A regularly scheduled meeting of the Executive Board of the Illinois Municipal Electric Agency was held at theIMEA headquarters building, 3400 Conifer Drive, Springfield, Illinois on January 22, 2020. Chairman Dale Detmer called the meeting to order at 10:00 a.m. Roll call was taken which showed a quorum was present. The Report of December 4, 2019 was moved for approval by Bob Coble and seconded by John Hodapp. The motion carried by unanimous voice vote.

**Treasurer’s Report** — Chris Wise reviewed the financial report for November and stated that the year to date MWh sales to members was 3.7% below budget. The actual member power costs are 0.02% lower than the original budget year to date. Wise also updated the Board on the regulatory asset had been established by the approval of Resolution #18-10-818 at the October 2018 Board meeting. The regulatory asset is being used to offset additional PJM capacity costs that IMEA is incurring until the revenue from the ICTRs starts on June 1, 2021. The regulatory asset has been used 3 months in FY2020 to smooth out member power supply costs until the ICTRs begin. John Hodapp moved to approve the Treasurer’s Report, seconded by David Coston. The voice vote showed all in favor.

**Opportunity for Public Comment:** Chairman Dale Detmer 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 Kevin Gaden welcomed Greg Hubert and Brian Groth from Naperville and Jeannie Korte from Highland. Regarding federal issues, CEO Gaden gave an update on the PJM Minimum Offer Price Ruling (MOPR) ruling on December 19, 2019 and discussed the long term negative impact on public power. He stated that this ruling will likely be appealed and at best, the next auction is Fall 2020 for load starting to be served by June 1, 2022. He reported that FERC nominee James Danly’s Senate confirmation was delayed due to regional politics. He discussed the gas pipeline tariff increases and how they will impact the cost of energy dispatch in the RTO markets. CEO Gaden stated that the APPA resolution on carbon change will be considered at the APPA Legislative Rally on February 24-26, 2020. He reported that Joy Ditto had started her position as CEO of APPA on January 13, 2020 and she will be speaking at the IMEA/IMUA/IPEA annual conference in May.

Regarding State issues, CEO Gaden reported that Vistra had shut down 2,068MW of resources by December 31, 2019. The retired units do not impact the IMEA contract options at this time, however, discussions on contract terms with Vistra will begin soon. ComEd/Exelon news reports have seemed to slow down, however, legislative activity in energy is likely in play. He reported that IMEA had engaged the services of a public relations firm to work with staff during this legislative session.

Staci Wilson reported that Spring session begins next week and reviewed the possible legislative impact of the Minimum Offer Price Rule (MOPR) filings. State legislators will be considering the likely result of price increases for the PJM territory without any State action. They will also be concerned about the impact on renewable resources and the fact that FEJA money will run out in 2021 without further action.
by legislators. Exelon has threatened to shut down nuclear plants which will affect jobs and nuclear power which stabilizes reliability. At the Federal level, Wilson discussed that the CLEAN Future Act sets a clean energy standard and has a requirement for states to develop plans to that effect. Staff will be participating in the ongoing stakeholder discussions when language is available.

CEO Gaden announced that he along with the Chairman had updated the plan for the CEO Business Continuity Policy. He also mentioned that we have a new Board member from St. Charles, Pete Suhr. Pete is currently the Public Works Director and will be at the February meeting. He also reported that Fairfield had a significant outage in the summer of 2019 and are having issues with an aging power plant and their inability to operate and maintain the 138KV line. Staff has met with the City over the past several months to discuss the condition of its electric distribution system and power plant. The City of Fairfield is looking at ways to better balance revenue and costs for its distribution system and address reliability concerns. They are working with an engineering consultant to prioritize needed repairs and upgrades.

CEO Gaden reported that the ad for the Energy Services Representative had been posted and only 5 resumes had been received thus far. Staff will be taking resumes through late February and the minor wall construction in the basement will begin soon. He also stated that there had been a delay in the Green River full scale operation to more fully test turbines so staff negotiated an amended contract to delay full IMEA off-take rights.

