

ILLINOIS MUNICIPAL ELECTRIC AGENCY

REPORT OF EXECUTIVE BOARD MEETING

WEDNESDAY, APRIL 27, 2022

A regularly scheduled meeting of the Executive Board of the Illinois Municipal Electric Agency was held pursuant to proper notice in person and by webinar broadcast from the IMEA headquarters building, 3400 Conifer Drive, Springfield, Illinois on April 27, 2022. Chairman Dale Detmer called the meeting to order at 2:00 p.m. Roll call was taken which showed a quorum was present combining both in-person attendance and webinar participation as allowed under law during the Governor's continuing disaster declaration for the COVID-19 pandemic.

CEO Kevin Gaden announced the names of guests that were participating in the webinar and acknowledged the IMEA staff that were physically present in the Boardroom or on the webinar broadcast.

The Report of February 23, 2022 was moved for approval by Cory Sheehy and seconded by Shane Hill. The motion carried by unanimous roll call vote.

Opportunity for Public Comment: Chairman Dale Detmer stated that pursuant to the Open Meetings Act, any person attending this webinar shall be permitted an opportunity to comment. Questions during the rest of the meeting are reserved for Board members. If questions arise during the meeting, they can be raised with an appropriate staff member after the meeting by calling IMEA's main number at 217-789-4632 and being directed by the operator at that time. He then asked if anyone from the public would like to make a comment. Hearing no requests for public comment, Chairman Detmer proceeded with the meeting.

OLD BUSINESS

At that time, General Counsel, Troy Fodor, asked for a motion to go into Executive Session for discussion of the purchase, sale or delivery of electricity. Tim Birk moved to go into closed session, seconded by John Tolan. Unanimous roll call vote showed all in favor. The meeting was closed to the public pursuant to Section 2(c)(23) of the Open Meetings Act, 5 ILCS 120/2(c)(23) at 2:09 p.m. The meeting returned to Open Session at 3:04 p.m.

Resolution #22-04-871 – Approving Solar Generation Projects in the Cities of Marshall, Oglesby and Princeton – CEO Kevin Gaden explained the process of amending Section 2 on Page 2 of the Resolution which is currently blank to reflect the name of the successful bidder, Sol Customer Solutions, LLC, subject to negotiation and finalization of acceptable agreements for the three solar project sites. Tim Birk moved to amend Resolution #22-04-871. John Tolan seconded that motion and it carried unanimously by roll call vote.

Shadi Ahanchi then gave a summary of the bids received and staff's analysis. She stated that the IMEA Board had previously approved a solar energy resources program enabling the Agency to sponsor solar projects at one or more member municipalities. Marshall, Oglesby and Princeton offered sites ranging from 4 to 8 acres and these sites were accepted by IMEA staff as suitable for a 20-year solar project. Staff then issued Request for Proposals (RFPs) and evaluated bids for the construction and operation of these solar photovoltaic installations on the sites. She reported that on February 7, 2022, IMEA staff issued an RFP for a 20-year solar purchase agreement to over a dozen qualified solar vendors totaling 2.5 MW of new ground-mounted photovoltaic solar capacity at sites in Marshall, Oglesby and Princeton. The approximate size of the solar facility for both Marshall and Princeton is 1,000 kW and 500 kW for Oglesby. On April 1, 2022, IMEA staff received five proposals. Staff rejected one proposal as non-responsive due to a lack of RFP required information and fully evaluated the remaining bidders as A, B, C and D. Ahanchi presented a graph showing the present value price in dollars and megawatts of each of the four vendors. IMEA staff calculated the present value of the annual energy expense (MWh x contract price) assuming a 5% discount rate then divided that number by total predicted MWhs produced. The bidder with the lower present value discounted price is Bidder A. IMEA staff recommends selection of Bidder A which is Sol Customer Solutions, LLC as the successful bidder and approval of amended Resolution #22-04-871. John Tolan moved to approve amended Resolution #22-04-871 with Sol Customer Solutions, LLC as the successful bidder for the three solar project sites. Shane Hill seconded that motion and it carried unanimously by roll call vote.

