

ILLINOIS MUNICIPAL ELECTRIC AGENCY

REPORT OF BOARD OF DIRECTORS MEETING

THURSDAY, JUNE 23, 2022

A regularly scheduled meeting of the Board of Directors of the Illinois Municipal Electric Agency was held in person and also by webinar broadcast pursuant to proper notice from the IMEA headquarters building, 3400 Conifer Drive, Springfield, Illinois on June 23, 2022. Chairman Dale Detmer called the meeting to order at 10:00 a.m. and all attendees participated in the Pledge of Allegiance. 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.

Larry Taylor, seconded by Rick Abell, moved for approval of the minutes of April 28, 2022. 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 either in person or via webinar broadcast 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. Jean Korte from Highland made the statement that public power is community power and that revenues should be invested directly back into the community with renewable energy projects and batteries. She believes that it is time to plan now to replace contracts and market purchases with renewable investments in member communities. Hearing no other requests for public comment, Chairman Detmer proceeded with the meeting.

Treasurer's Report – CFO Chris Wise presented the March financial report for informational purposes only and reported on the April, 2022 unaudited financials. He stated that actual member power costs are 1.9% under the revised budget year to date and the MWh sales to members is 0.1% above the revised budget. Wise reported on the FY2022 year to date energy and demand costs through April which completes FY2021-2022. He reviewed specifics regarding the May IMEA invoices and gave projections regarding the June invoices that will be sent out on July 11. Wise stated there was nothing new to report regarding the Rating Agency Update, however, provided the most recent results for informational purposes. Mayor Dominic Rivara moved to approve the Treasurer's Report, seconded by Brian Keys. The roll call vote showed all in favor.

President & CEO Report – CEO Gaden discussed the new slide format created for rebranding and modernizing purposes which will be utilized in the website along with future presentations. He welcomed the new Resource Planner, Eric Weinant, who started on June 1 after being employed by Springfield CWLP for 20 years as a Financial Analyst and Manager. Staff will be posting ads for placement regarding the Staff Attorney position soon and seek to fill the position in Q4 of 2022. He stated that the IMEA/IMUA/IPEA Annual Conference was completed successfully with good attendance and very relevant speakers. The dates for 2023 are May 11 and 12 and will be held at the President Abraham Lincoln Hotel in downtown Springfield. Gaden explained that IMEA has many in-house computer applications that have been written and maintained by the IT staff to support the 24x7 Operations and Members’ databases. These databases now need to be updated or commercial software acquired to continue their performance. Staff is analyzing the least cost options of either purchasing software, contracting a programmer with a local regional software developer or hiring a new IT staffer. Funds were budgeted in FY22/23 to upgrade a portion of the software and staff will provide recommendations for the next steps in the August Board meeting.

Regarding a Federal update, CEO Gaden reported that Richard Glick has been nominated to another term as the FERC Commissioner and Chair. This action must be approved by the Senate, although even if delayed or not approved, Glick can stay on until January of 2023. He discussed the anticipated ruling from the Supreme Court on the extent of the USEPA’s authority to regulate greenhouse gas emission. This ruling will weigh the enforceability of the Obama Clean Power Plan vs. the Trump Affordable Clean Energy rules.

Regarding a State update, CEO Gaden reported on results from the Organization of MISO States Survey (OMS) explaining that as more generation is retired due to market/regulation uncertainty, the shortages will grow which is already evident in the North Central MISO zones. He stated that low capacity market values have caused independent producers to leave the market and invest in states with reasonable returns on capital. Gaden then reported that energy and capacity prices have moved to historical highs and Illinois regulators are hosting hearings to discuss the reasons for the capacity and energy price escalation and ways to mitigate those impacts. He also discussed an increase by Ameren on residential and commercial customers beginning with the June invoices they will receive in July.

Critical Operations Communications – Staci Wilson discussed the potential for MISO load shedding emergency procedures to be implemented this summer with the extreme heat combined with the power capacity shortage and increased demand. Due to this situation, the communication plan to the Members has been updated and coordinated with the Members with regard to how the alerts will be managed and notifications sent out so Members can communicate this information quickly and effectively to their customers. IMEA Staff has prepared written statements for media materials and talking points in case MISO should execute a public appeal for energy conservation, a MISO-imposed load shedding event or a rolling blackout event. She reminded Members to update their internal utilities plan under these emergency scenarios and keep IMEA Staff apprised of that status. Wilson also recommended keeping an open line of communication with first responders during this critical time.

