

ILLINOIS MUNICIPAL ELECTRIC AGENCY

REPORT OF EXECUTIVE BOARD MEETING

WEDNESDAY, JUNE 13, 2018

A regularly scheduled meeting of the Executive Board of the Illinois Municipal Electric Agency was held at the IMEA headquarters building, 3400 Conifer Drive, Springfield, Illinois on June 13, 2018.

Chairman Greg Hazel called the meeting to order at 2:00 p.m. Roll call was taken which showed a quorum was present.

The Report of April 25, 2018 was moved for approval by Mayor Scott Harl, seconded by John Hodapp. The motion was carried by unanimous voice vote.

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.

CEO Kevin Gaden recognized Lucy Podlesny, the Deputy Director of Electric Utility, from Naperville and welcomed the newest IMEA staff member, Adam Baker. Adam is the new Systems Administrator under Glenn Cunningham and was previously employed at the Kincaid Power Plant owned by Dynegy.

OLD BUSINESS

Executive Session Minutes: General Counsel Troy Fodor recommended approving the June 14, 2017, October 18, 2017 and both January 24, 2018 executive session minutes and to release all of them as public records. Rick Abell moved to approve and release the above-referenced executive session minutes. Tom Bruhl seconded the motion which carried by unanimous voice vote.

PJM & MISO Capacity Market Issues – Alice Schum reported on Zone 4 in MISO explaining the possibility for plant retirements and potential shortages that could occur. She stated that 97% of loads had participated in the Organization of MISO States (OMS) survey and that forced outage rates for the generation unity in MISO were going up. She presented a graph representing clearing prices in the annual MISO Capacity Auctions for the past 5 years. She then presented a chart detailing the planning reserve margins for 2019 by zones which showed potential capacity projections along with committed capacity projections.

Regarding the PJM 2021/22 market statistics, Schum reported the clearing prices at the Base Residual Auction and stated that all PJM capacity is “Capacity Performance” product. She also discussed the various types of generation that cleared the recent auction including nuclear and coal units along with demand response and energy efficiency. Schum reviewed the auction clearing prices in PJM for the 2021/22 planning year and showed a graph displaying capacity performance clearing prices from 2016/2017 through 2021/2022 noting zonal price separations and the increasing amount of demand response and energy efficiency.

Bob Childers reported on the results of the PJM auction with regard to the net revenue from the ICTRs awarded to IMEA and how it would affect the future average cost projections. He presented a graph outlining the member average cost projection over the next 4 years. Childers discussed the possibility of creating a regulatory asset and deferring some cost of fiscal year 19/20 and 20/21 which would be reversed in 2022 when IMEA received the ICTR revenue to offset. The goal is to level out the cost over a three-year period to reduce a price spike. Staff has had preliminary discussions with the auditors and currently plans to seek approval from the IMEA Board in the fall.

PJM Pseudo-Tie Issues – General Counsel Troy Fodor reported that the Newton and Coffeen pseudo-ties ended May 31, 2018 which reduced congestion cost for delivery of this energy. He stated that PJM is requiring all new and existing pseudo-ties to sign a new Pro Forma Agreement. He also reported that the Prairie State pseudo-tie has been effective since June 1, 2016 and since PJM has refused to make substantive changes, staff has directed PJM to file the document unsigned and let FERC decide. Fodor explained that Trimble County is not pseudo-tied yet although the target date was June 1, 2018. He discussed difficulties with LG&E regarding implementation conditions and congestion management issues. Trimble County Unit 1 has been delayed until June 1, 2019 for upgrades to LG&E metering and Trimble County Unit 2 has been delayed until September 1, 2018 to allow for further negotiations.

Engagement of Employment Recruiter – CEO Kevin Gaden stated that the current CFO is planning to retire at the end of March 2019. The Succession Plan approved by the Board in 2015 calls for a replacement in the position with the existing CFO for 90-120 days. Gaden stated that ads had been placed with APPA, GFAO (national and regional) along with NRECA and will run for another 30 days. He gave an update on the status of resumes received and number of qualified candidates. His recommendation was to make a final determination on whether or not to engage a recruiter by mid-July and, if he sought to recommend, he would seek approval at the July 18 Executive Board meeting. That action would need to be ratified by the full IMEA Board in August.