Legal Matters – General Counsel Troy Fodor reported the following:

- FERC Matters - MISO has filed tariff revisions with FERC that would make changes to the MISO capacity market. The 1st filing creates a new seasonal reliability construct, replacing the current annual construct and the 2nd filing requires load-serving entities to procure 50% of their planning reserve margin requirement through ownership or bilateral contract, not from the MISO capacity auction. FERC questioned deficiencies in the filings made by MISO and MISO has responded. IMEA is a party, but did not make any protest or comments. IMEA will continue to monitor the proceeding.
- MISO Transmission Owners Return on Equity – FERC previously set the Return on Equity (ROE) for the MISO Transmission Owners (TOs) at 10.02% plus a 50 basis point adder for RTO membership and required refunds. MISO issued their final refund report on April 1, 2022 and IMEA has received those funds as a credit on the MISO invoice.
- Big River Solar Reactive Revenue Filing – This is the solar project that IMEA has a contract with developed by Ranger Power. The contract entitles IMEA to all attributes: RECS, energy, capacity, ancillary services and ≈16.78% of reactive revenue starting June 1, 2025. IMEA intervened to monitor the proceeding. If the reactive revenue request is approved by FERC at any sum, IME will obtain 16.78% of those reactive revenues starting in 2025.
- Ameren Wholesale Connection Agreements/Umbrella Construction Agreements (WCA/UCA) – The WCA is for the interconnection points where the Member electric facilities interconnect with the Ameren electric facilities and the effects that they have on each other's systems; UCA is for upgrades and new construction projects. Ameren is requiring that individual IMEA Members connected to Ameren's system be signatory parties to the agreements, even though IMEA is the transmission and WDS customer. IMEA staff has met with Ameren seven times since the last Board meeting and we have

resolved some points. Notable open remaining issues in the WCA is the requirement to give Ameren notice of any new generation connected to the Member's distribution system, including behind the retail meter roof-top solar, potentially pay Ameren to study behind the retail meter generation and potentially add back retail generation to billable peaks for transmission and WDS billing. Members with power factor issues will need to have a plan to address and complete in 3 years. The notable open issue in the UCA is the System Expansion or Modification Guaranty (SEMG) requirement wherein the Member has to pay a non-refundable upfront payment and extra WDS-type payment for new large load that is expected to increase peak demand by 1 MW or greater or 5% of the peak demand. Staff is awaiting Ameren's responses and is seeking to work towards a final resolution of the language of both template documents.

- Ameren's New Policy on Reservation Charges (RDC) – Oglesby is seeking a new additional delivery point on the Ameren system. Ameren conducted a study of the proposed Oglesby delivery point (that Oglesby paid for) and this study indicated the Ameren system would support the additional delivery point without any upgrades. The study report also mentioned, for the first time, the possibility of a reservation charge (RDC). In subsequent conversations, Ameren said that it would not allow an additional delivery point without an RDC agreement and payment; however, currently Ameren has no written policy on RDC for wholesale customers and a draft RDC agreement was never provided by Ameren for negotiation. IMEA staff and Oglesby officials opposed and continued to negotiate. Finally, Ameren agreed to waive the RDC for this project if Oglesby accepts "as available" switching between substations. Ameren states that RDC will be imposed on future projects.
- Ameren Wholesale Delivery Service Charges – The moratorium from the WDS settlement preventing WDS rate increases ends on June 30, 2022; however, Ameren has advised it will not be seeking a WDS rate increase at this time.
- Ameren Transmission Rate – Informal Challenge - IMEA joined a small transmission customer group and submitted an informal challenge to Ameren's 2020 true up and 2022 projected rates under its transmission rate formula process. This group, represented by IMEA's FERC attorney, sent data requests and raised issues, although Ameren defended each issue. The group considered a formal challenge at FERC under the formula rate process, however, the group reached accord with Ameren regarding the FERC Audit Report issues and decided to defer on the other issues. Ameren has agreed to apply audit report findings to and give refunds in future true-up phases for all time periods not otherwise covered by the FERC Audit Report, but there has not been much impact on the overall rate. IMEA staff's analysis reflects that even though it is a 20%+ increase for the second year in a row, there is not a lot to object in the way Ameren did the inputs for their formula rate. The problem is the underlying FERC policy in favor of formula rates that incentivizes more transmission spending by the transmission owners. FERC's pending transmission policy proceeding is likely to add to this problem.
- Build America Bonds Payment Sequestration – Prairie State public power entity owners filed a Complaint against the U.S. Government with the Federal Court of Claims. The Court dismissed the case and IMEA joined the group in filing an appeal. That Appellate brief was filed on April 20, 2022, the US Government brief is due on May 30, 2022 and the Prairie State public power owners' reply brief is due 21 days later on June 20, 2022. The costs to date and future estimated costs are still within Board authorization.

