

Board Meeting
September 6, 2007

AMEND BYLAWS OF PRAIRIELAND ENERGY, INC., AND APPOINT
ADDITIONAL DIRECTORS TO ITS BOARD

Action: Amend the Bylaws of Prairieland Energy, Inc., and Authorize Appointment of Additional Directors to its Board of Directors

Funding: No Funding Required

On March 14, 1996, the Board of Trustees authorized the creation of Lincolnland Energy, Inc. (LIE), a not-for-profit corporation, to provide low-cost energy for the benefit of the University of Illinois and others. On September 12, 1996, the Board of Trustees further 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 the corporation's control; (5) entering into such agreements as necessary and appropriate to govern the purchase by the University of energy from the corporation; and (6) dissolving the not-for-profit corporation when it was no longer useful. Funds to purchase energy from the corporation are available from the State, Institutional, and Auxiliary budgets of the University.

The name chosen for the for-profit corporation was established after the board meeting and called Prairieland Energy, Inc. ("Prairieland").

The President recommends that the Board of Trustees: (i) amend Article III, Section 1 of the Bylaws of Prairieland to expand its board of directors from three directors to five directors; (ii) amend Article IV, Section 1 of the Bylaws of Prairieland to provide that the "president" of Prairieland will be designated by the Chair of the University of Illinois Board of Trustees; and (iii) authorize the Chair of the Board of Trustees to appoint individuals to fill these two new director positions of the Prairieland board, as well as to fill the other vacant director position as authorized by the Executive Committee of the Board of Trustees on July 6, 2007.

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 Organization and Procedure*, and Board of Trustees policies and directives.

The President of the University recommends approval.