

**ILLINOIS MUNICIPAL ELECTRIC AGENCY
BOARD OF DIRECTOR'S MEETING**

THURSDAY, AUGUST 27, 2009

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, at 10:00 a.m. on August 27, 2009.

President Del McCord called the meeting to order. Following the Pledge of Allegiance, McCord asked all Board Members to register their attendance. A quorum was present.

Allan Poole moved to approve the minutes of June 25, 2009, seconded by Scott, with all being in favor.

Bob Childers presented the Treasurer's Reports for May and June. Childers noted the sale of the 2009 Series Bonds has been completed with an average interest rate of 4.41%.

CEO's report: CEO Ron Earl welcomed Lee Marten, Cassie Eigenmann and John Beatty of RECC, Russ Hissom of Baker Tilly Virchow Krause, Pat Scott of Oglesby, Mike Darringer of Roodhouse and Mayor Blanton of Rock Falls. Meetings this past month include E2C2 Committee meeting, Generation Committee meeting, PSGC meeting to evaluate the CEO performance appraisal/salary, Bond issue meetings in New York and Chicago, Member meetings at Naperville and St. Charles, TAPS teleconference and G&T internal staff meeting.

OLD BUSINESS

Operations: Alice Schum reported IMEA recently passed the PJM capacity testing. MISO capacity testing will begin next summer. At Prairie State, 6 partners have decided to go with TEA for their marketing functions, with SIPC and Peabody undecided. IMEA will perform its own marketing functions. IMEA has been working with MISO to pseudo tie Chatham into the Ameren Control area beginning 1/1/10. IMEA has also been working with SPP discussing TC2 transmission. Staff has been working with Ameren relating to Riverton power outage. Meetings have been held with Integrys regarding renewable landfill projects. August LMP averages were: MISO DA off peak \$16.49; on peak \$28.92/RT off peak \$15.55; on peak \$26.91 – PJM DA off peak \$19.47; on peak \$32.82/RT off peak \$20.67; on peak \$33.86.

Compliance: Bob Thomas reported the following:
NERC/FERC

- NERC continues to issue announcements related to new Reliability initiatives almost on a daily basis. IMEA currently is monitoring roughly 60 ongoing initiatives potentially impacting IMEA/Member interests.
- Relay Loadability – One of the most significant developments over the past couple of months. The purpose is to decrease the likelihood of thermal cascading by limiting the operation of certain protective relays. (Driven by the 2003 blackout.)
 - FERC issued a Notice of Proposed Rulemaking to expand the applicability to include all 100 kV – 200 kV facilities, and some <100 kV “Operationally Significant Circuits”.
 - IMEA coordinated with Naperville's Engineering group, and submitted input to NERC, APPA and TAPS for comments filed with FERC opposing the proposed expanded applicability by stating FERC grossly underestimated the burden of its proposal on small utilities.
- A conference call was recently held with TAPS relating to the expansion of Critical Infrastructure Protection Standards (CIPS). NERC has created a concept paper called Categorizing Cyber Systems, the purpose being to expand the approach for protecting cyber systems that support the bulk electric system. Currently, the JRO Members are subject to 2 out of the 10 CIPS standards. However, the concept paper would require the 4 JRO Members to comply with all 10 CIPS standards, including the costs to achieve the compliance. Staff is working with TAPS to develop comments that would recommend placing limits on the cyber standard.

Transmission/generation: Kevin Wagner reported the following:

- Waterloo – Ameren indicated that approval has been given by their management to proceed with the acquisition of property for the proposed 34.5 kV switching stations at Waterloo and in the Fountain area south of Columbia. This is the first step in completing about \$18M worth of transmission improvements planned for the Waterloo area over the next several years to help firm up service through 2024. Ameren is also in the process of reconductoring and correcting clearance problems on the 138 kV line supporting the substations at Valmeyer and Dupo Ferry.
- Mascoutah – The city has completed its new 138 kV tie breaker/metering station, Union Street distribution substation and approximately 1 mile of 138 kV line that interconnects the two locations. The new facilities went into service over the 4th of July weekend.
- Flora – Line crews have installed the 69 kV metering structure on the west side and connected the 69 kV tap line to the new 69/12 kV substation. IMEA will begin monitoring the load at this point as soon as our RTU installation and the city's fiber line to the new metering point is complete. The timing of load on the new 12 kV substation will depend on progress with the distribution system conversion to 12 kV.
- Chatham – The village plans to energize the transformer at its new 138/12 kV Independence Substation in the next few weeks.