OLD BUSINESS

Operations – Regarding the PJM Regional Transmission Organization, Alice Schum presented a bar chart reflecting the PJM capacity market for the past 8 years along with the results of the most recent Base Residual Auction that posted on June 21.

Regarding the MISO Regional Transmission Organization, Schum discussed the impact of power generation shortages in the next five planning years of long-term MISO capacity reflected in a bar graph of the overall MISO footprint provided by the 2022 Organization of MISO States Survey (OMS). This survey provided a list of downside risks which include accelerated retirements, a reduction in projected capacity additions, the bulk of new resources being at lower capacity accreditations, delays due to solar tariff investigations and supply chain bottlenecks and higher load growth due to electrification. The survey also provided upside possibilities which include lower than expected load growth, potential additional capacity in response to 2022 MISO Auction outcomes, return to service of suspended resources and deferred retirements, additional external resources from non-RTO regions or neighboring RTOs, additional Behind the Meter Generation or Demand Response registrations and the leveraging of recent queue improvements. She then compared the OMS 2021 and 2022 survey results and reported that across the five-year outlook, the projected Committed Capacity has decreased in 2022 as compared to the 2021 survey.

Schum stated that IMEA Operations has been working with Member Services to coordinate procedures to communicate emergency events with the Members. The RTOs work in tiers to call emergency events so IMEA does not plan to notify generating Members until the ranking of the message is a Warning. Due to high fuel costs, Operations Staff is continuing to dispatch Behind the Meter Generation based on incremental costs of new fuel. She requested that solar registration information be submitted to IMEA dispatch and stated that IMEA Staff continues to meet with Ameren to discuss new forecasting methodology reporting.

Trimble County: Gary Stephenson reported the following:

- The plant did not report any new recordables through May due to the outstanding safety precautions undertaken at the plant. PPL Corporation (the parent company of LG&E) acquired Rhode Island Electric Utility from National Grid. The plant is well hedged over the next three years with coal requirements under contract. The EAF is $\approx 82\%$ YTD and the EFOR is $\approx 1.7\%$ YTD. The landfill is substantially complete. Final completion and the operating permit by late fall is expected.

Prairie State: Gary Stephenson reported the following activities:

- Regarding safety, the plant's total case incidence rate is well below the last three-years' average, however, the mine's YTD reportables are above the historical average. These are due mainly to contractors and less experienced miners, and currently, there are 35 open positions in the mine. Coal storage has held up very well and the mine is keeping up with generation. Regarding plant performance, the EAF is $\approx 86\%$ YTD and the EFOR is $\approx 14\%$ YTD primarily due to boiler tube leaks on both units which have impacted availability. Both units have scheduled maintenance outages in the Fall, although Unit 1's outage is relatively short. There were 26 people from IMEA member communities that had the opportunity to tour the plant and mine on May 18th.

Local Transmission and Generation – Gary Stephenson reported on the following:

- Mascoutah – 138 kV tie lines to Ameren Hilgard Switching Station – The south 138 kV tie line has been connected to the new delivery/metering point at Hilgard and demolition of the City's old tie breaker station is in process. Progress is being made on easements associated with the proposed

north tie line route and the City anticipates these easements being completed in the next month or so. September 2023 is the target date to have the line in service.

- Highland - Ameren ATXI Transmission Project - Proposed 138 kV Loop - This project involves a new 138 kV ring bus switching station at Highland, 16.5 miles of new 138 kV line between Highland and Aviston, reconfiguration of the 138 kV switchyard at the Aviston Substation and Ameren's acquisition of the City-owned 138 kV line between Jarvis and Highland. IMEA staff continues to work with Highland and Ameren on the draft Asset Purchase Agreement as well as the format of a Construction Agreement needed to modify certain line structures to meet clearance requirements for grid operation. The target in-service date remains December of 2024, although this date could be delayed by supply chain issues.
- Oglesby – Proposed New 34.5 kV Delivery Point - The City of Oglesby project involves construction of a new 34.5 kV delivery point for the City of Oglesby that will tap Ameren Line 3357 near the City's Mallick Road Substation. This is needed to back up the City's single, radial 34.5 kV feed and help support load growth on the west side of town. The City is now proceeding with development of the engineering plans and design of the new interconnection and expansion required at the Mallick Road Sub to handle the new tie line. IMEA staff continues negotiations with Ameren on the related Umbrella Construction Agreement and the Wholesale Connection Agreement.

