

ILLINOIS MUNICIPAL ELECTRIC AGENCY

REPORT OF BOARD OF DIRECTORS MEETING

THURSDAY, JUNE 15, 2017

A regularly scheduled meeting of the Board of Directors of the Illinois Municipal Electric Agency was held at the IMEA headquarters building, 3400 Conifer Drive, Springfield, Illinois on June 15, 2017.

Chairman Greg Hazel called the meeting to order at 10:00 a.m. Roll call was taken which showed a quorum was present.

Mayor Scott Harl, seconded by Larry Taylor, moved the minutes of April 27, 2017 for approval. The motion was carried by unanimous voice vote. Bob Childers reviewed the financial report for April which is the end of the fiscal year and stated that the auditors were currently in the office and would give a presentation at the August meeting. There was a draw on the line of credit in May due to capital additions at Trimble County and Prairie State. He also reported that the FY 2017 MWh sales to members was 2.3% below budget and power sales to members in May were 5.5% below budget due to mild weather. Pat Barry moved to approve the Treasurer's Report, seconded by John Hodapp. The voice vote showed all in favor.

Opportunity for Public Comment: Chairman Greg Hazel stated that pursuant to the Open Meetings Act, any person in attendance at a meeting shall be permitted an opportunity to comment. He then asked if anyone would like to make a comment and hearing none, the meeting continued.

President & CEO Report – CEO Gaden recognized Mayor Billy McDaniel from Metropolis in the audience and reported that the combined IMEA/IMUA annual meeting dates for next year are May 31-June 1. He discussed a meeting attended by Alice Schum, Rakesh Kothakapu along with himself with MISO senior management and APPA members. Topics included the capacity market, proposed Illinois Zone 4 competitive retail solutions and discussion regarding MISO and PJM's conflicting positions on pseudo-ties.

Gaden gave an update on the ratings agencies reviews of IMEA in which staff expects to hear from Moody's soon on their ratings update of IMEA. He noted that two new FERC commissioners are in the process of being confirmed and that Commissioner Collette Honorable would be leaving soon. Regarding the RTO self-supply issues, Gaden stated that the congressional review of the Federal Power Act would occur later this summer and that staff is planning to meet with Rep. John Shimkus before that congressional hearing to discuss the PJM situation. Gaden reported that Doc Mueller would be retiring at the end of June and congratulated him on being the recipient of the APPA Donovan Public Service award. Staff is executing a consulting agreement to utilize Mueller's expertise over the coming year.

Mayor Billy McDaniel from Metropolis presented Doc Mueller with the Superman award and thanked him for his dedicated service over the years. The Board gave Doc Mueller a standing ovation for all of his years given to the agency.

OLD BUSINESS

Power Supply from New Wind Project – CEO Gaden reported that IMEA had executed a Power Purchase Agreement (PPA) with Green River Wind Farm Phase 1, LLC for 50MW. Staff negotiated a most favored nations clause and the option to participate in future expansion. Staff elected to keep PJM-qualified tags and separated the metering for IMEA accounting and scheduling with PJM.

Operations: Regarding the PJM Regional Transmission Organization (RTO), Alice Schum reported that the PJM planning year for 2017/18 began June 1 and stated that the PJM Base Residual Auction for 2020/21 was held May 10. Alice Schum presented a chart outlining the results of the auction with regard to capacity performance for years 2017/18 through 2020/21 showing the final load charge and the generation credit that IMEA will receive. A meeting with the PJM Market Monitor is scheduled for June 22 to review fuel policies for the current planning year. Schum thanked Rock Falls and Winnetka for performing well during peak reduction runs which were held earlier this week.

Regarding the MISO Regional Transmission Organization (RTO), Schum reported that the planning year for 2017/18 began on June 1. She reviewed the details of the two IMEA market simulation events which will be held in late July and early August. Municipals will be called 24 hours in advance and staff is recommending the Board's consideration that penalties be waived for 30 days for these generators. She also discussed the APPA meeting with MISO with regard to treatment of Behind the Meter Generation, pseudo ties and capacity.

Schum stated that both PJM and MISO have reserves in place in readiness for the hot summer forecast. She reported on discussions with Dynegy regarding the physical capabilities of the Newton 1 and Coffeen units and with Ameren to streamline the billing process. IMEA Operations staff continues to maintain their PJM certification through continuing education hours and interviews have concluded for the Power Services Coordinator position.