- NERC/SERC Matters - SERC believes there is a reliability compliance registration gap with respect to the 138kV components of CWLP's Spaulding to Auburn transmission line that are located in the Chatham substations and owned by Chatham. SERC's preliminary determination is Chatham or another entity needs to register as a Transmission Owner (TO) for these 138kV components. SERC has rejected IMEA's position that these components are not Transmission Facilities – the CWLP 138kV line is the Transmission Facility. IMEA staff has met with CWLP and will meet with the Chatham Board member and the Village Manager next week to discuss possible solutions. Staff continues to work towards a final resolution to address SERC's position in the coming months.

NEW BUSINESS

Approval to Authorize the CEO to Negotiate the Terms and Conditions to Extend or Renew the Existing IMEA Line of Credit – CFO Chris Wise stated that IMEA's current Line of Credit through PNC Bank for \$50,000,000 expires on October 31, 2022. This Line of Credit has been in place since 2010 and allowed IMEA to be more flexible than using a traditional bond issue at a much lower cost than bonds. This Line of Credit gives IMEA a level of liquidity necessary for a higher rated agency. Wise reported that PNC Bank has offered to extend the current Line of Credit with the same fee on the unused balance and a lower interest rate on draws. The new term is July 1, 2022 through October 31, 2025 and this 40-month term favors IMEA with better terms for an additional 4 months. He explained that IMEA's financial advisor, Public Financial Management (PFM), supports the pricing structure of the term sheet and would not expect IMEA to obtain better terms by going through an RFP process. PFM recommends IMEA accept the PNC Bank proposal. Wise also reported that IMEA's Bond Counsel (Chapman & Cutler) has been consulted and will most likely look to refresh the supplemental indenture. Their reasoning for this is that ten years have passed and the Line of Credit has been renewed twice without updating the supplement indenture. Wise stated that with Board approval, it is anticipated that final documents would be available for approval at the June IMEA Board meeting on June 23 with a PNC closing date of June 30, 2022. Brian Keys moved to authorize the CEO to negotiate the terms and conditions to extend or renew the existing IMEA Line of Credit. Dale Detmer seconded that motion and it carried unanimously by roll call vote.

Resolution #22-04-872 – Establishing the Schedule of Meetings for the 2022-2023 Fiscal Year – CEO Kevin Gaden reviewed the IMEA Executive Board/Board of Director's meeting schedule for the upcoming fiscal year. John Tolan moved to approve this Resolution, seconded by Shane Hill. The roll call vote showed unanimous approval.

Chairman Dale Detmer asked for a motion to adjourn the meeting. The motion was made by Tim Birk, seconded by Brian Keys and carried unanimously by voice vote. The meeting was adjourned at 3:47 p.m.

Respectfully submitted,



Secretary/Treasurer

**ILLINOIS MUNICIPAL ELECTRIC AGENCY
EXECUTIVE BOARD MEETING
WEDNESDAY, APRIL 27, 2022**

MEMBERS PRESENT (or listening via webinar)

Breese	Dale Detmer
Chatham	Shane Hill
Freeburg	John Tolan
Marshall	Cory Sheehy
Waterloo	Tim Birk
Winnetka	Brian Keys (via webinar)

MEMBERS ABSENT

Altamont	Larry Taylor
Flora	Bob Coble
Metropolis	Rick Abell

OTHERS PRESENT (or listening via webinar)

Bethany	Shannon Risley
Carmi	David Coston (via webinar)
Highland	Dan Cook
Naperville	Brian Groth (via webinar)
Red Bud	Josh Eckart (via webinar)
Rock Falls	Dick Simon
IMEA	Kevin Gaden
iMEa	Troy Fodor
IMEA	Chris Wise
IMEA	Mike Genin
IMEA	Alice Schum
IMEA	Gary Stephenson
IMEA	Rakesh Kothakapu
IMEA	Sean McCarthy
IMEA	Glenn Cunningham
IMEA	Adam Baker
IMEA	Staci Wilson
IMEA	Rodd Whelpley
IMEA	Cindy Evans
IMEA	Shadi Ahanchi
IMEA	Ed Cobau
IMEA	Tammy Hall
IMEA	Mary Ann Todd (via webinar)
Guest	Sam Ditesheim (Sol Customer Solutions, LLC) (via webinar)
Guest	Ryan Fulton (Sunvest) (via webinar)
Guest	Kevin Wagner (via webinar)