OLD BUSINESS

Operations – Regarding the PJM Regional Transmission Organization, Alice Schum stated that the Minimum Offer Price Rule (MOPR) applies to resources receiving state or local subsidies, PJM needs to recalculate MOPR pricing minimums and new resources will be at the Cost of New Entry (CONE). The PJM Compliance filing is due by March 18 although PJM plans to request a rehearing. There is no statutory time for FERC to respond to this request. She reported that the 3 year forward auctions are still not scheduled beginning with 22/23 for the Base Residual Auctions. The Incremental Auctions will be affected as well. She presented several charts showing the timeline of capacity with regard to MOPR, an auction timeline, a typical Reliability Pricing Model (RPM) Auction schedule and a month by month timeline of PJM’s suggested schedule and the stakeholder-proposed schedule.

Regarding the MISO Regional Transmission Organization, Schum reported that the Planning Resource Auction (PRA) will be held at the end of March for the 2020/21 Planning Year. Pending FERC approval, the proposed rule regarding generator outages during the first 90 days of the Planning Year cannot participate in the auction. With regard to Load Modifying Resources (LMR), MISO is planning a March/April 2020 FERC filing on LMR accreditation. There are significant gaps between the credit LMR is receiving and their actual availability when called upon. She explained the stakeholder process is questioning if resources with higher availability should receive more capacity credits. Separately, Schum told the Board that transmission reservation rollovers are being completed to ensure transmission rights for members.

Regarding Operations, Schum reported that staff has been monitoring the output/forecasts for the Green River wind project and working with ComEd to reconfigure meters. The reactive power compensation was approved by FERC for the Lee Dekalb wind project and IMEA should begin to receive credit soon. Staff has been coordinating with Hoosier, Ameren and MISO regarding Fairfield’s backup service. Schum explained that staff continues to work on the Ameren wholesale distribution on the performance metric.
Trimble County: Kevin Wagner reported the following:

- The plant reported two minor recordable injuries in December. There was also a recordable lost workday due to a knee injury that involved a contractor which brings the total for 2019 to 3 employee recordables and 9 contractor recordables. Many of the contractor injuries reflect a younger, less experienced work force which is an industry-wide concern. LGE is addressing this by continuing to focus on greater safety education/awareness, particularly for its contractors. The plant’s Equivalent Availability Factor for the year was 78.4% - which breaks out to 83.2% for TC1 and 75.2% for TC2. The plant’s Equivalent Forced Outage Rate for the year was 5.8%. Operationally, TC1 experienced a forced outage December 18th due to a faulty fuse clip in a voltage sensing circuit supplying a generator protection relay. The plant has since gone back and replaced other fuse clips in the plant of similar vintage. TC2 has been performing well with no forced outages in November or December. As a follow up to TC1’s fall maintenance outage report, the welding contractor that LGE had to let go due to poor performance has threatened to file a Mechanic’s Lien in connection with the services he claims to have provided. LGE’s attorneys and commercial staff are currently working through the invoicing issues to reach a settlement. With regard to the coal combustion treatment and transport project, testing and adjustments continue to be made to the conveyor system that will move de-watered combustion waste products between the plant and the landfill. The already commissioned dewatering and process water systems are continuing to perform well. The plant anticipates receiving the permitting to begin the dewatering of the bottom ash pond which will no longer be able to accept ash by the end of this summer. The landfill is on target to be in service later this year.

Prairie State: Kevin Wagner reported the following activities:

- The plant had only one recordable safety incident which represents its best annual safety performance. While the mine experienced a total of 18 recordables for the year, this number is still better than the industry average. The Equivalent Availability Factor was 85.8%, the highest annual EAF since the plant went in service in 2012. The Equivalent Forced Outage Rate for the year was 9.6% and the net generation exceeded 12M MWhrs, the highest annual net production to date. The plant’s strong production numbers contributed to also achieving the lowest annual $/MWhr operating expense to date. No regulatory compliance issues were incurred and this year’s planned maintenance outage was completed on time and on budget. Unit 1 experienced tube leaks in November that resulted in a 4 day outage. Unit 2 will be taken offline this weekend for a 10 day outage to inspect the turbine and resolve an overheating issue.

A member of the public from the audience asked a question in which the Chairman allowed and staff responded to.

Local Transmission/Generation: Kevin Wagner reported the following:

- **Carmi Unit 11 Retirement** - Following up on the recent decision to retire Carmi Unit 11, IMEA staff sent a letter to the City acknowledging the official action taken in that regard. A Resolution will be presented at the February IMEA Board Meeting that will reduce the Dedicated Capacity allowed under Carmi’s Capacity Purchase Agreement to reflect the Unit 11 retirement.

