

Board Meeting
March 10, 2010

APPOINT DIRECTORS, PRAIRIELAND ENERGY, INC., BOARD OF DIRECTORS

Action: Appoint Directors, Prairieland Energy, Inc., Board of Directors

Funding: No New Funding Required

On September 12, 1996, the Board of Trustees authorized (1) the creation of a for-profit corporation with all stock to be owned by the University whose purpose is to provide low-cost energy for the benefit of the University and others; (2) entering into such agreements between the University and the corporation as necessary and appropriate for the lease and control of the University's energy production and distribution systems in order to facilitate the acquisition of energy in a cost-effective manner with such lease documents stipulating that the University will retain at all times ownership of all facilities; (3) adding or removing facilities and equipment to/from the lease from time to time as the parties agree to enhance the economic benefits to the University; (4) entering into such agreements as necessary and appropriate to make operation personnel available to the corporation and to provide the corporation all or some portion of the fuel required to operate the facilities in corporation's control; and (5) entering into such agreements as necessary and appropriate to govern the purchase of energy by the University from the

corporation. Funds to purchase energy from the corporation are available from the State, Institutional and Auxiliary budgets of the University.

The name for the for-profit corporation, Prairieland Energy, Inc., was established after the Board meeting. The Prairieland board was reconstituted to include members of the Board of Trustees at the July 6, 2007, meeting of the executive committee of the Board of Trustees and at the September 6, 2007, meeting of the Board of Trustees.

The President recommends that the Board of Trustees as sole shareholder of Prairieland Energy, Inc., retain one director and appoint four new directors to the Board of Directors of Prairieland Energy, Inc. Two of the new directors will replace the two former Board of Trustee members who served as directors of Prairieland Energy, Inc. The third new director will replace University Counsel, Thomas R. Bearrows, who is currently serving as a Prairieland director. The fourth new director will fill a vacancy on the Prairieland board. Any future appointment or removal of Directors shall be undertaken in accordance with the duly authorized bylaws of Prairieland Energy, Inc.

The President recommends the Board of Trustees as sole shareholder of Prairieland Energy, Inc., approve the following actions:

1. Retention of Walter K. Knorr, as an *ex officio* Board of Director member based on his appointment as Vice President/Chief Financial Officer and Comptroller;
2. Replacement of two former members of the Board of Trustees with Mark Donovan, Executive Director, Facilities Management and Capital Programs at the Chicago campus and John G. Dempsey, Executive Director, Facilities and Services at the Urbana campus.

3. Replacement of University Counsel, Thomas R. Bearrows, as an *ex-officio* member based upon his appointment as University Counsel, with the President of Prairieland Energy, Eugene L. Waas.
4. Appointment of Larry F. Altenbaumer to fill the vacant position

The Board action recommended in this item complies in all material respects with applicable State and federal laws, University of Illinois *Statutes, The General Rules Concerning University Organizations and Procedures*, and Board of Trustees policies and directives.