

ILLINOIS MUNICIPAL ELECTRIC AGENCY

REPORT OF BOARD OF DIRECTORS MEETING

WEDNESDAY, APRIL 27, 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 April 27, 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 Larry Taylor, moved the minutes of February 23, 2017 for approval. The motion was carried by unanimous voice vote. Bob Childers reviewed the financial report for February and reported that the MWh sales to members was 1.2% below budget. He also noted that IMEA had received an acceptable letter of credit from Dynegy so their cash collateral was returned to them. Tom Bruhl moved to approve the Treasurer's Report, seconded by Dale Detmer. 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 reported that negotiations were ongoing with a wind energy firm and staff will seek authorization later in the meeting to execute a power purchase contract. He thanked all those members who participated in the APPA Legislative Rally and emphasized that it was a success.

Regarding the status of the salary study, CEO Gaden stated that an RFP would be mailed soon and a proposal would be expected from the vendor just prior to the next Board meeting, which would warrant action at the June IMEA Board meeting. He reported on building updates to include work beginning soon on the installation of a sump pump and that an architect had been hired to assist in the design, bid and construction oversight of the patio work. Staff will seek approval of any contracts for the patio work at the June Board meeting. A PSGC tour has been tentatively planned for September 28 so most likely the September 27 Executive Board meeting would be cancelled.

Regarding energy efficiency, CEO Gaden stated that all LED light bulb orders had been placed and funding limit reminders have been distributed. The Recycle My Fridge Program has ended due to ARCA moving their facility thereby making it more expensive and a 4-8 week pickup time.

OLD BUSINESS

Operations: Regarding the PJM Regional Transmission Organization (RTO), for delivery year 2017/18, Alice Schum presented a chart outlining the final load charge and the generation credit. Regarding delivery year 2020/21, she stated that the Base Residual Auction begins May 10. Staff will be utilizing the Reliability Pricing Model (RPM), and the PJM fuel policies were approved by the Market Monitor.

Regarding the MISO Regional Transmission Organization (RTO), Schum reported on the issues of the treatment of Behind the Meter Generation and staff is working on transmission swaps with Dynegy for pseudo ties. With regard to the 2017/18 planning year, she presented a chart showing the clearing prices from 2009-2017.

She stated that an IMEA Generation Committee meeting was held yesterday and staff is proposing 2 actual energy markets simulation events. This would entail simultaneously running all MISO dedicated generation for 4 consecutive hours and generating members would be given a minimum of 12-hour notice. Staff recommends that the Board waive the penalties for forced outages during these events for 30 days with the exception that if no attempt to generate is made, penalties will not be waived and exclusions would be made on a case-by-case basis. IMEA operations staff have participated in summer readiness drills and have acquired continuing education hours to maintain their PJM generation certification.

Trimble County: Kevin Wagner reported the following:

- Safety – The only incident was a contractor who sustained some bruising.
- Performance - TC1 continues its good performance achieving a 99.8% equivalent availability factor (EAF) in March. TC2 was off line from late February to early April for its scheduled spring maintenance outage. TC1 is on line and available for full load.
- TC2 – Spring '17 Planned Outage - The TC2 spring maintenance outage activities focused on completing the conversion of the boiler startup/stabilization fuel system from oil to natural gas. A plastic barrier that contained the boiler sandblasting residue broke during the cleaning process and released a dust cloud that permeated the entire plant. Some employees raised concerns that the dust contained Hexavalent Chromium and contacted OSHA. Hexavalent Chromium is a byproduct of the coating and welding process. Samples reportedly showed no evidence of Hexavalent Chromium. Plant management has had no follow up communication from OSHA on the incident to date.
- TC1 – Spring '17 Planned Outage - TC1 was taken off line for 6 days during the middle of this month for boiler inspection, repair of the burners, and cleaning of the air preheater.
- Coal Combustion Residue Treatment & Transport (CCRT)/Landfill Project - Construction activity has now expanded to include above ground structures. The project is currently on schedule and should be capable of producing dewatered fly and bottom ash and gypsum as early as July 2018. Landfill construction continues to await approval of the 404 Permit from the EPA and the current expectation is that the Permit will be issued by this August. Once construction gets underway, it will take about 2 years before the first landfill cell will be ready to receive coal combustion residues (CCR). The plant is required (under the coal ash impoundment rules) to cease dumping wet CCR in the pond by January 1, 2019, which is about eight months before the new landfill is now expected to be usable. Consequently, LGE is going to begin dewatering the pond sooner than planned. This will allow the dried CCR to be trucked to the pond (starting in July 2018) for use as fill material in the pond closure process. LGE anticipates this will provide ample space for the CCR until the landfill can be placed in service later in 2019, and the expense of temporarily trucking the CCR to an offsite landfill can be avoided. The capping and closure of the ash pond is expected to be completed by 2023. The gypsum pond closure is scheduled to be completed by 2020.

