ILLINOIS PRIVACY ACT & SOCIAL MEDIA LANDSCAPE

THE ILLINOIS Manufacturer

www.ima-net.org

Winter 2017

Elevate your business and secure a successful manufacturing future

Ramping it up in Decatur . . . Midwest Inland Port offers alternatives for Illinois manufacturers

Illinois poised to remain an energy leader

Critical Cleaning in Motion Component Manufacturing

Success Story

Activity: Critical Cleaning - New
Industry: Ball & Roller Bearings and Other Motion Systems Manufacturing
Widget: Ball Screw
Soils: Metalworking Lubricant
Methods: Agitation Parts Washing
Materials: Steel - Stainless
Products: Mirachem M2750
Key Features: Performance

"There was no support. Nobody cared. We needed help."

Need a Service Partner that Rocks? That's How We Roll.

This actuator and motion components manufacturer ran into a snag with their production cleaning process. When they asked for help, their old parts cleaning service vendor didn't drive improvement, went through the motions, and stalled for time.

That's when Crystal Clean got the call to help get things rolling again.

Crystal Clean can help you look at all the moving parts of your operation, and help you not only with a cleaning process to keep production running smoothly, but also with other challenges, like waste disposal, regulatory compliance, and yes, even parts washer service.

Don't let your environmental service contractor slow things down or bring your manufacturing process to a standstill. Set things in motion with Crystal Clean and take a turn for the better.

Production at this Midwest precision component manufacturer was moving in slow motion when their parts cleaning process came to a screeching halt.

Aqueous Advantage

- √ Better Performance
- √ Worker Safety
- √ Easier EHS Compliance
- √ More Flexibility

Ready to clean up your cleaning process?
*Call Dean Popovich at **877-938-7948*** for detailed product and savings information!

Learn more about this Success Story at ss.mirachem.net/APP-102

Crystal Clean

IMA
Advocate • Promote • Strengthen

Winter 2017

Secure a SUCCESSFUL manufacturing FUTURE 16

From cybersecurity to R&D to business technology to workforce, manufacturers face obstacles, but also have opportunities for growth. Here is a closer look at how manufacturers can tackle four key challenges facing the industry — from IMA member Sikich LLP

Columns

The Illinois Manufacturer is underwritten by Constellation — an Exelon Company

Mission Statement

The object for which the Illinois Manufacturers' Association was formed is to strengthen the economic, social, environmental and governmental conditions for manufacturing and allied enterprises in the state of Illinois, resulting in an enlarged business base and increased employment.

Chairman
William M. Hickey, Jr.

President
Gregory W. Baise

Editor
Stefany J. Henson

The Illinois Manufacturer is published quarterly by the Illinois Manufacturers' Association.

For address changes and adjustments, write to *The Illinois Manufacturer.* Presort standard postage paid at Bloomington, IL. Postmaster: Send address changes to *The Illinois Manufacturer,* 220 East Adams Street, Springfield, IL 62701. Telephone: 217-522-1240.

If you have any questions, please contact Stefany Henson, Editor and Director of Publications at 217-718-4207, or email shenson@ima-net.org.

Share your company news with IMA . . .
News information, press releases and articles may be sent to Stefany Henson, Editor and Director of Publications, Illinois Manufacturers' Association (IMA), 220 East Adams Street, Springfield, IL 62701, or email: shenson@ima-net.org.

President's Report

GREGORY W. BAISE

The time has come . . .

Regrettably, the weapons-grade bickering in Springfield over our economic problems has completely fogged the view of too many elected officials.

As I write this message, it is late January. A new administration is taking the reins of power in Washington and a new General Assembly has been seated in Springfield. To the uninitiated, both locales appear to be in turmoil. In reality, Springfield is in much worse shape.

Washington will get used to the unpredictable nature of our new Tweeter in Chief, and Springfield will continue its own version of Groundhog Day. But maybe — just maybe — Springfield will find a way out of reliving the dismal winter of nothingness . . . especially if our lawmakers don't blow the opportunity currently at hand.

