

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

**THURSDAY, JUNE 25, 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 June 25, 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. Rick Hardesty attended via teleconference.

Allan Poole moved to approve the minutes of April 30, 2009, seconded by Amburgey, with all being in favor.

Bob Childers presented the Treasurer's Reports for March and April. Childers noted the audit has been completed and Russ Hissom will attend the August board meeting to present the report. IMEA's ratings have been affirmed by all 3 rating agencies, those being A+ by S&P, A1 by Moody's and A+ by Fitch all with a stable outlook. George Smith moved to approve the reports, seconded by Dintelmann. All were in favor.

CEO's report: CEO Ron Earl welcomed RECC Chairman Jimmy Ayers and Secretary/Treasurer John Beatty and Riverton Board Member Rich Pottier. Earl noted the 4 regional meetings on power costs were well attended and very informative. The HAPS meeting being held on June 30<sup>th</sup> has been moved to the Northfield Center due to the number attending. An E2C2 meeting will also be held following the HAPS meeting and lunch. Earl feels optimistic on the recent meeting held at IMEA with Waterloo and Ameren to discuss voltage issue. A meeting is scheduled with Newton officials this Monday to discuss power supply.

**OLD BUSINESS**

Executive Board Member: President McCord appointed Paul Jakubczak to fill the current vacancy on the Executive Board. The Board was in concurrence by unanimous voice vote.

E2C2 Chair: President McCord then appointed Greg Hazel to fill the position of chairman on the Energy Efficiency & Conservation Committee. The Board was also in concurrence by unanimous voice vote.

Executive Session Minutes: General Counsel Fodor recommends approval and release of the minutes of December 4, 2008 and continue to hold as confidential the minutes of December 7, 2006, January 16, 2007 and January 17, 2007 due to proprietary information relating to the Naperville proposal. Dale Detmer moved to approve the recommendation, seconded by Jakubczak. All were in favor by voice mail.

Operations: CEO Earl stated Alice Schum is attending a PSGC meeting today to interview responders to the proposals to perform marketing function on behalf of all partners. Earl reported PJM began weekly invoicing on June 1<sup>st</sup>, Red Bud work continues on network service with MISO and wholesale distribution service with SIPC and IMEA will be required to begin annual capacity testing in 2009 in PJM and 2010 in MISO.

Compliance: In the absence of Bob Thomas, Fodor reported besides the day-to-day work, IMEA has submitted approximately 25 Self-Certifications to RFC and SERC indicating our current compliance with those standards. Thomas is participating on a NERC Compliance Task Force to support PSGC staff on development of its NERC Reliability Compliance Program. PSGC is currently interviewing potential consultants for development of its CIP program. Fodor noted E.ON/LG&E went through a full compliance program audit by SERC in February. Prior to the audit, E.ON/LG&E self-reported 3 non-compliances to SERC, which is a potential penalty of \$200,000. E.ON does not intend to seek recovery from TC1 co-owners of a prorated share of this penalty.

Transmission/generation: Kevin Wagner reported the following:

- Waterloo – On June 23<sup>rd</sup>, the city and IMEA staff met with Ameren engineers to discuss the results of Ameren’s recently completed transmission planning study for the Waterloo area. Recognizing the need to maintain adequate voltage during contingency conditions for its customers served by the 34.5 kV network in Monroe County, Ameren has agreed to spend over \$18M for system improvements over the next 5 years. These improvements will include a 4 breaker 34.5 kV switching station at the Waterloo delivery point, a 34.5 kV line between Waterloo and another switching station to be built in the Fountain area south of Columbia, and a 2<sup>nd</sup> 138 kV line, terminal and transformer at the Valmeyer bulk substation. Based on current load forecasts, Ameren believes this proposed arrangement will provide a firm delivery point bus for Waterloo and meet the city’s voltage requirements under 1<sup>st</sup> contingency conditions through the year 2024 without the need to rely on local generation. Ameren anticipates getting under way with design work and property acquisition for the first phase of the project with the commencement of the next budget year in 2010.
- Mascoutah – The city is nearing completion of its new 138 kV tie breaker/metering station, distribution substation and approximately 1 mile of 138 kV line that interconnects the two locations. On March 30<sup>th</sup>, the city switched over to its 34.5 kV backup tie line to Ameren and commenced the demolition of the old 138/13.8 kV substation to make way for the new tie breaker/metering station that occupies the same site.
- Flora – The city anticipates commencement of the 69 kV line improvements on the west side needed to connect the city’s new 69/12 kV substation and 69 kV metering point.
- Chatham – The village’s new 138/12 kV Independence Substation is nearing completion. The Sub may be ready to energize by next week.