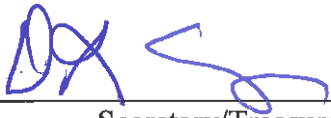
Sexual Harassment Policy – CEO Gaden stated that the IMEA Board had passed an ordinance in December of 2017 which directed that the IMEA Employee Policy & Procedures Manual be updated to reflect new policy as of June 2018. The legislature recently made changes and staff is reviewing the impact of those changes. The ordinance and current policy meet all the current statutory requirements. Tom Bruhl moved to authorize the CEO be given until the December Board meeting to finalize the Employee Policy & Procedures Manual, seconded by Tim Birk. The motion passed by unanimous voice vote.

Future Energy Jobs Act Update - Mike Genin discussed rulings related to whether or not municipal systems are included in this solar development plan. In December of 2017, the Illinois Power Agency (IPA) submitted a plan to the Illinois Commerce Commission (ICC) for approval. After various hearings, the most recent ruling from the ICC denied ComEd's rehearing petition last May which means municipals are currently included in this program. Genin recommended members prepare for inquiries and interconnect requests from their customers. He also reported that ComEd has 35 days (June 21) to appeal the ICC denial of rehearing at the appellate court level and the IPA is planning for a December 2018 rollout of the adjustable block program and community solar although the Solar for All will follow a few months later. Legislators have raised concerns over the ruling to allow munis/coops to participate in these incentive programs.

Chris Jewell presented a chart showing the updated REC pricing as of June 4 by the IPA although the IPA has not published any updates to the plan itself. He also reviewed a timeline showing the process IMEA would take for future IMEA solar sites to include RFP member site selection submittals, IPA acceptance for qualified vendors for REC program, developer bids and final Board approval. Jewell also stated that IMEA staff sent out member site selection RFPs to members on May 30th.

Chairman Greg Hazel asked for a motion to adjourn the meeting. The motion was made by John Hodapp, seconded by Tom Bruhl and carried unanimously. The meeting was adjourned at 3:09 p.m.

Respectfully submitted,

A handwritten signature in blue ink, consisting of stylized initials and a surname, positioned above a horizontal line.

Secretary/Treasurer

**ILLINOIS MUNICIPAL ELECTRIC AGENCY
EXECUTIVE BOARD MEETING
WEDNESDAY, JUNE 13, 2018**

MEMBERS PRESENT

Carlyle	John Hodapp
Carmi	David Coston (via teleconference)
Highland	Dan Cook (via teleconference)
Metropolis	Rick Abell
Peru	Mayor Scott Harl
Rantoul	Greg Hazel
St. Charles	Tom Bruhl
Waterloo	Tim Birk

MEMBERS ABSENT

Rock Falls	Dick Simon
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OTHERS PRESENT

Altamont	Larry Taylor
Breese	Dale Detmer
Chatham	Shane Hill
Flora	Bob Coble (via teleconference)
Freeburg	John Tolan (via teleconference)
Marshall	Cory Sheehy (via teleconference)
Mascoutah	Cody Hawkins
Naperville	Mark Curran, Lucy Podlesny
Princeton	Jeff Mangrich (via teleconference)
Winnetka	Brian Keys (via teleconference)
IMEA	Kevin Gaden
IMEA	Troy Fodor
IMEA	Bob Childers
IMEA	Alice Schum
IMEA	Mike Genin
IMEA	Kevin Wagner
IMEA	Shadi Ahanchi
IMEA	Rakesh Kothakapu
IMEA	Rodd Whelpley
IMEA	Glenn Cunningham
IMEA	Adam Baker
IMEA	Cindy Evans
IMEA	Chris Jewell
IMEA	Mary Ann Todd
IMEA	Tammy Hall