

Board Meeting
July 30, 2007

REPORT OF ACTION BY THE EXECUTIVE COMMITTEE

The following action has been taken by the Executive Committee since the last meeting of the Board. This action is now reported to the Board as a whole.

Appointment of New Directors to Prairieland Energy, Inc., Board of Directors

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, Institution, 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.

The President recommends that the Board of Trustees Executive Committee appoint three new directors to succeed the three current individuals serving on the Board of Directors of Prairieland Energy, Inc., as follows:

1. A member of the Board of Trustees appointed by the Chair in the same manner in which the Chair appoints committee members of the Board;
2. Walter K. Knorr, as an *ex officio* Board of Director member based on his appointment as Vice President and Chief Financial Officer and Comptroller; and
3. Thomas R. Bearrows, as an *ex officio* Board of Director member based on his appointment as University Counsel.

These appointments to the Prairieland Energy, Inc., Board of Directors are made in anticipation of the resignation or removal of the three existing Directors, to be effective upon the enactment of this resolution by the Executive Committee of the Board of Trustees.

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.

On motion of Mr. Shah, seconded by Dr. Schmidt, this recommendation was approved by the following vote of members of the Executive Committee: Aye, Mr. Eppley, Dr. Schmidt, Mr. Shah; no, none.