Trimble County 2 (TC2): Kevin Wagner reported the following:

- The Project, to date, is about 65% complete. However, Bechtel is still holding to a May 29, 2010 in service date. The rate of rigging and welding of boiler pressure parts has improved since April but continues to fall short of the level of performance needed to meet the original August 14<sup>th</sup> boiler hydro date. Bechtel management has admitted this date will likely slip a few weeks but they are still holding to the December 8<sup>th</sup> date for first fire on oil.
- Crews are focusing on the welding of the boiler lower slope and bottom ash hopper. Bechtel recently installed a tower crane on the roof of the boiler building which is speeding up the installation work – especially when conditions are windy. The economizer portion of the boiler has been largely assembled on the ground to expedite boiler completion and will require one of the heaviest remaining lifts (300+tons). Work is progressing well on steel erection in the air pre-heater area which has allowed some of the SCR modules to be set. In the AQCS area, the outlet duct on the south dry ESP was installed and collector strips are being installed in the north dry ESP. Piping and electrical work continues around the baghouse and FGD (flue gas desulfurization). In the Turbine area, leveling and alignment of the low pressure turbine rotors continues as well as piping and electrical as work fronts allow. The reserve auxiliary transformers were energized and the final sections of the circulating water piping at the cooling tower were installed.
- The delivery of the boiler feed pumps had been delayed due to casting failures that showed up during testing at the Sulzer facility in Leeds England. This facility is responsible for the boiler feed pumps used at both Trimble County and Prairie State so Bechtel management put significant pressure on this vendor to assure the quality of these critical components before they were finally released for delivery. The BFP components for TC2 are expected to start arrive on site by the end of the month.
- To date, the project has achieved over 2 million consecutive man-hours without a lost time accident. Bechtel attributes the improved safety record, in part, to better housekeeping practices around the site.

Bob Childers reported guaranteed completion date in the EPC contract for TC2 is June 15, 2010.

Prairie State (PS): Earl noted that he is chairing an Ad-Hoc committee to review compensation for the PSGC CEO and has asked Marc Gerken of Amp-Ohio and Scott Ramsey of SIPC to participate. Kevin Wagner then reported:

- The project continues on schedule with more than 21% overall completion as of the first of the month. The project has exceeded 2 million man-hours to date without a lost time accident.
- Recent major construction accomplishments include:
  - Completion of the forming and pouring of the Unit 2 turbine “table top”. Concrete has sufficiently cured to allow forms and shoring to be removed.
  - Completion of the Unit 1 turbine building steel. Crews are getting ready to pour the operating and mezzanine decks.

- Completion of the Tier 4 steel on the Unit 2 boiler structure. All six coal silos on Unit 2 are now in place. S&A is actually 6 weeks ahead of schedule on the Unit 2 boiler structure work.
- All foundation work in the AQCS area is essentially complete for both units. Erection has begun for the Unit 1 FGD absorber tank. S&A is ready to start erecting the dry ESP steel.
- All roof trusses are installed on the Unit 1 boiler structure. All Unit 2 roof trusses are assembled and ready to lift in place.
- The first three upper boiler water walls for Unit 1 are hanging in place. The 300+ ton panels were assembled on the ground and hoisted in place using the strand jacks. This is one of the first times this technique has been used in boiler construction in this country. The process went very smoothly.
- Erection of the fiberglass framing for the Unit 1 cooling tower is well underway. The forming and pouring of the basin for the Unit 2 cooling tower is nearing completion.
- Completion of the limestone unloading pit excavation.
- Commencement of Cell #1 site work at the Jordan Grove combustion waste disposal area.
- Eminent domain granted by ICC to Ameren for the 345 kV transmission lines needed by the plant.
- Items of special concern include:
  - Favorable settlement was reached with B&W on supplying replacement superheater “U” tubes made with 310HR3C which is stronger, lighter and does not have the scaling/plugging “exfoliation” issue exhibited by the 347H tubing that was originally provided.
  - The boiler feed pump casting problem at Sulzer in Leeds, England caused a 2 month delivery delay to correct. The Prairie State BFPs are next in line for factory testing following the testing of the TC2 BFPs.
  - PSGC is concerned about inadequate preventive maintenance procedures by Bechtel for the care of plant equipment in storage or installed in areas not yet protected from the weather. PSGC O&M staff is taking over this responsibility from Bechtel to avoid equipment startup failures.
  - PSGC is reviewing noise mitigation options including the possibility of purchasing an additional 1000 acres on the north side of the plant to prevent residential development that could be a source of complaints that could adversely impact plant operation.
- On the mine side, the slope tunnel continues to progress toward the coal seam. As the excavation progresses, a concrete floor is being poured, steel arches and roofing are being installed and the belt deck is extended. Most of the excavation for the slope tunnel has been backfilled. The reaming and casing of the air intake and exhaust shafts continues as does the foundation work for the material handling areas.

Bob Childers reported that the budget review continues. Due to the Bechtel engineering being 50% complete, Bechtel has submitted a reforecast on the EPC cost for the project. Several detail meetings have taken place with a final budget being completed in a few months. Childers noted that IMEA currently expects to see a 4-5% increase in the PS budget this year (approximately \$150-200 million added to the current budget of \$3.999 billion).

