

**ILLINOIS PUBLIC ENERGY AGENCY
BOARD OF DIRECTORS MEETING
DECEMBER 13, 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 December 13, 2017. In the absence of Chairman Cory Sheehy, Vice Chairperson Mayor Ann Short called the meeting to order at 11:00 a.m. Roll call was taken and a quorum was physically present.

Bob Coble made a motion to approve the minutes of August 23, 2017 and October 18, 2017, seconded by Greg Hazel. The voice vote showed all in favor.

The Treasurer's Report for October was presented by Tia King. She reported that the cash balance as of October 31st was \$366,803 which was \$24,635 higher than the previous year. King also stated that gas revenues had increased by 12% from the previous year and the price per Dth had increased by \$.11 from the previous year. With there being no questions, Mayor Brent Maguire moved to approve the Treasurer's Report, seconded by Terry Gard, which passed by unanimous voice vote.

Opportunity for Public Comment: Vice Chairperson Mayor Ann Short stated that pursuant to the Open Meetings Act, any person in attendance at a meeting shall be permitted an opportunity to comment. She then asked if anyone would like to make a comment and hearing none, the meeting continued.

Based on a recommendation from General Counsel Troy Fodor, Justin Griffith made a motion to allow Cory Sheehy to vote on any action items given that his absence was caused by a work conflict. That motion was seconded by Bob Coble and passed by unanimous voice vote.

President & CEO's Report: CEO Gaden reported that FERC is now fully staffed with the Chairman being appointed on November 29. Washington continues to have changing regulations, a tax bill which could affect public utilities and tax-exempt financing is still intact. He stated that power generation continues to add to gas burn with over 27,000MW added in the past 18 months. Due to plant outages, Aliso Canyon storage constraints and high temperatures, the California So-Cal City gate price went up to \$14.00/DTH for a period of time. Ember Clear is proposing a 1,100MW plant located near Pawnee, Illinois and has been granted enterprise zone status by Sangamon County. There is a significant amount of work that needs to be done which may take years to complete. Gaden reviewed a handout which reflected North American proposed LNG export terminals published by Megawatt Daily last August.

Market Update: Steve Chambers of Constellation gave an update on the gas market stating that short-term natural gas prices are trading at an average of \$3.00 due to the continued growth in natural gas production. The market sentiment over the past few months is that gas prices are based on natural gas production record high levels (8% higher than last year) affected by exports and storage level shortage. An oversupplied market could be forthcoming and heating demands based on weather would raise prices.

Chambers stated that the supply side of production had regained an upward projectory with an EIA revised production outlook of 79.7 BCF over the course of next year. Additional pipeline capacity will increase production and inventory levels are the lowest in 3 years (7% lower than last year). Record production and the lack of strong heating demand are resulting in no big withdrawals. The demand side of the market is based on weather although exports to Mexico via pipeline and LNG Exports are 2BCF per day higher than a year ago. The LNG facility in Maryland will be operational soon and 10% of daily gas production is currently being exported to Mexico. NYMEX gas prices are \$2.70 through 2022 based on record production levels which indicates it is a good time to be an energy buyer. Constellation's EIA production modelling team reports that natural gas prices fell below \$2 in 2016 due to drilling wells in lucrative areas to maximize output.

Chambers reported that the EIA assumes that technology increases will continue to assist natural gas (fracking) production. The laterals are getting longer and methods are better, but the best gas fields have already been tapped, so production may drop. There are other factors in the market that will influence production so it is hard to model when trying to forecast.

Executive Session Minutes: General Counsel Troy Fodor recommended approving the June 14, 2017 executive session minutes and to release them as public records. Justin Griffith moved to approve and release the executive session minutes for June 14, 2017. Greg Hazel seconded the motion which carried by unanimous voice vote.

Ordinance #17-12-160 – Establishing Policy to Prohibit Sexual Harassment – Staci Wilson reported on SB 402 which was signed by the Governor on November 16. This bill required local government units to adopt an ordinance or resolution establishing a policy prohibiting sexual harassment. This policy must be adopted within 60 days (January 15, 2018) for compliance and applies to Board members as well as employees. This policy applies outside the workplace as well. Wilson explained how an individual can report an allegation including options for a confidential report. She also reported on the prohibition of retaliation for reporting sexual harassment allegations and possible penalties. This Ordinance also directs the CEO to update the Employee Policy and Procedures Manual to reflect these changes within the next 6 months and will be brought to the Board for approval. General Counsel Troy Fodor advised municipalities to use the Illinois Municipal League's model as a sample reference. Mayor Brent Maguire moved to approve the Ordinance, seconded by Bob Coble, which passed by unanimous roll call vote.

Legislative & Regulatory: Regarding federal issues, Staci Wilson reported that the tax reform bill would preserve the federal tax-exemption for municipal bonds and eliminate the advance refunding of those bonds after this year. The House and Senate version of the bill vary in the way tax subsidies are treated in the energy industry. She stated that APGA now has an active Direct Use Task Force. Their goal is to develop new communication tools which focus on educating Congress and staffers on preserving and protecting the direct use of gas along with raising awareness. APGA is expected to distribute their issue briefs at the beginning of the year.

Regarding State issues, Staci Wilson gave an overview on the veto session stating that the Senate had passed a Small Cell 5G Wireless bill and the House & Senate had held a joint subject-matter hearing on the Dynegy legislation. The wireless bill is still in the Senate due to a procedural hold

before it is sent to the Governor for signature or veto. This hold may be caused by last minute opposition from the cable industry. Wilson also reported that Woolsey Operating Company withdrew their permit, near the town of Enfield, citing regulatory compliance and costs regarding fracking regulations.

Mike Genin gave an overview of the results of the regional gas training held on October 24 and 25 at the Ameren gas training facility in Pawnee. This hands-on training was conducted by Ameren along with vendors and was well attended. This training had the ICC's support and staff will continue this training going forward.

Resolution #17-12-161 - Approving Baker Tilly Virchow Krause, LLP to Perform Audit of Fiscal Year ending April 30, 2018 - 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 remains the same as last year. Bob Childers recommended Baker Tilly based on their past work performance and reasonable cost. Greg Hazel moved to approve Baker Tilly to perform the audit of fiscal year ending April 30, 2018, seconded by Justin Griffith. The voice vote showed all in favor.

Mike Genin stated that Sullivan, Bethany, Bushnell, Greenup and Roodhouse needed NAESB's to lock in natural gas hedges past the contract term to benefit from buying opportunities. The new contracts have been signed converting the NAESB agreement to a renewed contract.

There being no further business, Terry Gard moved to adjourn the meeting at approximately 12:00 p.m., seconded by Greg Hazel with all being in favor via voice vote.

Respectfully submitted:

Secretary/Treasurer

**ILLINOIS PUBLIC ENERGY AGENCY
BOARD OF DIRECTOR'S MEETING
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MEMBERS PRESENT

Bethany	Shannon Risley
Bushnell	Justin Griffith
Fairfield	Mayor Brent Maguire
Flora	Bob Coble
Greenup	Mike Ryder
Marshall	Cory Sheehy (via teleconference)
Martinsville	Terry Gard
Rantoul	Greg Hazel
Sullivan	Mayor Ann Short

MEMBERS ABSENT

Casey	Shelby Biggs
Edinburg	Mike Lebshier
Roodhouse	Mayor Tom Martin

OTHERS PRESENT

Constellation	Steve Chambers (via teleconference)
Constellation	Brian Hirshberg (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