Senate leaders John Cullerton (D) and Christine Radogno (R) have actually been talking — to each other! That's an occurrence rare enough that many fear it signals the coming of the next plague. One of the most common questions I receive from our members concerns ***why*** these individually pleasant leaders find it so hard to try to work out a deal. Hey . . . it's Springfield. The level of distrust is so great among the two factions that if one of them claims that it will be dark at midnight, the other side stays up to make sure.

Regrettably, the weapons-grade bickering in Springfield over our economic problems has completely fogged the view of too many elected officials. I have been traveling the state since August, making appearances in front of business groups and the press, sounding the alarm about the dismal manufacturing climate in Illinois.

A whopping 300,000 manufacturing jobs have disappeared from this state since 2000. Our once-vibrant economy is now a laughing stock, made fun of by all states — especially our Hoosier friends. Our pension system carries the largest debt per capita in the nation and we have a backlog of unpaid bills that equals nearly a third of our current annual budget.

Illinois' regulatory system still looks for new ways to punish our employers; our incentive programs have expired, our Workers Comp system is the 8th most expensive in the nation and no one seems that alarmed. Ho hum.

To his credit, Governor Bruce Rauner has been urging long-term fixes for the systemic issues our state faces and proposed a lengthy menu of solutions to remedy them. Seems reasonable, doesn't it? But forces in Springfield have thwarted him on nearly every front while painting him as the bad guy for trying to break out of our Groundhog Day loop de loop.

So, the fact that two Senate leaders are trying to find a way out of this stalemate ***must*** be viewed as a breath of fresh air. Could it actually be possible that a deal ***that makes sense*** will prevail?

Yes, it ***is*** possible — not only because lawmakers are finally waking up to the marketplace realities of ***not*** having a budget and huge deficits, but also due to the national political calculus that is changing on a daily basis. When labor leaders leave a meeting with President Trump and sing his praises, rank-and-file politicians get disoriented by such a quantum shift. The combination of events may lead to — at long last — a real solution.

Understand this: any realistic solution will involve pain. The governor has been realistic in his demands to put Illinois back on track. A (hopefully) reasonable price must be paid.

In the midst of dramatically changing the landscape in Washington, President Trump cited the fact that America must stem the loss of manufacturing jobs. Big Labor applauded him for it and even hit the morning news circuit singing his praises.