Trimble County: Kevin Wagner reported the following:

- Safety – No employee or contractor injuries reported for April or May.
- Performance - TC1 had a couple of boiler water wall leaks in April which appear to be due to soot blower erosion. TC1 YTD EAF is running at over 94%. TC2 gas igniters installed during the spring maintenance outage appear to be working well. The unit did experience a 4 day outage in late April that was required to address stress cracks that had developed in a header in the economizer portion of the boiler. TC2 YTD EAF is currently at about 58% reflecting the extensive planned outage time required this spring to convert the startup fuel system to natural gas. Currently both units are on line and available for full load.
- Coal Combustion Residue Treatment & Transport (CCRT)/Landfill Project - CCRT construction activity is moving forward with progress on the fabrication of tanks and erection of the steel framework of process buildings in the complex. After extensive discussion with the Army Corps of Engineers and the EPA, LGE/KU senior management is optimistic that the 404 landfill permit will be issued shortly (Region 4 EPA office has 15 days to review) and, consequently, LGE/KU has moved forward with issuing the request for quotes on the landfill work. Discussion is now underway with five interested bidders.

Prairie State: Kevin Wagner reported the following activities:

- Safety - A plant maintenance employee sustained a hand injury while working on a machine shop lathe. Up to this spring, the plant had gone over a year without a recordable injury.
- Plant Performance – Unit 1 returned to service on May 13th after a 70 day maintenance outage this spring that focused on repairs to the generator stator and an extensive turbine inspection. The unit experienced a couple of forced outages later in the month. The Unit 1 YTD EAF is currently about 47% reflecting the long planned spring maintenance outage. Unit 2 experienced a 5 day forced outage beginning May 22 due to a platen tube leak and very brief outage shortly thereafter due to an issue with the submerged flight conveyor. Unit 2 YTD EAF is doing well at 89%. Both units are on line and available for full load.
- Unit 1 Generator Stator Core Iron Analysis - The critical work path during the Unit 1 spring outage was the rebuilding of portions of the Toshiba generator stator to fix the separation and arcing occurring at the ends of the core iron. The same modifications that were scheduled for the Unit 2 generator during the fall 2018 maintenance outage have now been put on hold for at least a year based on the favorable risk assessment for the Unit 1 generator.

Local Transmission/Generation: Kevin Wagner reported the following:

- Marshall/Ameren Gallatin 69 kV Project - Last month Ameren placed in service the Gallatin-Marshall 69 kV line that will serve as the primary feed for Marshall's South Substation. Ameren will be adding a second 138/69 transformer in the Paris area and will be rebuilding at least 5 miles of the line between Paris and Marshall in the coming year, and additional improvements are scheduled for the line to Hutsonville.
- Ameren Hilgard Switching Station - Ameren recently issued a bid request for civil work for the 138 kV Hilgard Switching Station near Mascoutah. Site work is expected to begin later this fall. The City of Mascoutah continues its property owner negotiations for easements for the 138 kV lines it will be constructing in 2018 and 2019 to interconnect with Hilgard.
- Ameren Network Operating Committee (NOC) Meeting - Staff met with a number of Ameren engineering and operations personnel on May 24 to review operating, planning, metering and delivery point projects and issues affecting our members within the Ameren footprint. Key takeaways from the meeting included: A summer study report indicating "as available" 34.5 kV backup capacity for Highland has increased significantly with the utilization of Ameren's new Canteen Sub serving the Troy/Collinsville area. Ameren is moving forward with plans for additional 138 kV ring bus switching stations in the Oglesby, Peru and Princeton areas that should improve reliability and reduce outage restoration times.
- Summer 2017 URGE Testing - The annual capacity testing of Member dedicated generators got underway last week beginning at Flora. Staff is following the 1 hour test period for diesels and CTs (2 hour for steam) that was recently approved as part of the revised Member Generation Policy. Capacity testing is being coordinated with additional NESHAP compliance testing at some of the sites.
- Altorfer 6-Year Preventive Maintenance Agreement - Staff is reviewing Altorfer's proposal to renew the joint preventive maintenance agreement that serves the IMEA Flora units and a number of similar Member-owned Cat gensets. Optional fuel testing services are being added to the

current suite of services. Staff will be reaching out to participating Members in the coming weeks to determine interest in continuing the program.

Solar Demonstration Projects: Regarding the St. Charles solar project, Kevin Wagner reported that the Interconnection Agreement between the City and Altorfer had been executed on May 11 and on June 6, the FAA issued its “no hazard to air navigation” report based on Altorfer’s revised panel layout. As of last Friday, the solar site grading was complete and the commercial operation date will likely be the end of August.

Regarding the solar project in Rantoul, Kevin Wagner reported that the facility continues to perform very well. The YTD net production exceeds 700 MWhr and so far June is running at about 32% capacity factor.

Legal: General Counsel Troy Fodor reported on the following:

- FERC Matters – On February 28, MISO filed a pro forma Pseudo-Tie Agreement with substantive tariff changes and on March 9, PJM submitted revisions with new pseudo-tie requirements and restrictions. Both entities want the right to unilaterally cancel the pseudo ties meaning the long term transmission rights which were reserved over a decade ago and paid for would be useless. The FERC staff issued deficiency letters to both RTO’s whereupon MISO asked for a technical conference, which FERC has not responded to, and PJM requested a 90-day extension to respond which FERC granted.