Future capacity: Wagner reported project development and “fatal flaw” studies are underway for the recently optioned 80 acre Lisbon site to determine its suitability for building a 300 + MW gas fired combustion turbine at such time as market conditions favor doing so. In addition to the transmission interconnection feasibility study under way at PJM since early April, proposals have been received for the soil borings and groundwater test well. RW Beck staff is underway with the environmental site assessment, endangered species and archaeology studies. Discussions have commenced with natural gas suppliers and pipeline companies to determine availability of fuel and interconnection requirements.

## **NEW BUSINESS**

Resolution #09-06-695 - Establishing IMEA Prevailing Wage Statement: Troy Fodor stated the Statute has been amended to include maintenance work and has prepared a Prevailing Wage Statement for companies to sign when performing work for IMEA. Amburgey stated St. Charles views ‘landscape work’ as exempt. Paul Jakubczak stated Rock Falls has a letter from the Department of Labor that says any type of ‘service work’ is exempt from prevailing wage. Fodor has asked Jakubczak to send him the letter. Mayor Taylor moved to approve this resolution, seconded by Barry. The voice vote showed all in favor.

Resolution #09-06-696 - Amending the Bylaws of the IMEA: George Smith moved to approve this resolution, seconded by Klein. Troy Fodor stated this resolution acknowledges the pending legislation awaiting the Governor’s signature that would allow the IMEA to update titles as needed, which would be consistent with the Strategic Plan.

Brian Keys expressed the opinion that the Board (rather than the CEO) should make that decision relating to employees becoming officers of the Agency. George Smith moved to approve this resolution, seconded by Taylor. The roll call showed all in favor with the exception of Winnetka, who voted no.

Resolution #09-06-697 – Authorizing Execution of Contracts for Power Supply from Renewable Resources: Allan Poole moved for approval of this resolution, seconded by Taylor. Doc Mueller stated the Strategic Planning Committee has directed staff to review a percentage of the Agency’s needs from a renewable resource standpoint, which is good for the Agency’s portfolio and could reduce the possibility of a mandate. The presentation focuses on Illinois projects in the PJM area. Rick Soderholm then gave a presentation explaining the assumptions used in the Agency’s evaluation and identified 10 renewable resource options for both non-wind and wind renewable sources. Discussion was then held on potential sale of Renewable Energy Certificate (REC). The most economical renewable resource projects were identified, those being WEC, Lee-DeKalb Wind and Big Sky Wind. This resolution authorizes the CEO to execute contracts and other documents necessary in his discretion for IMEA to acquire long-term power supply from renewable resources, up to 5% of IMEA’s 2020 projected energy requirements. The weighted roll call vote showed all in favor.


Resolution #09-06-698 - Authorizing and Establishing IMEA Energy Efficiency & Conservation Program: Doc Mueller stated the Energy Efficiency & Conservation Committee (E2C2) has held several meetings and recommends placing \$750,000 into the IMEA budget to be used towards a program being created. The bulk of this money will be used for incentives in Member communities as long as the Member matches the dollar amount. George Smith moved for approval of this resolution, seconded by Amburgey. The weighted roll call vote showed all in favor.

Ordinance #09-06-699 - Ordinance Authorizing and Providing for the Issuance of Not to Exceed \$410,000,000 Power Supply System Revenue Bonds of IMEA, in One or More Series, for the Purpose of Constructing Improvements and Extensions to IMEA's Power Supply System, and Providing for the Terms of Security and Payment for Such Bonds: Greg Hazel moved to approve this ordinance, seconded by Jakubczak. Bob Childers reported this ordinance authorizes the issuance of up to \$410,000,000 in bonds to finance the remaining funds needed to complete the Prairie State Project. Childers is currently projecting issuing approximately \$315-325 million, with approximately \$15 million being taxable bonds to finance the portion of the project that is not considered to be tax exempt. The \$300 million in tax exempt bonds may include a portion of the bonds as Build America Bonds (BABs) under the stimulus package (IMEA would receive 35% subsidy payment from the Federal Treasury every year). Childers then explained the ordinance. There were no questions. The weighted roll call vote showed all in favor.

Other: CEO Ron Earl commended Rick Soderholm and Doc Mueller on the renewable resource study and Bob Childers on his work for the bond issue.

Mark Latham moved for adjournment, seconded by Barry. All were in favor.

Respectfully submitted:

  
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Ron Dintelmann, Secretary/Treasurer

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**IMEA BOARD OF DIRECTOR'S MEETING  
THURSDAY, JUNE 25, 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 (via teleconference)
Flora	Robert Coble
Freeburg	Ron Dintelmann
Highland	Mark Latham
Ladd	Pat Barry
Marshall	George Smith
Naperville	Allan Poole
Oglesby	Jerry Scott
Peru	Jim Potthoff
Rantoul	Greg Hazel
Riverton	Rich Pottier
Rock Falls	Paul Jakubczak
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	Terry Draper
Metropolis	Rick Abell
Princeton	Jason Bird
Red Bud	Louie Diewald
Roodhouse	Jim Holder

**OTHERS PRESENT**

Ladd	Colin Barry
Marshall	Cory Sheehy
Naperville	Mark Curran
RE:CC	John Beatty
RE:CC	Jimmy Ayers
R.W. Beck	Rick Soderholm
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