

MEETING OF THE BOARD OF TRUSTEES

AS THE SOLE MEMBER OF
PRAIRIELAND ENERGY, INC.

January 15, 2015

This meeting of the Board of Trustees of the University of Illinois as the sole member of Prairieland Energy, Inc., was held in the Michèle M. Thompson Rooms B and C, UIC Student Center West, 828 South Wolcott Avenue, Chicago campus, Chicago, Illinois, on Thursday, January 15, 2015, beginning at 8:05 a.m.

Chair *pro tem* Edward L. McMillan convened the meeting and asked the secretary to call the roll. The following members of the Board were present: Mr. Ricardo Estrada, Mr. Patrick J. Fitzgerald, Ms. Karen Hasara, Ms. Patricia Brown Holmes, Dr. Timothy N. Koritz, Mr. Edward L. McMillan, Mr. James D. Montgomery. Mr. Christopher G. Kennedy, Ms. Pamela B. Strobel, and Governor Bruce Rauner were absent. Ms. Danielle M. Leibowitz, voting student trustee from the Chicago campus, was present. The following nonvoting student trustees were present: Mr. Lucas N. Frye, Urbana campus; Ms. Hannah Cave, Springfield campus. Also present were President Robert A. Easter; Mr. Lester H. McKeever, Jr., treasurer; Mr. Thomas R. Bearrows, University counsel; Dr. Susan M. Kies, secretary of the Board of Trustees and of the University.

Mr. McMillan asked the secretary to read the title of the item on the agenda to be considered. Dr. Kies read: “Approve Prairieland Energy, Inc., Bylaws, Directors, and Officers.” By consensus, the Board agreed that one voice vote would be taken.

(The record of the Board action appears at the end of each item.)

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

(1) 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.

On motion of Dr. Koritz, seconded by Mr. Montgomery, this recommendation was approved.

MOTION TO ADJOURN MEETING

On motion of Ms. Holmes, seconded by Mr. Fitzgerald, the meeting adjourned at 8:06 a.m. There were no “nay” votes.