Prairie State: Kevin Wagner reported the following activities:

- Safety - The mine had 2 OSHA-reportable events in March. The plant had 1 recordable from a control room operator who sustained a knee injury.
- Plant Performance - Since Unit 1 began its 70-day spring maintenance outage near the beginning of March, its equivalent availability factor for the month was 8%, which reduced the YTD EAF to about 63%. Unit 2 EAF for March was 93.3% bringing the YTD EAF (as of March 31) to nearly 92%.
- Unit 1 Spring '17 Planned Outage - The critical work path during the U1 spring outage has been the rebuilding of portions of the Toshiba generator stator. Unit should return to service by May 12.

Local Transmission/Generation: Kevin Wagner reported the following:

- Marshall/Ameren Gallatin 69 kV Project - Ameren's work continues within the City limits on the portion of its new 69 kV line to Marshall from the Ameren Gallatin 138/69 kV Substation. Ameren appears to be on track for a June "in service" date for the new line.
- Princeton/Ameren 138 kV Line Improvements - This past week Ameren wrapped up the replacement of all the porcelain bell insulators with toughened glass insulators on its 16+ mile radial 138 kV Line (#1552B) serving the Princeton area. The City has had to run its generation and serve its load as an island during the daylight work hours for the duration of the line project.
- ComEd Coordination Meeting - Staff and representatives from Naperville and Winnetka met this past Monday with ComEd engineers to update the documentation of shared delivery point protection system equipment and stay in compliance with the NERC reliability standards affecting the maintenance and testing of such equipment. To address NERC CIP compliance requirements, ComEd indicated that over the next 2 years it will be installing separate metering and communications paths for billing and SCADA functions at Member delivery points.
- Ameren Network Operating Committee Meeting - Staff will be meeting with Ameren on May 24 for the annual network operating committee meeting
- IMEA Flora CAAPP Permit Renewal - Staff submitted our IMEA- Flora CAAPP permit Renewal application to IEPA on April 4 and on April 12 received notification that the application received was determined by IEPA to be complete.
- Summer '17 URGE Test Schedule - There have only been few changes to the URGE test schedule for this summer due to the changes in IMEA Generation Policy. Testing on dedicated and non-dedicated units except steam units was reduced to one hour and testing on steam units was reduced to 2 hours, based on MISO and PJM testing requirements.

Solar Demonstration Projects: Kevin Wagner reported that the Siting Agreement was executed on April 3 and the PPA with Altorfer was finalized on April 6. The Interconnection Agreement between the City and Altorfer is ready to be signed and the construction "kick off" meeting was held on April 14.

Regarding the solar project in Rantoul, Kevin Wagner reported on the output performance level of the solar site noting that the highest daily output so far was on April 7. Wagner also reported that the ribbon cutting ceremony held on April 21 had been very successful and Staci Wilson stated that it was very well attended with good press coverage.

Legal: General Counsel Troy Fodor reported on the following:

- IMEA Contracts – Negotiations continue with Dynegy on the Second Amended and Restated Electric Power Supply Agreement. Dynegy provided an acceptable Letter of Credit so their cash collateral was returned to them on April 11. Regarding the PJM Capacity Issue, since there has been no progress with the PJM staff, IMEA has engaged Rob Talley of Talley & Associates to assist in a legislative effort on IMEA's behalf.
- FERC Matters – On February 28, 2017, MISO filed a pro forma Pseudo-Tie Agreement with substantive tariff changes. On March 21, 2017, IMEA filed a protest due to a number of new provisions that will adversely affect IMEA. Several entities including AMP and PJM filed protests. There have been no responsive filings yet by MISO or others supporting the tariff filing. At this time, FERC does not have a quorum, although FERC staff has been issuing temporary orders approving tariff filings subject to refund. On March 9, 2017, PJM submitted prepared tariff revisions regarding pseudo-ties and IMEA filed its protest against PJM on March 30. Their restrictions include barriers of entry to new pseudo ties unless there is preferable allocation of congestion management revenue treatment from the other balancing authority. PJM has also given itself unilateral authority to impose rules on load serving resources at will. PJM responded a few days ago and staff is in the process of reviewing it. The MISO Independent Market Monitor filed a Complaint at FERC against PJM regarding its pseudo-tie requirements.

NEW BUSINESS

At that time, Chairman Hazel then asked for a motion to go into Executive Session for discussion of the purchase, sale or delivery of electricity. Cory Sheehy moved to go into closed session, seconded by Dale Detmer. 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 11:00 a.m. The meeting was returned to open session at 11:44 a.m.