Trimble County 2 (TC2): Kevin Wagner reported:

- The Project, to date, is over 70% complete with better than expected performance during the month of July. The boiler hydro planned for this month has now slipped to October 8th. First fire is planned for December 21st. First synchronization is now planned for February 28th and commercial operation by June 14, 2010. Wagner then showed and explained the progress pictures (also available on IMEA's website).
- With regard to environmental issues, the EPA made final Revisions 2 & 3 of our air permit. The outcome was very favorable for us.
- To date, the project has achieved over 3 million consecutive man-hours without a lost time accident. The number of personnel at the jobsite remains close to 2500.

Prairie State (PS): Bob Childers reported the Finance & Accounting Committee has been working on a reforecast of the budget. At the August 14th Board meeting, the PSGC Board approved the new budget forecast for the capital cost of construction of PS, it being 4.188 billion, which is a 4.7% increase over the previous forecast. Primary increases are the EPC and CCW disposal cost estimates.

Wagner then reported:

- The project overall is about 26% complete and running slightly ahead of schedule. As of July 31st, 2.6M hours had been worked without a lost work day.
- Recent major construction accomplishments were then displayed on the screen and explained.
- Items of special concern include:
 - The boiler feed pump deliveries from Sulzer should begin in September following successful factory testing this month.
 - PSGC was advised by its attorneys not to take over responsibility of the preventive maintenance for plant equipment in storage. This will remain Bechtel's responsibility, however, PSGC is strongly encouraging Bechtel to subcontract this work.
 - PSGC is working with Bechtel and the manufacturer on one of the Unit 1 feedwater heaters that had a defective shroud plate. Also concerns with defective welds in one of the PA fans and a foundation design error for the ball mill.
 - PSGC and Bechtel are also working with Toshiba to resolve issues over the heavy haul plan for delivering the turbine generator parts to the site. The STG parts have required storage in Louisiana since July awaiting for Toshiba to finally agree to use the route Bechtel had approved for HICO to use to deliver the GSU.

Alice Schum reported a market interface teleconference is scheduled for tomorrow morning to prepare the PS Board presentation.

Doc Mueller reported the main concern being worked on is the new entrant issue in the Climate Change Bill. The House has approved the language including the new entrant; however, the Senate has taken the House Commerce & Energy Committee's bill which does not include the new entrant language. Mueller recently went to DC and held

productive meetings with Staff of Senators Burris and Durbin, who are supportive of getting language included in the Senate Bill.

Future capacity: Kevin Wagner reported the Fatal Flaw Analysis continues with the following having been completed with no issues: Phase I Environmental Site Assessment, Endangered Species and Archeological. Staff is reviewing a draft evaluation completed by RW Beck on the gas pipeline. The PJM Transmission Interconnection Study is not expected to be completed before the first quarter of next year. Soil and ground water testing will be completed in the near future. Staff has been working with LaDonna Driver regarding the air permit requirements.

Troy Fodor noted IMEA has to make a decision by May 31, 2011 whether to buy the property or not.

NEW BUSINESS

Audit: Bob Childers thanked Cindy for her work in preparing for the audit and introduced Russ Hissom of Baker Tilly Virchow Krause. Hissom then presented the audit stating it was performed in accordance with Generally Accepted Auditing Standards, the financial statements are free from material misstatement and received an Unqualified Opinion. Hissom noted that IMEA's administrative and general expenses are one of the lowest that he has seen when auditing. Hissom also thanked Bob and Cindy for their work prior to the audit. Mayor Taylor moved to approve the Audit Report, seconded by Barry. The voice vote showed all were in favor.

