

**ILLINOIS PUBLIC ENERGY AGENCY
BOARD OF DIRECTOR'S MEETING
DECEMBER 14, 2016**

A regularly scheduled meeting of the Board of Directors of the IPEA was held pursuant to proper notice at the IMEA headquarters building, 3400 Conifer Drive, Springfield, Illinois, on December 14, 2016.

Chairman Cory Sheehy called the meeting to order at 11:00 a.m. and roll call was taken showing that a quorum was present. Mayor Ann Short made a motion to approve the minutes of November 4, 2016, seconded by Justin Griffith. The voice vote showed all in favor.

The Treasurer's Report for October was presented by Tia King. She stated that gas revenues had decreased from the previous year and dekatherm sales had decreased from the previous year. With there being no questions, Greg Hazel moved to approve the Treasurer's Report, seconded by Steve Sowers, which passed by unanimous voice vote.

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 reported on the impact the election may have on the Clean Power Plan and methane rules. He also discussed Dodd Frank financial issues along with how tax exempt financing will affect all aspects of government along with municipalities. Gaden also stated that the EPA nominee is the current Attorney General from Oklahoma.

Market Update: Steve Chambers of Constellation gave an update on the gas market stating that the December gas demand is up and production is down 3% compared to a year ago. That has driven NYMEX gas prices to a 2 year high of \$3.75 which he compared to prices a year ago at \$1.60. Chambers reported that weather forecasters are predicting a colder winter than last year. There is a record amount of natural gas in storage although withdrawals in December will exceed 300 BCF per day so the year-to-year inventory surplus will flip to a deficit. Predictions indicate at the end of this winter, there will be 1900 BCF gas in the ground which is higher than the 5 year average, although well below the end of last winter at 2500 BCF.

Regarding NYMEX prices. Chambers reported that 2017 prices have risen to \$3.41 due to cold weather while forecasted prices from 2018-2022 time frame remain flat to lower with 2018 at \$3.05 and 2019-2020 trading below \$3.00. He stated that this trend was a function of higher prices at the front of the curve which is boosting expectations for a rebound in production growth next year. 2016 is the first year in over a decade where natural gas production will decline on an annual basis. There were 27 drilling rigs added back to service last week which is the largest increase in 2 years, although it takes 6-10 months for a new drilling rig to show up in production data. Production should increase 3% next year pushing production to a new annual record.

Chambers stated that pipeline exports in Mexico have increased by 25% this year and have reached a new daily record of 4BCF per day. Next year the US will be exporting more natural gas than it is importing. This is a weather driven market with wide swings in short term pricing, but there is value in long term gas prices.

Legislative & Regulatory:

Regarding federal issues, the major issues with the new administration will be the Clean Power Plan, the Waters of the US rule, methane emissions for oil and gas production and various Executive Orders could be reversed including the order requiring cuts in greenhouse gas from federal facilities.

Doc Mueller reported that the supplemental notice of proposed federal rulemaking for residential furnace standards was published on September 23rd and the deadline for comments was November 22. After APGA submitted its comments, the Department of Energy extended the comment period. This change puts the publication of the rule under the new administration.

The Exelon subsidy legislation (SB 2814) passed both Chambers of the Illinois General Assembly and was signed by the Governor on December 7. This bill will become effective on June 1, 2017 and includes the following provisions: zero emission carbon credits; renewable portfolio standards fix, energy efficiency goals, net metering changes and solar rebates along with exemptions and rate caps. The Dynegy Fixed Resource Adequacy Plan and demand based charges were negotiated out of the bill.

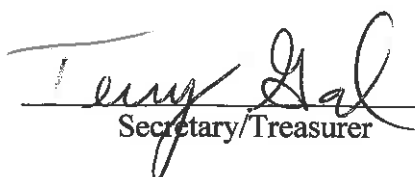
Mueller discussed the implications of the Energy bill regionally along with the RTO impacts although it will not directly impact members of IPEA. He also stated that the ComEd and Ameren ratepayer costs are being disputed amongst the experts. Regarding budget issues, the temporary spending plan will be in place until December 31, 2016 and a short lame duck session is scheduled. Mueller also reported on newly elected officials and how they will affect the House and Senate.

Resolution #16-12-152 - Approving Baker Tilly Virchow Krause, LLP to Perform Audit of Fiscal Year ending April 30, 2017 - Bob Childers stated that the letter agreement has been received from Baker Tilly to provide next fiscal year's audit for a cost of \$8,700 which reflects a 2.4% increase from last year. Bob Childers recommended Baker Tilly based on their past work performance along with the cost factor. Justin Griffith moved to approve Baker Tilly to perform the audit of fiscal year ending April 30, 2017, seconded by Mayor Ann Short. The voice vote showed all in favor.

Resolution #16-12-153 – Authorizing the Extension of the Contract for Management Services with IMEA - CEO Kevin Gaden reviewed the current Contract for Management Services between IPEA and IMEA which expires on April 30, 2019. The agreement for natural gas supply from Constellation ends on March 31, 2018 along with the cooperative contracts while municipal member contracts end on March 31, 2019. Staff recommends extending the Management Services Agreement through April 30, 2029 so IPEA can extend its supplier contracts for a longer period. Mayor Ann Short moved to authorize the extension of the Management Services contract with IMEA, seconded by Terry Gard. The voice vote showed all in favor.

There being no further business, Greg Hazel moved to adjourn the meeting at approximately 11:55 a.m., seconded by Justin Griffith with all being in favor via voice vote.

Respectfully submitted:


Secretary/Treasurer

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MEMBERS PRESENT

Bethany	Steve Sowers
Bushnell	Justin Griffith
Flora	Bob Coble
Greenup	Mike Ryder (via teleconference)
Marshall	Cory Sheehy
Martinsville	Terry Gard
Sullivan	Mayor Ann Short
Rantoul	Greg Hazel
Roodhouse	Mayor Tom Martin

MEMBERS ABSENT

Casey	Shelby Biggs
Edinburg	Mike Lebshier
Fairfield	Charles Griswold, Jr.

OTHERS PRESENT

Constellation	Steve Chambers (via teleconference)
Constellation	Brian Hirshberg (via teleconference)
IPEA	Kevin Gaden
IPEA	Troy Fodor
IPEA	Mike Genin
IPEA	Doc Mueller
IPEA	Tia King
IPEA	Bob Childers
IPEA	Rodd Whelpley
IPEA	Ed Cobau
IPEA	Tammy Hall