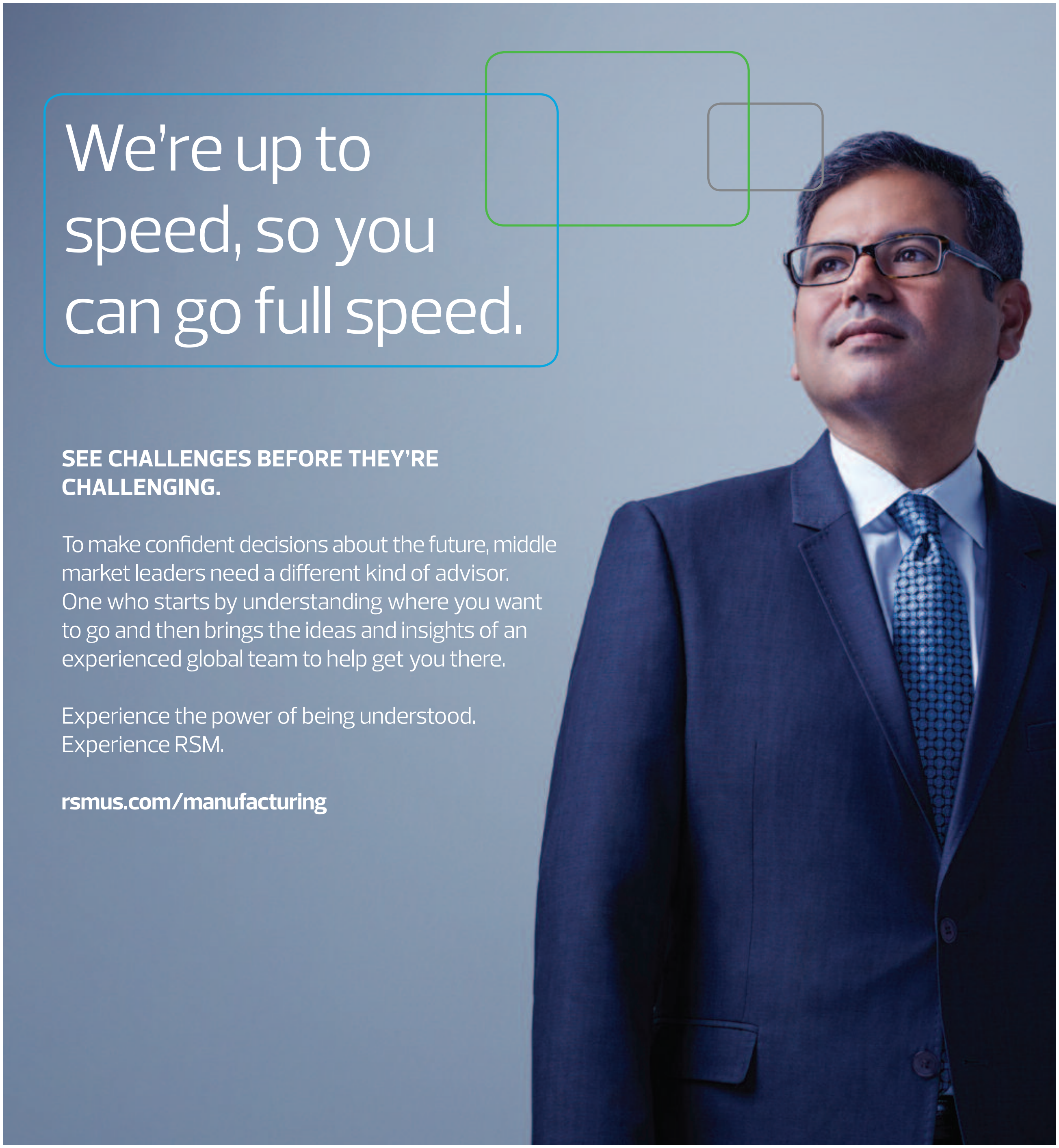
If Springfield is not ready for the paradigm shift that is now occurring, the middle class in Illinois will continue to suffer and the political careers of the those causing the problem will be in the bullseye of the electorate.

Are you listening Springfield?

Bulletin: Late last evening (January 26) after I finished this message, Illinois Attorney General Lisa Madigan made a legal move that could result in state workers ***not*** being paid since the constitutionally required appropriation lines in an approved budget do not exist. This move — if enacted by the court — will most likely result in the logjam being broken.

Stay tuned. ■

Gregory W. Baise is President and Chief Executive Officer of the Illinois Manufacturers' Association. He may be reached at 630-368-5300, or via email at gbaise@ima-net.org.


We're up to speed, so you can go full speed.
SEE CHALLENGES BEFORE THEY'RE CHALLENGING.
To make confident decisions about the future, middle market leaders need a different kind of advisor. One who starts by understanding where you want to go and then brings the ideas and insights of an experienced global team to help get you there.
Experience the power of being understood. Experience RSM.
rsmus.com/manufacturing

MARK DENZLER

Moving forward after the peaceful transition of power

Nearly a month ago, Americans witnessed a hallmark of its democracy with the peaceful transition of power from President Barack Obama to newly inaugurated President Donald J. Trump. It's a majestic experience with great symbolism, but it was not always this way in the United States.

In the 1800 election, Federalists and Republicans battled amidst threats of violence and fears of national dissolution. The election between Aaron Burr and Thomas Jefferson finished in a tie forcing the U.S. House of Representatives to make the final decision that resulted in the Jefferson presidency. You can watch the award-winning musical Hamilton to learn more about the Hamilton/Burr rivalry and duel resulting from that election. An enraged John Adams refused to attend the inauguration during which Jefferson famously declared, "We are all Republicans. We are all Federalists." in an effort for unification.