Update on Solar Projects - Shadi Ahanchi reported that IMEA Staff conducts a weekly call with Sol Customer Solutions (SCS) and is currently working on Purchase Agreements for all three sites. Staff is working with SCS to start the interconnection and the permitting process with a tentative project timetable starting in late June. She explained that the US had suspended tariffs on some solar panel imports for two years from four Asian nations and invoked the Defense Production Act to spur solar panel manufacturing in the U.S. SCS has up to 75% of solar panels available for the three IMEA projects in the U.S. depending on the timing of the project. Ahanchi also reported that staff continues to receive various proposals from solar vendors outside any RFP process and will report to the IMEA Board if there are any attractive outcomes. IMEA Staff also continues to track interconnection projects in the PJM and MISO queues. Regarding IMEA member generation, Ahanchi stated that capacity testing began on June 1, 2022 for IMEA member power plants and nine members will be tested for RICE NESHAP requirements. So far, only a few units have had issues during their URGE tests, however, Winnetka's 8.7 MW steam generator has an ongoing rotor-related outage problem.

Legal Matters – General Counsel Troy Fodor reported the following:

- Notice of Proposed Rulemaking (NOPR) on Transmission Planning and Cost Allocation (Docket No. RM21-17) – A Notice of Proposed Rulemaking (NOPR) on Transmission Planning and Cost Allocation was issued by FERC on April 21, 2022 which is the first part of the previously advanced NOPR. The proposed requirements would be imposed on RTOs, ISOs and other transmission providers, but will apply indirectly to public power entities, like IMEA, because it will affect transmission costs. This NOPR incorporates six primary proposals which include: (1) new long-term regional transmission planning process requirement that uses scenario planning and at least a 20-year planning horizon, (2) a requirement to seek the agreement of state officials in each region concerning the cost allocation for transmission facilities selected in the new long-term regional transmission planning process, (3) requirement for consideration of dynamic line ratings and advanced power flow control devices allowing for more flows over existing lines in lower temperatures, (4) the elimination of the availability of construction work in progress recovery as a transmission rate incentive, (5) allowing incumbent transmission providers to exercise a right of

first refusal for new transmission facilities with the condition they allow joint ownership such as with IMEA or other public power entities, and (6) increased transparency and coordination requirements that would apply to the local transmission planning processes used by transmission owners.

- MISO Capacity Market Filings (Docket Nos. ER22-495 and ER22-496) - MISO has filed tariff revisions with FERC that would make changes to the MISO capacity market. The 1st filing creates a new seasonal reliability capacity requirement, replacing the current annual capacity auction with four seasonal auctions 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. There was an additional round of filing by protestors/commenters and IMEA Staff is awaiting FERC action.
- Coalition of MISO Transmission Customers Complaint vs. MISO (Docket No. EL22-60) – An Ad Hoc Association of large industrial customers with facilities located throughout the MISO region seek to reduce operations this summer to avoid high capacity auction clearing prices claiming it would provide reliability benefits to MISO. They argue that the MISO tariff is unjust and unreasonable because it fails to enable MISO to address system reliability by allowing load to exit the MISO system without being charged when MISO’s capacity auction process fails to procure enough capacity. In MISO’s capacity auction for planning year starting June 1, 2022, MISO failed to procure enough capacity triggering maximum Net Cone pricing. Over a dozen parties have intervened including the ICC and Ameren.
- Ameren Audit Refund (Docket No. FA20-6) - FERC staff audited Ameren’s books for the period January 1, 2016 through December 31, 2019 and their Audit Report contained findings and recommendations which required refunds. Ameren filed its refund report on April 20, 2022. The refund calculations were reduced by an offsetting charge applied by Ameren to 2020. IMEA and an electric cooperative group filed a protest of the refund report on May 5, 2022 and Ameren filed a Motion to Dismiss the protest on May 13, 2022. IMEA and the coop group filed a response on May 31, 2022 in which Ameren filed a reply on June 13, 2022. IMEA staff is awaiting a FERC ruling to determine next steps.
- Big River Solar Reactive Revenue Filing (Docket No. ER22-1610) - Big River Solar reactive revenue filing pertains to the solar project that IMEA has a contract with Ranger Power for a solar array located west of Carmi, Illinois. This contract entitles IMEA to ≈16.78% of all attributes: RECS, energy, capacity, ancillary services and of reactive revenue starting June 1, 2025. IMEA intervened to monitor the proceeding. FERC entered an Order on June 10, 2022 allowing the Big River reactive revenue requirement rate to go into effect, subject to refund, and set the matter for settlement negotiations/possibly trial. The rate will be effective around July 1, 2022 when the project reaches full commercial operations.
- Ameren Wholesale Connection Agreements/Umbrella Construction Agreements (WCA/UCA) – The WCA will govern 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 will govern 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. 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 customer-owned behind the retail meter solar, a potential Ameren study paid for by the Member and potential “add back” to billable peaks for transmission and WDS billing. Members with power factor issues will need to have a plan to address and complete remedies within 3 years of the time the new WCA/UCA is approved. 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 that is expected to increase peak demand by “1 MW or greater” or “5% of the peak demand.” IMEA Staff is reviewing responses from Ameren received on June 8, 2022 and is seeking to work towards a final resolution of the language of both template documents.

