeting were selected.
- g. **Dairyland Power Cooperative Annual Meeting**– The Dairyland 75th Annual Meeting will be held on June 8 and the attendees for the meeting were selected.
- h. **Special Equipment and Work Order Reports**– The 2015 Special Equipment and Work Order Reports were approved.

Reports – Reports were heard on: Leadership Forum, Dairyland District Meeting, and the NRECA Annual Meeting.

Upcoming Meetings – March 8-9 NRECA Course 2640.1- Financial Decision Planning.

Other Business

- a. Credentials and Election committee- Names were submitted.

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 – None.

Adjournment – The meeting was adjourned at 11:55 AM.