Resolution #17-04-798 – Authorizing Execution of Contract for Power Supply from New Wind Project – Tom Bruhl moved to approve the amended resolution authorizing the execution of a contract for power supply from a new wind project up to 75 MW, seconded by Dominic Rivara. The weighted vote showed all in favor.

Member Generation Committee Meeting – CEO Gaden gave an overview of the IMEA Member Generation Committee meeting, which met yesterday morning. The topics discussed included the Black Start Funding Program, the URGE test schedule, revising the Member Generation Policy and the Summer Economic Dispatch Program.

Resolution #17-04-799 – Approving Voluntary Black Start Funding Program for Generating Member Participants – CEO Gaden gave an overview of the Black Start Program which would allow members to develop a Black Start plan without having to separately budget the funds internally. He explained that this program would be voluntary and each member could contract with the consultant of its choice. A Black Start Program Fund would put aside money for each participating member, which would be available on May 1, 2017. The money would be collected in monthly installments from the individual participating members over the fiscal year. IMEA would pay the consultant on the members' behalf and non-generating members would not be charged for this program. Staff recommended the approval of a

Black Start Program Fund. Larry Taylor made a motion approving this resolution, seconded by Justin Griffith. The roll call vote showed all in favor.

Resolution #17-04-800 – Adopting Revised Member Generation Policy – CEO Gaden summarized the discussions held by the Member Generation Committee members yesterday and asked for a recommendation to approve the amended resolution keeping all of the recommended revisions and striking the last paragraph of Section 1a on Page 2 which contained language relating to dedicated capacity consequences for failure to meet capacity testing deadlines. Dale Detmer moved to approve the amended resolution, seconded by Dominic Rivara. A weighted vote showed all in favor.

Resolution #17-04-801 – Establishing the Schedule of Meetings for the 2017—2018 Fiscal Year – CEO Gaden reviewed the IMEA Executive Board/Board of Director’s meeting schedule noting that the September 27th Executive Board meeting may be cancelled due to the Prairie State tour scheduled for September 28th. John Hodapp moved to approve this resolution, seconded by Dan Cook. The roll call vote showed unanimous approval.

At that time, Chairman Hazel then asked for a motion to go into Executive Session for discussion of the purchase, sale or delivery of electricity. Brian Keys 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 12:04 p.m. The meeting was returned to open session at 12:46 p.m.

Committee Appointments – CEO Gaden presented the committee appointments for the next fiscal year based upon the recommendations from the Nominations & Awards Committee for the Board’s review and approval. Brian Keys moved to approve the committee appointments for upcoming FY 2017-18, seconded by Pat Barry. Voice vote showed unanimous approval.

With no other business to be discussed, John Hodapp moved to adjourn the meeting at approximately 12:47 p.m. Dale Detmer seconded the motion, which was unanimously approved by voice vote.

Respectfully submitted,



Secretary/Treasurer

**ILLINOIS MUNICIPAL ELECTRIC AGENCY
BOARD OF DIRECTORS MEETING
THURSDAY, APRIL 27, 2017**

MEMBERS PRESENT

Altamont	Larry Taylor
Bethany	Shannon Risley
Breese	Dale Detmer
Bushnell	Justin Griffith
Carlyle	John Hodapp
Carmi	David Coston
Chatham	Shane Hill
Farmer City	Larry Woliung
Freeburg	John Tolan
Greenup	Mike Ryder
Highland	Dan Cook
Ladd	Pat Barry
Marshall	Cory Sheehy
Mascoutah	Cody Hawkins
Metropolis	Rick Abell
Naperville	Mark Curran
Oglesby	Dom Rivara
Peru	Mayor Scott Harl
Princeton	Jeff Mangrich (via teleconference)
Rantoul	Greg Hazel
Red Bud	Josh Eckart
Rock Falls	Dick Simon
Roodhouse	Mayor Tom Martin
St. Charles	Tom Bruhl
Sullivan	Mayor Ann Short
Winnetka	Brian Keys

MEMBERS ABSENT

Cairo	Karl Klein
Casey	Shelby Biggs
Fairfield	Mayor Charles Griswold
Flora	Bob Coble
RECC	David Stuva
Riverton	Russ Patrick
Waterloo	Tim Birk

OTHERS PRESENT

IMEA	Kevin Gaden
IMEA	Troy Fodor
IMEA	Bob Childers
IMEA	Alice Schum
IMEA	Mike Genin
IMEA	Doc Mueller
IMEA	Staci Wilson
IMEA	Cindy Evans
IMEA	Kevin Wagner
IMEA	Rakesh Kothakapu
IMEA	Glenn Cunningham
IMEA	Rodd Whelpley
IMEA	Mary Ann Todd
IMEA	Tammy Hall