- ComEd Transmission Rate – There will be a small increase in the revenue requirement this year due to transmission facility additions in 2021, depreciation expenses and 2022 projected facility additions. There will be a small decrease to the ComEd transmission rate and to IMEA costs. Billing determinants have increased which generally causes a decrease in the transmission rate. There will be a 4.45% decrease in rate and a 4.01% decrease for IMEA costs effective June 1, 2022 through May 31, 2023. At that time, Fodor presented a chart of the ComEd Transmission Formula Rate reconciliation.
- Chatham SERC Registration - SERC Reliability Corporation (SERC) believes there is a reliability compliance registration gap with respect to the 138 kV 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 138 kV components. SERC has rejected IMEA’s position that these components are not Transmission Facilities – the CWLP 138 kV line is the Transmission Facility. SERC is withholding final determination to allow the parties time to work out a solution and SERC committed not to seek retroactive enforcement. IMEA staff has met with CWLP and Chatham individually to discuss possible solutions. A meeting with all the parties involved is set for July 25, 2022 as IMEA Staff continues to work towards a final resolution to address SERC’s position.
- Build America Bonds Payment Sequestration – Prairie State public power entity owners, including IMEA, filed an Appellate Brief on April 20, 2022, the U.S. Government Brief was filed on May 31, 2022 and IMEA and the other public power owners of Prairie State will file a Reply Brief on June 24, 2022. IMEA Staff is awaiting a ruling by the Appellate Court.

Ordinance #22-06-873 – An Ordinance of the Illinois Municipal Electric Agency authorizing and providing for an amendment and extension of a line of credit agreement and related Subordinated Indebtedness as evidenced by a \$50,000,000 Taxable Subordinated Indebtedness Revenue Note for certain corporate purposes of the Agency – CFO Chris Wise stated that IMEA’s current Line of Credit through PNC Bank for \$50,000,000 expires on October 31, 2022. He 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, recommends IMEA accept the PNC Bank proposal and reported that IMEA’s Bond Counsel (Chapman & Cutler) did not require a new supplemental indenture. Wise stated that with Board approval, it is anticipated a PNC closing date next week. Shane Hill moved to approve Ordinance #22-06-873 to authorize and provide for an amendment and extension of a line of credit agreement and related subordinated indebtedness as evidenced by a \$50,000,000 taxable subordinated indebtedness revenue note for certain corporate purposes of the Agency. Brian Groth seconded that motion and it carried unanimously by roll call vote.

NEW BUSINESS

Update on Capacity & Energy Procurement – COO Gary Stephenson discussed the impact of power generation shortages in the next five planning years of long-term MISO capacity reflected in a bar graph of the overall MISO footprint provided by the 2022 Organization of MISO States Survey (OMS). He reported that IMEA is transitioning away from the coal-based Vistra contract which ended

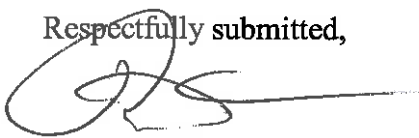
on May 31, 2022, however, IMEA Staff procured one year of market capacity and energy supply from Vistra which expires in May of 2023. Stephenson stated that the MISO bilateral market had increased substantially primarily due to the auction results while the PJM bilateral market for capacity remains steady. From a procurement perspective, IMEA is seeking to cover the needs in PJM by entering into bilateral contracts, however, IMEA Staff is holding off on procuring MISO capacity until the market settles down. He explained that 2022 energy prices have skyrocketed with 2023 prices on the rise, but not as significantly. Stephenson stated that energy supply contracts will be gradually added for 2023 and longer as opportunities arise.