- **Ameren Jarvis/Highland** - This project proposed by Ameren would provide a second 138 kV transmission feed for Highland replacing the limited backup capability of the local Ameren 34.5kV system. The draft Memorandum of Understanding outlining the project scope still awaits approval by the parties while the City is determining an acceptable level of compensation for
transferring the balance of its 138 kV line to Ameren to create the transmission loop between the Ameren Jarvis Substation near Collinsville.

- **Ameren Hilgard/Mascoutah** - A Proposed Order was issued December 27th by the Illinois Commerce Commission Administrative Law Judge regarding the City’s request for eminent domain authority to acquire easements needed outside the city limits to extend the south tie line to the Ameren Hilgard Switching Station. The Proposed Order denied the City’s request. Although the ICC staff and the ALJ agreed that the proposed tie line was needed for reliability and was in the public interest, they concluded that the City had not acted reasonably in its efforts to obtain the easement from the unwilling landowner. The staff and the ALJ questioned the methodology behind the City’s offer as well as the City’s responsiveness to the landowner’s questions. Of particular concern was the ICC staff’s application of the “12 factor test” to reject the City’s proposed route and advocate an alternate route utilizing joint pole construction on an existing Ameren line in order to avoid the need for the easement in question. The ICC staff was unsympathetic to the fact that the joint construction option with Ameren would double the line cost for the City and would still require the cooperation of the unwilling landowner. From IMEA’s perspective, this mis-application of the “12 factor test” in an unfavorable final ruling by the Commission would set a very negative precedent for other municipalities in the State seeking eminent domain rights outside their corporate limits in the future. The Commission is expected to have this case on its agenda next month and, assuming its ruling supports the Proposed Order, staff anticipates a Petition for Rehearing by the City will be filed and a path forward will be found that satisfies the ICC’s expectations for negotiations with landowners.

- **Rantoul and St. Charles Solar Production** - The Rantoul solar facility recently completed its third year of operation, and the solar facility at St Charles will also reach that milestone this coming September. Production in 2019 at both St. Charles and Rantoul met or exceeded a 15% capacity factor. This is down somewhat from production levels in 2018 primarily due to the excessive rain and cloud cover experienced last May and June when annual solar output should be at its peak. However, better than nameplate output at both locations during the sunny days indicate the quality of the panels has not appreciably diminished.

- **BTM Solar Projects** – The Utility Interconnection Agreement between solar PPA provider Sol Systems and Naperville has now been finalized and is in the process of being executed. The Interconnect Agreements for Altamont and Rock Falls were previously signed. Sol System’s development application addressing site annexation, rezoning, subdivision and special use requirements for Naperville is making its way through the review process and is scheduled for review at the City’s Planning Commission meeting on February 19th. This meeting will also provide the opportunity for public comment for the project. If approval is given at that time by the Planning Commission, the application can move forward to the City Council for the final approval in this process. This week Sol also submitted its site engineering plans to Naperville. The Certificate of Zoning Compliance for Altamont was completed in December. Sol Systems is following up with Rock Falls on some restrictive covenant questions for the industrial park and with the licensing of Sol System’s electrical contractor with the City prior to moving forward with the building permit application. Due to the project reassignments that Sol Systems is making with its sister organizations, IMEA is exercising its rights for performance assurance from Sol Systems. Consequently, Sol Systems will be providing a surety bond for each site that will be in effect during construction and at a reduced amount for the commercial operation of the plant. Due to delays in wrapping up the final details with the EPC contractor GRNE Solar, Sol Systems has asked for a 3 week extension of the Condition Satisfaction Date to meet financial closing for Altamont and Rock Falls. IMEA has agreed to a 2nd Amendment to the PPA that extends the CSD from January 22nd to February 14th and moves the Anticipated Commercial Operation Date for
these sites from June 15th to June 30th. However, the Amendment recognizes that 4 of the 6 conditions for CSD have already been met and cannot be used as reasons for further delay. Sol Systems is not seeking any change in the CSD of Commercial Operation Date for the Naperville site that’s scheduled to be completed by the end of the summer. Wagner reviewed the next steps toward commencing construction at Altamont and Rock Falls. Larry Taylor expressed his displeasure regarding all the delays associated with Altamont’s solar project.