Fast forward to the most recent election that further polarized the nation. The country's major political parties nominated two of the most unpopular candidates in history and President Trump was elected by a large plurality in the Electoral College despite failing to win the popular vote.

Regardless of political party affiliation or one's personal feelings, Americans need to respect the Office of President and root for success. After all, when America prospers, we all win.

> We look forward to working with the Trump Administration and our congressional delegation to effectuate change on behalf of the manufacturing sector.

The IMA is heartened with some of the messages coming from the new President. We look forward to working with the Trump Administration and our congressional delegation to effectuate change on behalf of the manufacturing sector. Manufacturing has played a role in every major historical event since the founding our nation. Manufacturing is the American middle class. Our sector provides good jobs and emboldens the American dream for twelve million people across the nation.

While it's still early in the Trump Administration, we're pleased with many of his Cabinet choices and focused priorities that will strengthen manufacturing, including:

- Tax reform
- Regulatory reform
- Capital infrastructure
- Energy
- Labor policy
- Healthcare reform

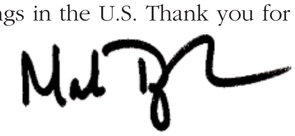
Closer to home, Illinois remains locked in a bitter budget impasse that has now stretched for nearly two years. Our state faces a short-term debt approaching $11 billion with the pension obligation totaling more than $130 billion. Governor Bruce Rauner and Democrat lawmakers cannot agree on a budget framework and economic development reforms to help move our economy forward.

Starting in Chicago last August, IMA President & CEO Greg Baise embarked on a barnstorming "Manufacturing is the Middle Class Agenda" tour around the state. We're talking to editorial boards, local chambers of commerce, economic development groups and others in numerous communities. Our five key tenets include:

- Balancing the budget and reducing pension costs to provide stability and predictability
- Workers' compensation reform to reduce costs
- Tax reform to make Illinois more competitive
- Reduce the property tax burden
- Create a world-class education and workforce development system to ensure a pipeline of qualified workers

I'm always looking for speaking opportunities and new member companies to join our manufacturing army. If you would like the IMA to speak to a local group in your community, or you know of a manufacturing company that should be a part of the Association, please drop me a note.

We're proud to represent companies that still make things in the U.S. Thank you for all that you do for the IMA and our country. ■



Mark Denzler is Vice President and Chief Operating Officer of the Illinois Manufacturers' Association. Mark can be reached at 217-522-1240, extension 3008, or mdenzler@ima-net.org.

State support for Illinois manufacturing expires as Springfield gridlock continues

The Illinois General Assembly and Governor remain unable to reach agreement on a long-term solution to Illinois' growing unfunded pension liability, let alone annual budget. In fact, the state begins 2017 in the middle of its second straight fiscal year without a budget Despite the lack of a budget, 90 percent of state government continues to be funded, with state workers continuing to be paid and K-12 schools funded as the result of consent decrees and judicial rulings. Nonetheless, higher education and many human services programs, which are not covered by these consent decrees or judicial rulings, continue to suffer.

The main point of disagreement is the General Assembly's unwillingness to accede to Governor Rauner's insistence that any necessary tax increases be coupled with reforms to workers' compensation, collective bargaining, and other items from the Governor's turnaround agenda, which he maintains are necessary to improve the business climate in Illinois. In the meantime, Illinois' unfunded pension liabilities continue to mount, now exceeding $130 billion, as do current unpaid bills, now exceeding $11 billion.

Expiration of tax provisions supporting Illinois manufacturing

Ironically, an unintended effect of the budget impasse is the expiration of a number of tax provisions designed to attract and retain businesses in Illinois. This article reviews the recent expiration under the state's sunset law of statutory provisions previously benefitting Illinois manufacturers. The sunset law dictates that income as well as sales and use tax exemptions and credits, enacted after the 1994, can only be authorized for five years at a time, after which they must be renewed in order to remain in effect. The expiration of tax credits and exemptions under Illinois' sunset law represents a tax policy by default that has withdrawn state support from the Illinois manufacturing industry.