Authorizing CEO to Sell 2014 Honda Accord as Surplus Property – CEO Gaden stated that IMEA maintains “pool cars” for staff to use for member visits and other meetings. Since Kevin Wagner’s retirement, there is an additional pool car that still runs fine and has 100,000 miles on it. Mike Genin is currently using a 2014 Honda Accord with about 127,000 miles on it. Since IMEA does not need an extra pool car, IMEA Staff is recommending the sale of the 2014 Honda Accord as surplus property. Bob Coble moved to authorize the CEO to sell the 2014 Honda Accord as surplus property, seconded by Mayor Dominic Rivara. The roll call vote showed unanimous approval.

Resolution #22-06-874 – Approving Limited Variance for City of Naperville Regarding Small Renewable Generation Resource Policy – General Counsel, Troy Fodor, discussed the IMEA Small Renewable Generation Resource Policy made effective on May 1, 2009. This allows the Member to install qualifying renewable generation up to an aggregate total of 150 kW of nameplate capability to partially offset the Member’s end-use electric consumption. Fodor stated that Naperville has installed renewable generation consisting of photovoltaic facilities that are directly connected to the City’s Public Works, Electric and Municipal Center buildings that equals the maximum 150 kW limit under the Policy. He explained that Naperville is requesting a limited variance to install up to 75 kW of additional City-owned solar generating capability on City-owned assets. IMEA Staff considered the possibility of revising the policy, however, at this time, does not feel changing the policy is warranted given the limited nature of one request. IMEA Staff supports this request and recommends treating this additional generation as a limited variance of the maximum aggregate kilowatt limit under the Policy. David Coston moved to approve Resolution #22-06-874 granting Naperville a limited variance of the maximum aggregate kilowatt limit under the Small Renewable Generation Resource Policy up to a total aggregate nameplate rating of 225 kW. The motion was seconded by Rick Abell and the roll call vote showed unanimous approval with the exception of the representative from Naperville abstaining.

Chairman Dale Detmer asked for a motion to adjourn the meeting. The motion was made by Brian Groth, seconded by Mayor Dominic Rivara and carried unanimously by voice vote. The meeting was adjourned at 11:57 a.m.

Respectfully submitted,



Secretary/Treasurer

**ILLINOIS MUNICIPAL ELECTRIC AGENCY
BOARD OF DIRECTORS MEETING
THURSDAY, JUNE 23, 2022**

MEMBERS PRESENT (EITHER IN PERSON OR VIA WEBINAR)

Altamont	Larry Taylor
Bethany	Shannon Risley (via webinar)
Breese	Dale Detmer
Bushnell	Joe Fosdyck (via webinar)
Carlyle	John Hodapp
Carmi	David Coston
Chatham	Shane Hill
Flora	Bob Coble
Highland	Dan Cook (via webinar)
Ladd	Pat Barry (via webinar)
Marshall	Cory Sheehy (via webinar)
Mascoutah	Jesse Carlton (via webinar)
Metropolis	Rick Abell
Naperville	Brian Groth
Oglesby	Mayor Dominic Rivara
Princeton	Jeff Mangrich (via webinar)
Red Bud	Josh Eckart (via webinar)
St. Charles	Peter Suhr
Sullivan	Mayor Richard Glazebrook (via webinar)
Winnetka	Brian Keys (via webinar)

MEMBERS ABSENT

Cairo	Vacant
Casey	Shelby Biggs
Fairfield	Vacant
Farmer City	Sue McLaughlin
Freeburg	John Tolan
Greenup	Mike Ryder
Peru	Justin Miller
Rantoul	Jake McCoy
Riverton	Jim Mileham
Rock Falls	Dick Simon
Roodhouse	Mayor Tom Martin
Waterloo	Tim Birk

OTHERS PRESENT (EITHER IN PERSON OR VIA WEBINAR)

Carlyle	Brad Myers
IMEA	Kevin Gaden
IMEA	Troy Fodor
IMEA	Chris Wise
IMEA	Gary Stephenson
IMEA	Alice Schum
IMEA	Staci Wilson
IMEA	Mike Genin
IMEA	Rakesh Kothakapu
IMEA	Glenn Cunningham
IMEA	Adam Baker
IMEA	Sean McCarthy
IMEA	Tammy Hall
IMEA	Shadi Ahanchi
IMEA	Eric Weinant
IMEA	Ed Cobau (via webinar)
IMEA	Rodd Whelpley (via webinar)
Guest	Kevin Wagner (via webinar)
Guest	Greg Hubert (Naperville) (via webinar)
Guest	Jean Korte (Highland) (via webinar)