NEW BUSINESS

IMEA Staff Salary Verification Study – CEO Gaden reported that a Request for Proposal (RFP) had been issued and a proposal received from Hometown Connections. They will compare current salary ranges to an annual Western Management Group comparison survey, review trends nationally/regionally, discuss innovative ways to recruit and retain quality staff to ensure long-term employment. He stated that funds were placed in the FY2017/18 budget and outlined a schedule for completion. Hometown Connections will report their findings to the Executive Board on October 18. Staff recommended the approval for the CEO to execute contract documents to authorize the consultant (Hometown Connections) to proceed with the IMEA staff salary verification study. Dale Detmer made a motion approving the authorization to execute contract documents, seconded by Dominic Rivara. A roll call vote showed all in favor.

Patio Work at IMEA Offices – CEO Gaden reported that the sump pit improvements have been completed and that FWAI Inc. had been engaged to design, bid and oversee the construction of the patio improvements. Staff distributed bid documents and only received 2 proposals. Meyers Roofing is the lowest bidder and staff continues to review and revise the contract with work to be completed by the end of the summer. Bob Coble made a motion authorizing the CEO to complete all contract documents to begin construction, seconded by Dan Cook. The roll call vote showed all in favor.

Fifth Power Services Coordinator Position – CEO Gaden stated that one of the four Power Services Coordinators (PSC’s) had resigned effective mid-May. He outlined the importance of concurrently adding a 5th PSC position while replacing the 4th one. He summarized the budget implications, the shift coverage and flexibility along with the PJM certification and training. Interviews have been completed

and staff is ready to offer positions to two candidates. Shane Hill moved to authorize the CEO to hire a 5th Power Services Coordinator, seconded by Bob Coble. A roll call vote showed all in favor.

At that time, Chairman Hazel then asked for a motion to go into Executive Session for discussion of the purchase, sale or delivery of electricity. John Hodapp moved to go into closed session, seconded by Brian Keys. Voice 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 11:15 a.m. Rick Abell and Mayor McDaniel left the meeting at this time. The meeting was returned to open session at 12:30 p.m.

Cairo Discounted Rate – Rick Abell rejoined the open session of the meeting at this time. Dale Detmer made a motion to approve a discount in the Schedule B Rate charged to Cairo Public Utility Company (CPUC) beginning with July 2017 usage equal to the remaining portion of the 1991 Project Demand Charge after deducting the Industrial Load Discount for Bunge Corporation with such discount to be available to CPUC through February 2021 as long as CPUC is not in default under the Power Sales Contract with IMEA. This motion was seconded by Cory Sheehy. A weighted roll call vote showed the motion passing although Bushnell and Highland voted negatively. Metropolis abstained due to a conflict of interest.

With no other business to be discussed, Dominic Rivara moved to adjourn the meeting at approximately 12:36 p.m. Dale Detmer seconded the motion, which was unanimously approved by voice vote.

Respectfully submitted,



Secretary/Treasurer

**ILLINOIS MUNICIPAL ELECTRIC AGENCY
BOARD OF DIRECTORS MEETING
THURSDAY, JUNE 15, 2017**

MEMBERS PRESENT

Altamont	Larry Taylor
Bethany	Shannon Risley
Breese	Dale Detmer
Bushnell	Justin Griffith
Carlyle	John Hodapp
Carmi	David Coston
Chatham	Shane Hill
Flora	Bob Coble
Freeburg	John Tolan
Greenup	Mike Ryder
Highland	Dan Cook
Ladd	Pat Barry
Marshall	Cory Sheehy
Metropolis	Rick Abell
Naperville	Mark Curran
Oglesby	Dom Rivara
Peru	Mayor Scott Harl
Princeton	Jeff Mangrich
Rantoul	Greg Hazel
Red Bud	Josh Eckart (via teleconference)
Rock Falls	Dick Simon
Roodhouse	Mayor Tom Martin
St. Charles	Tom Bruhl
Winnetka	Brian Keys

MEMBERS ABSENT

Cairo	Karl Klein
Casey	Shelby Biggs
Fairfield	Mayor Charles Griswold
Farmer City	Larry Woliung
Mascoutah	Cody Hawkins
RECC	David Stuva
Riverton	Russ Patrick
Sullivan	Mayor Ann Short
Waterloo	Tim Birk

OTHERS PRESENT

Metropolis	Mayor Billy McDaniel
IMEA	Kevin Gaden
IMEA	Troy Fodor
IMEA	Bob Childers
IMEA	Alice Schum
IMEA	Mike Genin
IMEA	Doc Mueller
IMEA	Staci Wilson
IMEA	Cindy Evans
IMEA	Kevin Wagner
IMEA	Rakesh Kothakapu
IMEA	Glenn Cunningham
IMEA	Mary Ann Todd
IMEA	Ed Cobau
IMEA	Tammy Hall