- **EDGE Income Tax Credit — Temporarily reinstated through April 30, 2017**

Illinois EDGE tax credits are the state's main lure for companies looking to locate and keep jobs here. Illinois has offered $1.3 billion in tax credits to create 34,000 jobs here and retain an additional 46,000 since the program was created in 1999. The EDGE Credit expired effective December 31, 2016. However, the General Assembly in its lame duck session on January 10, 2017 reinstated the credit for four months through April 30, 2017. The Governor has announced that he will sign this legislation into law.

The EDGE program is designed to offer a special tax incentive to encourage companies to locate or expand business operations in Illinois. The program provides tax credits against corporate income tax liabilities to qualifying companies, equal to the amount of state income taxes withheld from the salaries of employees in newly created jobs. The non-refundable credits can be used to offset corporate income taxes over a period not to exceed 10 years. The manufacturing industry is a chief beneficiary of this credit.

The program, administered by the Illinois Department of Commerce and Economic Opportunity has been criticized for a variety of reasons including the fact that it typically benefits larger companies, provides credits for jobs retained rather than created, and even though $1 billion in credits have been doled out over the last 15 years, Illinois has lost 113,000 jobs during this time frame. The sponsors of the legislation authorizing a four month extension of the EDGE Credit pro-

see **GRIDLOCK** *page 8*

Alan V. Lindquist is a senior attorney in the Chicago offices of Winston & Strawn LLP. He can be reached at 312-558-6324 or alindqui@winston.com. The law firm of Winston & Strawn LLP, Chicago, is an IMA member company.

GRIDLOCK

Cont. from page 7

gram, through April 30, 2017, stated they did not want the State to be in a position in which a business walked away from moving to Illinois simply because the State did not offer the business any type of tax incentive to relocate to Illinois. It is expected that any permanent extension of this program after April 30th will likely include reforms, such as limiting the credit to jobs created, rather than jobs simply retained.

- **Temporary Storage Use Tax Exemption — Expired June 30, 2016**

The temporary storage exemption exempted from Illinois use tax tangible personal property that was: i) purchased outside of Illinois by and ii) temporarily stored in Illinois for the purpose of being subsequently transported and used outside the state or processed, fabricated, or manufactured into, attached to, or incorporated into other tangible personal property to be transported and used outside the state. The exemption expired effective June 30, 2016. This exemption was intended to encourage the location of business operations in Illinois by avoiding imposition of Illinois sales and use taxes on property only transiently present in the state. The exemption has been interpreted by the Illinois Department of Revenue as extending to a wide variety of property purchased outside Illinois, including, for example, technology equipment temporarily stored in Illinois by the purchaser until a determination is made at which of its facilities outside Illinois the purchaser will need and use the equipment.

- **Research and Development Credit — Expired December 31, 2015**

Illinois provided a research and development ("R&D") credit against income tax equal to 6.5 percent of qualifying expenditures for increasing research activities in the state. That is, if an Illinois manufacturer had typically spent $10 million per year on research and development in Illinois, and then doubled that to $20 million, the manufacturer received a $650,000 Illinois income tax credit equal to 6.5 percent of the $10,000,000 increase. "Qualifying expenditures" for purposes of the credit were defined as those increased in-house and contract research expenses conducted in Illinois qualifying for the federal income tax credit adopted by Internal Revenue Code Section 41. Approximately two-thirds of the Illinois R&D credit went to manufacturing companies. This credit expired effective December 31, 2015.

Unlike Illinois' now expired R&D credit, similar R&D credits adopted by New York and California are permanently in place. Also, Indiana, which regularly invites Illinois businesses to relocate to the Hoosier State, is a state leader in R&D, offering a 15 percent credit on new R&D investments. With the expiration of Illinois' R&D credit, it is one of the few states that does not offer an R&D credit.

