

**ILLINOIS PUBLIC ENERGY AGENCY
BOARD OF DIRECTOR'S MEETING
AUGUST 23, 2017**

A regularly scheduled meeting of the Board of Directors of the IPEA was held pursuant to proper notice at the IPEA headquarters building, 3400 Conifer Drive, Springfield, Illinois, on August 23, 2017.

Chairman Cory Sheehy called the meeting to order at 11:00 a.m. and roll call was taken. At that time a quorum was not present. President & CEO Kevin Gaden introduced Mayor Brent Maguire from Fairfield as the newest IPEA board member.

Opportunity for Public Comment: Chairman Cory Sheehy 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's Report: CEO Gaden stated that FERC had reestablished a quorum which would impact pipeline approvals, rate case changes, huge backlog and possibly tariff/pipeline change notices. He then inquired if any of the members had been contacted by IOU Gas Operators and none had. Gaden stated that Staci Wilson had been appointed as Vice Chair on the APGA Government Affairs Committee. Gaden reported on national attention to natural gas system maintenance and safety. He gave an example of a house explosion in Lincoln, Nebraska in which the gas company had conducted an initial leak test and found none. Other causes of this explosion are currently being investigated.

Greg Hazel from Rantoul arrived at the meeting at 11:05 a.m.; therefore, a quorum was present. Justin Griffith made a motion to approve the minutes of June 14, 2017, seconded by Terry Gard. The voice vote showed all in favor.

The Treasurer's Report for June was presented by Tia King. She reported that the cash balance as of June 30th was \$391,859 which was \$33,509 higher than the previous year. King also stated that gas revenues had increased by 36% from the previous year and the price per Dth had increased by \$.97 from the previous year. With there being no questions, Mayor Brent Maguire moved to approve the Treasurer's Report, seconded by Greg Hazel, which passed by unanimous voice vote.

Audit Report: Jeff Stanek of Baker Tilly gave the IPEA Audit Report via teleconference for fiscal year ending April 30, 2017. Stanek reported it was a clean Audit and the financial statements received an Unmodified Opinion. Stanek thanked the accounting staff for their preparation regarding the audit. There being no questions, Bob Coble moved to approve the audit, seconded by Justin Griffith. The voice vote showed unanimous approval.

Market Update: Steve Chambers of Constellation gave an update on the gas market stating that the current gas price weakness was based on weather and supply with natural gas production on a growth trajectory after a decline last year for the first time in over a decade. He reported that the national weather was much cooler compared to last summer which contributed to volatility from

a temperature perspective in the Midwest. Regarding the rebound of natural gas production since April, there has been a 3% higher gas output than this time last year. The EIA forecast calls for production to average 73.5 BCF/day this year and in 2018 the EIA has forecasted another 4 BCF/day of output growth which would be a new production record. New pipeline capacity is currently being built which will enable faster production growth along with backlogged applications for new projects being approved by FERC.

Chambers stated that the price driver is the continued erosion of the gas storage surplus with injections being lower than average. Normalized inventories are no longer significant in an over supplied gas market. Inventories currently are 3000BCF which is 7.5% lower storage than this time last year. Storage inventories are well below the totals for the past 2 winters although those inventories could be depleted with a cold winter which would push prices higher by spring.

Regarding the demand side, the power sector gas burns fell due to mild weather and higher gas prices which allows coal fired generation to gain market share. Renewable generation such as wind and hydro have increased with structural demand growth proceeding as expected. That growth is due to LGE Exports, new power sector gas demand, industrial gas demand and pipeline exports into Mexico. Export demand growth is over 2 BCF/day of liquefied gas and by 2018, 4 BCF/day is estimated. NYMEX prices are currently trading at \$2.90 and forecasted it will be until 2026 to find calendar strip prices above \$3.00. This market seems unwilling to provide price incentives for faster production growth.

Resolution #17-08-160 – Designating Authorized Signatories on the Accounts of the IPEA – Bob Coble moved to approve the resolution authorizing Mike Genin to become a signatory on the accounts of the IPEA replacing Doc Mueller. Mayor Brent Maguire seconded the motion and the resolution passed by unanimous vote.

Legislative & Regulatory: Regarding federal issues, Staci Wilson stated that Congress must act by September 29th to increase the federal debt limit and that legislation would be necessary to prevent a government shutdown. She also reported that the Dept. of Energy had issued a Request for Information on reducing regulation and controlling regulatory costs. APGA has filed regulatory reform comments to the Dept. of Energy addressing issues regarding recent DOE appliance efficiency rulemakings. Regarding municipal bonds, the US Treasury Dept. in July announced considerations on whether to amend proposed regulations which could affect tax-exempt bonds, including those that could be issued by IPEA or IMEA. APGA filed comments recommending the withdrawal of the proposed regulations.

Regarding State issues, Staci Wilson reported that the budget impasse had ended, however, funding for education still needed to be finalized. There are no energy bills before the legislature at this time.

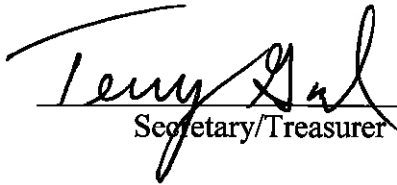
Member Contract Extensions: Mike Genin gave an update on the status of the member contract extensions and reported that paperwork was almost finalized with Constellation. The 4th Master Agreement should be executed by the end of the week along with the Parental Guarantee for Non-Performance with Exelon. Member Addendums will be sent out next week with an option to move to better purchase locations as Shale Gas moves west and will also include Member Guarantees.

Mike Genin gave an overview of the regional gas training to be held on October 24 and 25 at the Ameren gas training facility in Pawnee. This hands-on training will be conducted by Ameren and vendors and will cover a wide variety of topics for a minimal fee which includes meals. This would provide an excellent opportunity to train new employees and refresh skills of long term employees.

Annual Conference: Mike Genin discussed possible IPEA annual conference presentation topics which included a market analysis from Constellation and a presentation on the use of drones for natural gas and electric work. He then asked the Board for any suggestions and it was decided to look into long-term gas pricing to include how the international market will effect natural gas prices in the future.

There being no further business, Greg Hazel moved to adjourn the meeting at approximately 12:10 p.m., seconded by Terry Gard with all being in favor via voice vote.

Respectfully submitted:


Secretary/Treasurer

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MEMBERS PRESENT

Bushnell	Justin Griffith
Fairfield	Mayor Brent Maguire
Flora	Bob Coble
Marshall	Cory Sheehy
Martinsville	Terry Gard
Rantoul	Greg Hazel (arrived at 11:05 am)

MEMBERS ABSENT

Bethany	Shannon Risley
Casey	Shelby Biggs
Edinburg	Mike Lebshier
Greenup	Mike Ryder
Roodhouse	Mayor Tom Martin
Sullivan	Mayor Ann Short

OTHERS PRESENT

Constellation	Steve Chambers (via teleconference)
Constellation	Brian Hirshberg (via teleconference)
Baker Tilly Virchow Krause	Jeff Stanek (via teleconference)
IPEA	Kevin Gaden
IPEA	Troy Fodor
IPEA	Mike Genin
IPEA	Staci Wilson
IPEA	Mary Ann Todd
IPEA	Tia King
IPEA	Bob Childers
IPEA	Rodd Whelpley
IPEA	Ed Cobau
IPEA	Tammy Hall