- **Green River Wind Project** – Alice Schum stated that IMEA’s maximum wind output to date is 48.13MW. She presented a chart which showed an hourly correlation between megawatt output and wind speed on December 9, 2019.

**Legal Matters** – General Counsel Troy Fodor reported the following:

- **Wholesale Connection Agreement (WCA)** – IMEA staff continues to analyze Ameren’s changes to the draft document under negotiation. The next meeting is January 30, 2020.

- **Ameren Wholesale Distribution Service (WDS) Rate Case** – The rate development and performance metrics groups have met again in connection with Ameren’s efforts to try to develop a formula rate for WDS going forward after the existing settlement expires in 2022. IMEA has staff members in each group and the process is expected to take up to a year to complete.

- **BTM Solar Projects** – IMEA has signed 2nd amendments with Sol Systems to extend the Condition Satisfaction Date and the Anticipated Commercial Operations Date for the Altamont and Rock Falls sites. Sol Systems is waiving 4 of the 6 conditions with the New Condition Satisfaction Date of February 14, 2020. The New Anticipated Commercial Operations Date is June 30, 2020.

- **Green River Wind Project** – IMEA signed a 2nd amendment with Green River (GR) to address a dispute and allow GR to close on their financing. GR declared IMEA’s contract effective on November 26, 2019, but were still conducting some testing, commissioning and punch list item repairs of the turbines and thus had not achieved full output. Since IMEA was not supposed to pay for test energy and there were metering and data issues, IMEA received 22 days of energy at no charge under the 2nd amendment. GR has until January 31, 2020 to hit full output and fix any metering and data issues.

**FERC Matters** – General Counsel Troy Fodor reported the following:

- **Pseudo-Tie Double Congestion** – The settlement process was proceeding at FERC after several settlement conferences and the RTOs were considering the latest offer. On November 21, 2019, FERC entered an Order denying rehearing and clarification on all pending issues by all parties including IMEA’s request for clarification/rehearing that all Affected Customers, including IMEA, are entitled to refunds. The RTOs rejected the Claimants’ offer and reduced their previous offer eliminating all refunds for IMEA. The RTOs have offered a reasonable amount to IMEA to waive its right to appeal or withdraw its appeal. IMEA filed a Petition for Review with the 7th Circuit Court of Appeals on January 16, 2020. IMEA will withdraw the appeal if FERC approves the settlement. Brian Keys requested a closed session report on the settlement offer and appeal prospects.

- **Lee DeKalb Wind Farm** – The contract counter-party filed a rate with FERC to receive compensation from PJM for reactive power support it provides to the grid. FERC allowed the requested rate to be effective on December 31, 2019, subject to refund. The matter has been set for settlement by FERC. IMEA is entitled to 32.1839% of all ancillary services from the wind farm. IMEA intervened in this proceeding. IMEA staff expects the FERC Trial staff and possibly
the PJM Market Monitor to oppose the amount of the compensation. IMEA will continue to monitor this proceeding.

- **Minimum Offer Price Rule (MOPR)** – On June 29, 2018 FERC found the PJM capacity auction construct to be unjust and unreasonable and ordered a paper hearing to establish new rates including the new MOPR provision. The evidence and arguments for the paper hearing were submitted in November 2018. FERC entered its Order on December 19, 2019. FERC ordered PJM to submit a replacement rate that extends the MOPR to include both new and existing resources, internal and external, that receive, or are entitled to receive, certain out-of-market payments, with certain exemptions. A resource owner that received a State Subsidy cannot bid its capacity into PJM’s auctions at a price lower than the MOPR floor prices. This means that resources will not likely clear the auction. FERC did not approve the public power exception that staff negotiated with PJM in the stakeholder process. One of the exceptions is self-supply for existing resources only: Trimble County, Prairie State, Vistra contract, Lee-Dekalb and Green River and possibly existing Demand Response resources are exempt from MOPR. Charts were presented showing the breakdown of FERC’s decision, the definition of a State Subsidy, defined exemptions, new resource vs. existing resource and the calculation of MOPR. FERC’s definition of the term State Subsidy includes actions by the IMEA Board of Directors in setting a rate structure because IMEA is a political subdivision of State government. IMEA will not be able to bid any new generating resource, any new Demand Response or Energy Efficiency resources into the PJM capacity auction except at the lesser of the Cost of New Entry for that type of resource or unit specific costs as determined by PJM and its Market Monitor. IMEA filed a Request for Rehearing on the definition of State Subsidy on January 21, 2020. Issues with this FERC Order include the probability of an appeal due to the number of Requests for Rehearing/Clarification filings along with the legal, operational, public relations and legislative ramifications.