- **Graphic Arts Machinery and Equipment Exemption — Expired August 30, 2014**

The graphic arts machinery and equipment exemption exempted the purchase of new and used machinery used for graphic arts, as well as replacement and repair parts for such machinery and equipment, from Illinois sales and use tax. Machinery and equipment qualifying for the credit included that used to: i) directly produce typesetting, negatives, and plates including final photo-composition and color separation processes; ii) transfer images or text from type or plates or image carriers to paper or other stock to be printed; iii) collate, bind or finish the graphic arts product; and iv) large scale, fixed-position cameras used to photograph two dimensional copy to produce negatives or positives used in the production of plates. This credit expired for purchases of such equipment made after August 30, 2014.

- **Manufacturer's Purchase Credit — Expired August 30, 2014**

The manufacturer's purchase credit was equal to 50 percent of the state 6.25 percent sales tax that would have applied to the purchase of exempt manufacturing or graphic arts machinery and equipment if such purchases had not been exempt. The credit could be used to offset the state 6.25 percent sales tax otherwise due on manufacturing production related tangible personal property purchases such as: property used or consumed in a manufacturing facility, including property used or consumed in a pre-production or post-production activity related to material handling, receiving, quality control, inventory control, storage, staging and packing for shipping or transport; property used or consumed in R&D activities; fuels, coolants, solvents, oils, lubricants, cleaners, adhesives and other supplies and consumables; and hand tools, protective apparel and fire and safety equipment. The manufacturer's purchase credit expired for purchases made after August 30, 2014. Credits earned on purchases made January 1, 2014 through August 30, 2014, expired on December 31, 2016 if not used by that date.

Can things get worse? Yes!

As unfortunate as the expiration is of tax provisions designed to foster Illinois manufacturing, just as concerning is the fact that proposed solutions to Illinois' budget crisis could further adversely impact the manufacturing industry. Proposed legislation (HB 293) introduced before the 99th Illinois General Assembly, attempted to increase tax revenues with provisions that would: prohibit formation of new enterprise zones and the extension of existing zones; increase the corporate income tax rate from 5.25 percent to 6.25 percent; eliminate the carryforward of R&D credits earned prior to the expiration of this credit; require the add back of the federal Domestic Production Activities Deduction (IRC Section 199), and eliminate foreign and domestic dividends received deductions.

Stay tuned for further developments

Whether the now expired exemptions and credits benefitting the Illinois manufacturing industry will ever be reinstated is unclear. Furthermore, only time will tell the shape widely expected tax increases will take. Nonetheless, it is important for Illinois manufacturers to closely monitor developments in Springfield in the coming months to be in a position to maximize tax benefits, and minimize the impact of any tax increases, when and if enacted. ■

Impact of the Ozone National Ambient Air Quality Standard in the upper Midwest

The Clean Air Act (CAA) requires the federal EPA to establish National Ambient Air Quality Standards (NAAQS) for pollutants, including ozone (O_3) and five other pollutants (the other pollutants are particulate matter, nitrogen oxides, carbon monoxide, sulfur dioxide and lead), that are common in outdoor air, considered harmful to public health and the environment, and that come from numerous and diverse sources. The CAA also requires EPA to periodically review the standards to ensure that they provide adequate public health and environmental protection measures and to update those standards as necessary to ensure these goals are met.

Existing and proposed federal rules will be used to help states meet the standards by reducing ozone-forming pollution. These rules include:

- Requirements to reduce the interstate transport of air pollution (CSPR),
- Regional Haze regulations,
- The Mercury and Air Toxics Standards (MATS),
- The Clean Power Plan (CPP),
- The Tier 3 Vehicle Emissions and Fuels Standards,
- The Light-Duty Vehicle Tier 2 Rule,
- The Mobile Source Air Toxics Rule,
- The Light-Duty Greenhouse Gas/Corporate Average Fuel Efficiency Standards,
- The Heavy-Duty Vehicle Greenhouse Gas Rule, the Reciprocating Internal Combustion Engines, (RICE) NESHAP, and
- The Industrial/Commercial/Institutional Boilers and Process Heaters MACT and amendments (Boiler MACT).

