

Approved by the Board of Trustees
January 15, 2015

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Board Meeting
January 15, 2015

APPROVE PRAIRIELAND ENERGY, INC., BYLAWS, DIRECTORS, AND
OFFICERS

Action: Approve Prairieland Energy, Inc., Bylaws, Directors, and Officers

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 of Trustees) 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. The Board of Trustees is the sole member for Prairieland and as such is responsible for establishing corporate bylaws and appointing an appropriate Board of Directors and senior officers.

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 thorough

restructuring requires a comprehensive amendment and restatement of the existing Prairieland Bylaws that is consistent with a modern framework for energy governance.

The amended and restated Bylaws change the composition of the Prairieland Board to broaden representation and include more external, independent Directors. These Bylaws state the following in Article IV, Section 4.2:

The board of directors shall consist of up to seven (7) individuals with the right to vote.

(a) One (1) Trustee would be suggested by the Chairman of the University Board of Trustees. This Trustee member would serve as the PEI Board Chair.

(b) The President of the University will recommend three (3) University employees, two of which should be drawn against a pool of candidates recommended by the Campuses with no more than one nomination from any one Campus.

(c) The Board (of Prairieland) will select three (3) persons to fill “at-large” seats on the Board, with at least two of the three being independent from the University.

Accordingly, the Board of Trustees Chair nominates Trustee Karen Hasara to serve as the Chair of the Prairieland Board of Directors. The University President nominates the following University employees to serve as Prairieland Directors: Walter Knorr, Mark Donovan, and Allan Stratman. Also, the University President on behalf of the Prairieland Board nominates the following two individuals to serve as “at-large” Prairieland Directors: Michael Bass (University employee) and Larry Altenbaumer (independent). One “at-large” seat will remain vacant until an appropriate independent

candidate can be identified and nominated.

As prescribed in the amended and restated Bylaws, Article III, Section 3.3, the sole member has the reserved power to designate the chair, the vice chair, and the president of the Corporation. Accordingly, in addition to the Chair named above, the Board of Trustees Chair nominates Michael Bass as Vice Chair and Daniel Mortland as President. Walter Knorr will serve as the Treasurer per Article VI, Section 6.7.

The Board of Trustees sole member 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.