**NEW BUSINESS**

At that time, CEO Kevin Gaden then asked for a motion to go into Executive Session for discussion of personnel matters. John Hodapp moved to go into closed session, seconded by Bob Coble. Voice vote showed all in favor. The meeting was closed to the public pursuant to Section 2(c) (1) & (2) of the Open Meetings Act, 5 ILCS 120/2(c) (1) & (2) at 11:30 a.m. All staff members were excused from the Boardroom except for CEO Kevin Gaden and Tammy Hall. The meeting was returned to open session at 12:20 p.m. by a motion from John Hodapp. The motion was seconded by Bob Coble and voice vote was unanimous.

Bob Coble made a motion to approve the following:

1. An increase to the base salary pool for all employees (except CEO) a total of 2.50% effective May 1, 2020 to be distributed based on merit;
2. An increase to the base salary pool for all employees (except CEO) a total of 1.25% effective May 1, 2020, to be distributed to employees based on merit and salary comparability, at the CEO’s discretion;
3. The approval of an annual pool of $25,000 to be placed in the salary budget to provide for the Employee Incentive Plan payments that would begin on May 1, 2020 for that fiscal year (CEO is ineligible for these funds); and
4. To increase the CEO salary by 3.75% effective May 1, 2020.

The motions were seconded by John Hodapp and the voice vote showed unanimous approval.
At that time, Chairman Dale Detmer then asked for a motion to go into Executive Session for discussion of litigation regarding the Tilton congestion refund matter pending at FERC in which IMEA has filed an appeal. John Hodapp moved to go into closed session, seconded by Dick Simon. Voice vote showed all in favor. The meeting was closed to the public pursuant to Section 2(c) (1) & (2) of the Open Meetings Act, 5 ILCS 120/2(c) (11) at 12:22 p.m. The only staff members in the room were CEO Kevin Gaden, Troy Fodor, Rakesh Kothakapu and Tammy Hall. The meeting was returned to Open Session at 12:52 p.m. by a motion from Dick Simon. The motion was seconded by John Hodapp and voice vote was unanimous. There was no action taken by the Board after the closed session.

Chairman Dale Detmer asked for a motion to adjourn the meeting. The motion was made by John Hodapp, seconded by David Coston and carried unanimously. The meeting was adjourned at 12:53 p.m.

Respectfully submitted,

[Signature]

Secretary/Treasurer
ILLINOIS MUNICIPAL ELECTRIC AGENCY
EXECUTIVE BOARD MEETING
WEDNESDAY, JANUARY 22, 2020

MEMBERS PRESENT

Breese  Dale Detmer
Carlyle  John Hodapp
Carmi    David Coston
Flora    Bob Coble
Rock Falls  Dick Simon
Waterloo  Tim Birk

MEMBERS ABSENT

Highland  Dan Cook
Rantoul   Greg Hazel
St. Charles  Tom Bruhl

OTHERS PRESENT (or listening via teleconference)

Altamont  Larry Taylor
Chatham    Shane Hill
Freeburg   John Tolan
Highland   Jeannie Korte
Marshall   Cory Shehy
Metropolis Rick Abell
Naperville Lucy Podlesny, Brian Groth and Greg Hubert
Princeton  Jeff Maugrich (listened via teleconference)
Red Bud    Josh Eckart (listened via teleconference)
Roodhouse  Mayor Tom Martin
Sullivan   Mayor Richard Glazebrook
Winnetka   Brian Keys
IMEA       Kevin Gaden
IMEA       Troy Fodor
IMEA       Chris Wise
IMEA       Alice Schum
IMEA       Mike Genin
IMEA       Kevin Wagner
IMEA       Shadi Ahanchi
IMEA       Rakesh Kothakapu
IMEA       Glenn Cunningham
IMEA       Cindy Evans
IMEA       Chris Jewell
IMEA       Staci Wilson
IMEA       Ed Cobau
IMEA       Rodd Whelpley
IMEA       Tammy Hall