

Approved by the Board of Trustees
November 13, 2014

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Board Meeting
November 13, 2014

ROLL CALL

APPROVE AGREEMENTS WITH PRAIRIELAND ENERGY, INC.

Action: Approve Memorandum of Understanding and the Energy Commodity Procurement Services Agreement between the Board of Trustees of the University of Illinois and Prairieland Energy, Inc.

Funding: No New Funding Required

The University procures energy commodity and related energy services from market sources through Prairieland Energy, Inc. (Prairieland), a University-Related Organization. Prairieland was authorized by the Board of Trustees of the University of Illinois (the Board) in September 1996 to provide low-cost energy for the benefit of the University and others. It provides an efficient vehicle for flexible, nimble, and real-time participation in wholesale energy markets, resulting in cost savings and other benefits to the University.

A comprehensive review of energy-related governance has been completed in response to findings by the Energy Task Force (2009); open internal audit findings (2007, 2011); and internal administrative reviews. This review concluded that a basic restructuring of energy-related governance was required. This restructuring includes a

new Memorandum of Understanding (MOU) between the Board and Prairieland, which better defines the roles and responsibilities of each party. In conjunction with the MOU, the existing operating agreements between the Board and Prairieland were consolidated and revised to form the Energy Commodity Procurement Services Agreement (PSA). The PSA specifies the terms and conditions related to the purchase and sale of energy commodities between the parties.

The Prairieland Board of Directors approved the MOU and PSA at their meetings on April 22, 2014, and October 20, 2014, respectively. Accordingly, the Vice President/Chief Financial Officer and Comptroller recommends approval of the proposed MOU and PSA.

The Board actions recommended in this item comply in all material respects with applicable State and federal laws, University of Illinois *Statutes, The General Rules Concerning University Organization and Procedure*, and Board of Trustees policies and directives.

The President of the University concurs.