Generation Committee: Chairman George Smith reported the committee met on July 22nd. Staff updated the committee on environmental issues currently facing the Agency and generating members. Staff also addressed an issue that had arisen with performance monitoring involving the determination of the station service constant and the new RTO required capacity testing. The bulk of the meeting was spent discussing the impact of the proposed new HAPS rules on existing generation. Member input was received. Staff recommended a comprehensive study of all generating units. The study would be a benefit to both the IMEA to assist in long term planning and generating members to identify expected costs of compliance and operations. The study would begin with those in the non-attainment areas and then to be expanded to the attainment areas after the final rules are in place. The Committee voted unanimously to recommend to the Board that the Agency conduct an IMEA-sponsored comprehensive study on a plant by plant basis.

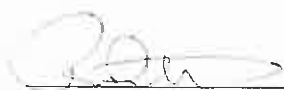
Resolution #09-08-670 – Authorizing Comprehensive Study of Member Owned and IMEA Behind the Meter Generation: George Smith moved to approve this resolution, seconded by Detmer. Earl noted that an 'emissions testing' consultant that will perform Part 1 (non-attainment area testing) and Part 2 (attainment area testing) and then a separate organization will prepare the Study. Troy Fodor further stated the Agency will reimburse fuel costs for testing; however, will not pay the Members 3 mills/kWh. The roll call vote showed all in favor with the exception of Roodhouse who abstained.

Energy Efficiency & Conservation Committee (E2C2): Doc Mueller reported weekly teleconferences have been held with Apogee regarding the home audit that will be placed on the IMEA website. Members that would like the home audit placed on their own website need to inform the Agency. If a Member wants the CFL coupons to be personalized with your community, please forward logo to the Agency. On the Member incentive program, a meeting is scheduled for Monday with the DCEO representatives to discuss the applications as well as the intergovernmental agreement. The next meeting will be September 30th.

Separately, DCEO has released 5 new programs that will be funded with federal stimulus money. An e-mail has been sent to everyone with the web link. More discussion will be held at the IMUA meeting after lunch.

Pat Barry moved for adjournment, seconded by Detmer. All were in favor.

Respectfully submitted:



Ron Dintelmann, Secretary/Treasurer

/trk

**IMEA BOARD OF DIRECTOR'S MEETING
THURSDAY, AUGUST 27, 2009**

MEMBERS PRESENT

Altamont	Larry Taylor
Breese	Dale Detmer
Cairo	Karl Klein
Carlyle	John Hodapp
Carmi	Bob Rothermel
Chatham	Del McCord
Farmer City	Rick Hardesty
Flora	Robert Coble
Freeburg	Ron Dintelmann
Highland	Mark Latham
Ladd	Pat Barry
Marshall	George Smith
Metropolis	Rick Abell
Naperville	Allan Poole
Oglesby	Jerry Scott
Peru	Jim Potthoff
Rantoul	Greg Hazel
Red Bud	Louie Diewald
Riverton	Rich Pottier
Rock Falls	Paul Jakubczak
Roodhouse	Jim Holder
St. Charles	Glynn Amburgey
Sullivan	Doug Carnes
Waterloo	Tim Birk
Winnetka	Brian Keys

MEMBERS ABSENT

Bethany	Mike Collins
Bushnell	Mike McCleery
Casey	Shelby Biggs
Fairfield	Mickey Borah
Greenup	Nancy Sowers
Mascoutah	
Princeton	Jason Bird

OTHERS PRESENT

Naperville	Mark Curran
RECC	John Beatty
RECC	Cassie Eigenmann
RECC	Lee Marten
IMEA	Ron Earl
IMEA	Troy Fodor
IMEA	Tammy Kesterson
IMEA	Bob Childers
IMEA	Glenn Cunningham
IMEA	Kevin Wagner
IMEA	Doc Mueller
IMEA	Mike Genin
IMEA	Darren Hulskotter
IMEA	Alice Schum