

ILLINOIS MUNICIPAL ELECTRIC AGENCY

REPORT OF BOARD OF DIRECTORS MEETING

THURSDAY, OCTOBER 19, 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 October 19, 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 Dominic Rivara, moved the minutes of August 24, 2017 for approval. The motion was carried by unanimous voice vote.

Bob Childers reviewed the financial report for August and reported that the MWh sales to members was 6.1% below budget. Dan Cook moved to approve the Treasurer's Report, seconded by Mayor Ann Short. 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 Sue McLaughlin, the City Manager from Farmer City as the newest IMEA Board member. He also introduced Larry Klein, the General Manager of CPUC, Bill Kirkeiner, the Chairman of CPUC, Todd Ely and Dan Long, consultants for CPUC and indicated they would be making a presentation later in the meeting. Gaden reported that the St. Charles solar installation was substantially finished with the contractor and the City completing final punch list items. An Open House is planned for the spring of 2018 when elected officials are available.

CEO Gaden gave an update on the status of the wind project contract. The contractor is completing all the necessary contingencies and have posted a deposit with PJM to secure the transformer and related equipment. They continue to work with local landowners to waive any potential disputes. Gaden also outlined the status of negotiations with the developer to contract for IMEA to provide PJM Market Services for test energy and long term market participant scheduling. He stated that the Prairie State tour was a success with over 40 participants. The Trimble County landfill project is proceeding as planned and staff is working with LG&E and MISO/PJM to complete the pseudo-tie essentials for a June 2018 start date. Gaden recognized Karl Klein who passed away on September 8 at the age of 82. He served as Cairo's IMEA Board member for 33 years and will be greatly missed.

OLD BUSINESS

Waiver Request by Carlyle – Kevin Wagner explained the circumstances surrounding Carlyle's Worthington diesel generator being forced out of service during a summer readiness exercise.

Per the IMEA Member Generation Policy for an on-peak forced outage, the unit is subject to loss of both production and base component of capacity payment after ten days. He reported that Carlyle anticipates replacing the unit with a new EMD diesel generator although BHMG estimates getting the replacement unit in service could take until June of 2019. Per the Member Generation Policy and the Capacity Purchase Agreement, IMEA is allowed to cancel the dedicated capacity of a unit that is unavailable for dispatch for more than 12 continuous months. He also stated that the Member Generation Policy requires at least one year advance notice to IMEA for a unit retirement and it requires that replacement generation facilities be placed in service and tested within 1 year of retirement. Wagner stated that the waiver request had been recommended by the Generation Committee at yesterday's meeting.

John Hodapp summarized the unforeseen circumstances regarding the outage and Carlyle's efforts to expeditiously restore the dedicated capacity. He asked IMEA to waive the 12-month unit availability and the one year notice provisions and requirements of the Capacity Purchase Agreement and the Generation Policy. Dale Detmer moved to grant the requested waiver to Carlyle, seconded by Jeff Mangrich. The roll call vote was all in favor.

Resolution #17-10-804 – Authorizing Upgrade Construction Service Agreement with PJM for ICTR Project – CEO Gaden gave background information regarding the status of the PJM capacity issues. He reported that staff had submitted an Incremental Capacity Transfer Rights (ICTR) project request for Planning Year 21/22 on September 30th which is an extension of the current proposed project. This project can be withdrawn if the current project is approved and ICTR's are gained. Staff continues to brief federal legislators on the details of this issue and have a meeting with three FERC Commissioners and/or their staff scheduled for October 24th. Gaden also reported that PJM had completed a System Impact Study on September 4th for Planning Year 20/21 that indicated 0 ICTR's. PJM then reran the study for the following Planning Year 21/22 and the results showed for the same amount of money, over 700MW of ICTR's were estimated. The PJM Board will consider a blanket transmission improvement plan in early December and if approved, will then file with FERC. Staff must meet with FERC Commissioners before PJM files this project with FERC due to exparte communication rules that govern the FERC

IMEA anticipates cash funding this expenditure rather than debt financing. Staff recommends this resolution authorizing the President & CEO to sign the Upgrade Construction Service Agreement (UCSA) and complete all needed actions to ensure IMEA's rights are protected. Bob Coble moved to approve Resolution #17-10-804, seconded by Tom Bruhl. The roll call vote passed unanimously.

Presentation by Cairo Public Utility Company – Larry Klein summarized CPUC's current financial position and the possibility of a bankruptcy at the City of Cairo. He discussed CPUC's electric rates, load factors and their current debt. He stated that CPUC had sent out a Request For Information (RFI) to several electric suppliers across the US. Klein requested the Board to consider hiring an independent third party consultant to analyze wholesale electric costs in MISO Zone 4. He then thanked IMEA for the discount rate issued to Cairo in August and the opportunity to make a presentation.

Todd Ely distributed a Power Point presentation and discussed CPUC's background, the Request For Information results and their recommendations. Dan Long discussed electric rates currently

available in the electric market to municipals. Conversation ensued between Larry Klein and Board members regarding other options for rate relief. Larry Klein stated that the discounted rate which the IMEA Board had approved in June had helped offset CPUC's losses, but had not been passed on to their end-use customers. Klein asked the Board to obtain an outside consultant to research price comparisons to lower wholesale electric rates. CEO Gaden also explained the efforts of maintaining IMEA's A+ rating and the debt service coverage obligations and Board-approved targets. Discussion ensued regarding how a payment default on the Cairo contract due to bankruptcy would affect members' rates. Klein agreed to furnish staff with a copy of a study conducted by Miss Casper from HUD showing a comparison between Cairo's electric rates with a regional/national HUD facility. Klein declined the opportunity to ask for a specific additional discount for CPUC.

