

**ILLINOIS PUBLIC ENERGY AGENCY
BOARD OF DIRECTOR'S MEETING
FEBRUARY 22, 2017**

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 February 22, 2017.

Vice Chairperson Mayor Ann Short called the meeting to order at 11:00 a.m. and roll call was taken showing that a quorum was present. Justin Griffith made a motion to approve the minutes of December 14, 2017, seconded by Greg Hazel. The voice vote showed all in favor.

The Treasurer's Report for December was presented by Tia King. She stated in December 2016, gas revenues had increased by 63% from the previous year and dekatherm sales had increased by 61% from the previous year. Handouts of the draft revised 2017 budget and proposed fiscal year 2018 budget were circulated among the members for their review in preparation for approval at the April board meeting. With there being no questions, Steve Sowers moved to approve the Treasurer's Report, seconded by Bob Coble, 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.

President & CEO's Report: CEO Gaden introduced Mary Ann Todd who began her employment on February 16th as the new Legal/Regulatory Specialist. She will work with Troy for "administrative legal" needs and with Bob Thomas and other departments on reliability compliance and regulatory needs. He discussed the member and supplier agreements with regard to the timing with upcoming elections and the opportunity for long term commitments. This would allow members to lock in term gas supply for future loads.

CEO Gaden reported that the Sierra Club is focusing on natural gas supply and concerned over being too dependent on one fuel source. They are concentrating their current efforts on methane rules regarding drilling. He reported that the new head of the EPA is the former Oklahoma Attorney General and former Texas Governor Rick Perry will lead the Department of Energy. He also reviewed the IPEA goals for the upcoming year.

Market Update: Steve Chambers of Constellation gave an update on the gas market stating that the NYMEX March gas futures contract recently saw a \$.27 decline in a single day settling at \$2.56. NYMEX prices for 2018 delivery settled below \$3 for the first time since mid-November. Pipeline exports to Mexico and LNG Exports have supported demand growth this winter. A year ago that gas would have been diverted into storage, but is now leaving the country. Supply is down and demand is up which should provide some measure of support for short term gas prices compared to 2016.

Chambers reported that due to the cold weather in December, lower production and strong export demand, national storage inventory levels are 11% lower than a year ago which is 4% above the five-year average. Regarding market projections, growth in domestic consumption and gas exports are expected to continue into 2018. Gas exports to Mexico grew by 25% over the last year and is expected to continue. Regarding gas supply, production declined by 2% last year for the first time in over a decade although is expected to rebound. Due to higher prices, gas and oil drilling rig counts have increased. There is evidence that drillers

are more productive through increased fracking technology and that should continue to boost output. The question is whether the supply side of the market will be able to accommodate the significant amount of demand growth over the next few years. EIA forecasters predict spot prices to rise from \$2.48 in 2016, to \$3.43 in 2017, to an average of \$3.70 in 2018. They are expecting demand growth to rise at a faster pace than supply growth. The NYMEX calendar strip prices in the futures market are currently trading below \$3 from 2018 all the way to 2025.

Resolution #17-02-154 – Establishing Travel Reimbursement Levels for Employees and Members of the IPEA - Doc Mueller stated that this resolution puts IPEA in compliance with Public Act 99-0604 which requires all units of local government to establish travel expense limits. It sets a variety of maximums for reimbursement and applies to employees and officials from our member communities who travel on IPEA business and are reimbursed for that travel. If travel limits are exceeded, those amounts would have to be approved by the Board. Justin Griffith moved to amend the daily reimbursement level for meals from \$350 to \$250, seconded by Steve Sowers. The roll call vote was unanimous. Greg Hazel moved to approve the amended resolution establishing travel reimbursement levels for employees and members of IPEA, seconded by Bob Coble. The roll call vote showed all in favor.

Legislative & Regulatory:

Regarding federal issues, Doc Mueller discussed APGA legislative priorities in Congress to include the repeal of Section 433 of the Energy Independence and Security Act and the modernization of the concept of energy efficiency under the Energy Policy Act. APGA's regulatory priorities include revising energy conservation standards for residential furnaces, commercial water heaters and commercial packaged boilers. Mueller also explained that APGA will pursue basic regulatory reform at the Department of Energy.

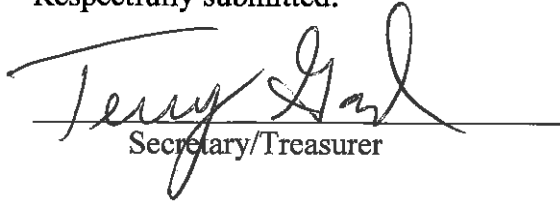
Regarding State issues, Staci Wilson gave an update on the status of budget issues along with the AFSCME contract and the Attorney General lawsuit over state employee payroll. She reported on bills of interest to include SB1451 allowing small wireless facility rights of way and pole attachment access and HB3396 which would modernize joint action agency statutes recognizing that the markets have changed. Wilson also discussed the federal lawsuit filed against Exelon by a coalition of utilities including Dynegy, NRG, Calpine and Eastern Generation challenging the zero emission credits as unconstitutional arguing that competitive market force issues should be determined at FERC. She stated that the LIHEAP Non-Regulated Vendor Agreement supersedes the statute regarding disconnect terms during the winter season referring to the time frame between December 1 and March 31.

Regarding member contract extensions, Doc Mueller reported that a sample one-page contract extension had been circulated to the members which would be used to extend contract dates. This document will also provide that gas administrative fees from the supplier will not increase in the new gas supply agreement. Staff is proposing a 5-year extension from the current termination date which would be March 31, 2024 and this extension would allow for lock-ins past March 31, 2019 which is the current termination date. Staff has held talks with current supplier on extending the Gas Supply Agreement beyond March 31, 2018 in addition to two other suppliers. The primary areas of interest are the experience on member pipelines, the cost of the supplier's management fee, the depth and availability of staff experience along with customer service logistics. Mueller indicated that final gas contracts will be distributed to the members in the next few weeks for execution as well as a sample ordinance. Assistance at City Council meetings is available.

Tammy Hall reported on the specifics of the IPEA annual conference which will be held in Effingham on April 6 and 7. The IPEA Board meeting will be held at 2:00 pm on Thursday, April 6 with a reception and dinner to follow in the evening. Speaker presentations will be held Friday morning, April 7th, which will include Jim Germain from Constellation and Dave Schryver from APGA. The meeting will adjourn by noon.

There being no further business, Justin Griffith moved to adjourn the meeting at approximately 12:17 p.m., seconded by Bob Coble 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
Rantoul	Greg Hazel
Roodhouse	Mayor Tom Martin
Sullivan	Mayor Ann Short

MEMBERS ABSENT

Casey	Shelby Biggs
Edinburg	Mike Lebshier
Fairfield	Charles Griswold, Jr.
Greenup	Mike Ryder
Marshall	Cory Sheehy
Martinsville	Terry Gard

OTHERS PRESENT

Bethany	Shannon Risley
Constellation	Steve Chambers (via teleconference)
Constellation	Brian Hirshberg (via teleconference)
IPEA	Kevin Gaden
IPEA	Troy Fodor
IPEA	Mike Genin
IPEA	Doc Mueller
IPEA	Staci Wilson
IPEA	Mary Ann Todd
IPEA	Tia King
IPEA	Bob Childers
IPEA	Rodd Whelpley
IPEA	Ed Cobau
IPEA	Tammy Hall