Since there was no request to use to fill in the blank in the Resolution that was distributed in the Board packets, Dale Detmer moved to table Resolution #17-10-805, the approval of an additional discount rate for Cairo, until a later date. This motion was seconded by Dominic Rivara and the roll call vote passed unanimously.

At that time, CEO Kevin Gaden then asked for a motion to go into Executive Session for discussion of the purchase, sale or delivery of electricity. Pat Barry moved to go into closed session, seconded by Larry Taylor. 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 11:35 a.m. The meeting was returned to open session at 1:23 p.m.

Dale Detmer moved for a motion authorizing the President & CEO to take any and all steps necessary to enforce the IMEA Power Sales Contract with the City of Cairo and the Cairo Public Utility Company, including executing contracts with outside consulting services and/or legal counsel potentially exceeding \$50,000 and including retaining a market consultant to review IMEA operations and/or initiating or defending any related litigation. Dominic Rivara seconded this motion and the roll call vote passed unanimously.

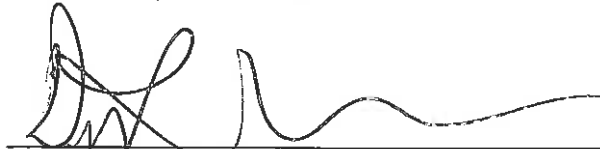
NEW BUSINESS

Resolution #17-10-806 – Approving a Six-Year Preventative Maintenance Agreement with Altorfer, Inc. for Caterpillar 3516B & 3516C Diesel Engine Generators – Kevin Wagner stated that Flora, Altamont, Marshall and Rock Falls have participated in joint preventative maintenance agreements with Altorfer for over ten years and the current maintenance agreement will expire at the end of 2017. Altorfer has provided a quote for an additional 6-year agreement and that cost will increase by 2.5%. He summarized the scope of the service that Altorfer will continue to provide. Altorfer will annually bill IMEA for all scheduled services performed for IMEA and the participating member-owned Cat 3516 gensets. Wagner also explained that letter agreements are required between the participating members and IMEA addressing the reimbursement of each member's share. Gensets may be removed and or comparable units added during the term of the agreement. John Hodapp moved to approve the Six-Year Preventative Maintenance Agreement with Altorfer, Inc. and the letter agreements covering reimbursement of each participating member's share of the cost. Dick Simon seconded the motion and the roll call vote passed unanimously.

Resolution #17-10-807 – Authorizing Revisions to Switching Agreement with Ameren Illinois Company - Kevin Wagner stated that the current master agreement allows operation of designated switches without prior notification if an imminent dangerous situation exists. Ameren now seeks to modify the terms of that agreement to allow switch operation without prior notification in an imminent dangerous situation provided the switch is only supplying the City. Staff recommends the approval of the revised master switching agreement with Ameren and to authorize the President & CEO to execute subsequent revisions to the Ameren master switching agreement and related member letter agreements as may be required. John Hodapp moved to approve this resolution, seconded by Dominic Rivara. The resolution passed by unanimous roll call vote.

With no other business to be discussed, Pat Barry moved to adjourn the meeting at approximately 1:30 p.m. Cory Sheehy seconded the motion, which was unanimously approved by voice vote.

Respectfully submitted,

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end, positioned above a horizontal line.

Secretary/Treasurer

**ILLINOIS MUNICIPAL ELECTRIC AGENCY
BOARD OF DIRECTORS MEETING
THURSDAY, OCTOBER 19, 2017**

MEMBERS PRESENT

Altamont	Larry Taylor
Breese	Dale Detmer
Carlyle	John Hodapp
Carmi	David Coston
Chatham	Shane Hill
Fairfield	Mayor Brent Maguire
Farmer City	Sue McLaughlin (via teleconference)
Flora	Bob Coble
Freeburg	John Tolan
Highland	Dan Cook
Ladd	Pat Barry
Peru	Mayor Scott Harl
Marshall	Cory Sheehy
Mascoutah	Cody Hawkins (via teleconference)
Metropolis	Rick Abell (via teleconference)
Naperville	Mark Curran
Oglesby	Dominic Rivara
Peru	Mayor Scott Harl
Princeton	Jeff Mangrich
Rantoul	Greg Hazel
Riverton	Russ Patrick
Rock Falls	Dick Simon
St. Charles	Tom Bruhl
Sullivan	Mayor Ann Short
Winnetka	Brian Keys

MEMBERS ABSENT

Bethany	Shannon Risley
Bushnell	Justin Griffith
Casey	Shelby Biggs
Red Bud	Josh Eckart
Greenup	Mike Ryder
RECC	David Stuva
Roodhouse	Mayor Tom Martin
Waterloo	Tim Birk

OTHERS PRESENT

CPUC	Larry Klein
CPUC	Bill Kirkeiner
Ely Consulting	Todd Ely
Ely Consulting	Dan Long
Sullivan	Dan Flannel
IMEA	Kevin Gaden
IMEA	Troy Fodor
IMEA	Bob Childers
IMEA	Alice Schum
IMEA	Mike Genin
IMEA	Rodd Whelpley
IMEA	Staci Wilson
IMEA	Cindy Evans
IMEA	Kevin Wagner
IMEA	Rakesh Kothakapu
IMEA	Glenn Cunningham
IMEA	Chris Jewell
IMEA	Mary Ann Todd
IMEA	Ed Cobau
IMEA	Tammy Hall