The EPA's most recent analysis has indicated that pollution reductions resulting from these rules will help the vast majority of counties meet the updated standards by 2025 without additional action.

Updated Ozone Standard

Ground-level ozone is formed through a chemical reaction when volatile organic compounds (VOCs) and nitrogen oxides (NOx) react in the presence of sunlight.

Based on EPA's most recent review of the air quality criteria for O_3 and related photochemical oxidants, the EPA is proposing to lower the primary NAAQS for ground level ozone from 0.075 parts per million (ppm) to 0.070 ppm.

From the perspective of EPA, the revised standard will provide the following benefits:

- Significantly reduce ozone air pollution and will provide an adequate margin of safety to protect at-risk groups.
- Relief for children and people with asthma, who are at increased risk from ozone exposure, by preventing hundreds of thousands of asthma attacks.
- Estimated $2.9 to $5.9 billion savings in public health costs annually in 2025 which outweighs the EPA's estimated costs of $1.4 billion to industry/public to meet the revised standard.

EPA projections show the vast majority of U.S. counties will meet the standards by 2025 with federal and state rules and programs now in place or currently being implemented.

Status of the rule making

As required by the CAA, the EPA anticipates making attainment/nonattainment designations for the revised standards by late 2017; those designations likely will be based on 2014-2016 air quality data. After the EPA establishes the revised O_3 standard, it will be the responsibility of each individual state to ensure that all areas comply with the standard.

see **AIR QUALITY** *page 10*

Jim Powell and **Britt E. Wenzel** are with Mostardi Platt, a full-service environmental consulting firm for industry located in Elmhurst. Jim Powell can be reached at jpowell@mp-mail.com. Britt E. Wenzel can be reached at bwenzel@mp-mail.com, 630-993-2100.

AIR QUALITY

Cont. from page 9

Areas that are in attainment and not in attainment (e.g., nonattainment) with the updated O_3 standard will be identified and new and existing nonattainment areas will have from 2020 to late 2037 to meet the updated standard, with attainment dates varying based on the O_3 level in each nonattainment area. The detailed implementation schedule is shown in Table A.

To assist in providing for a smooth transition to the updated standards, EPA is including grandfathering provision to the Prevention of Significant Deterioration ("PSD") permitting program, exempting pending permits from the revised ozone standards, to ensure that compliance with the updated ozone standards will not delay final processing of certain pending regulated air emission source preconstruction permit applications. Additionally, most states will use existing pollution reduction activities and strategies to reduce pollution in order to help meet the updated standards.

It should be noted that there is currently a coalition of states and industry that are challenging the new standard in court. Industry groups complain that the EPA has underestimated the cost of implementation of $1.4 billion in 2025 to comply and expect Congress to step in to provide relief. HR 4775 passed by the house to delay implementation by eight years and ultimately changing the process for ongoing revision of NAAQS. Senators have indicated that a bipartisan approach for some relief is possible.

EPA rules and guidance

The EPA plans to propose rules and guidance over the next year to help states to implement the revised standards for areas that are or would become designated as not in attainment with the new O_3 air quality standard (e.g., nonattainment areas). Table B indicates the upcoming and future events that need to be completed by state to implement the revised O_3 standard.

Addressing uncontrollable factors impacting an area's nonattainment status

The EPA also plans to update its "Exceptional Events Rule." This rule is one of several tools available to states for addressing "uncontrollable pollution" which forms from sources other than manmade U.S emissions, such as wildfires or stratospheric ozone, as they develop their clean air plans. The updated rule will outline the requirements for excluding air quality data (including ozone data) from regulatory decisions if the data are affected by events outside an area's control, such as a wildfires or stratospheric intrusion.

Impact of the new standards

What is the anticipated impact upon industry and the public in general?

As indicated, designation of new areas of nonattainment for O_3 are not scheduled until October 1, 2017.

see AIR QUALITY *page 12*

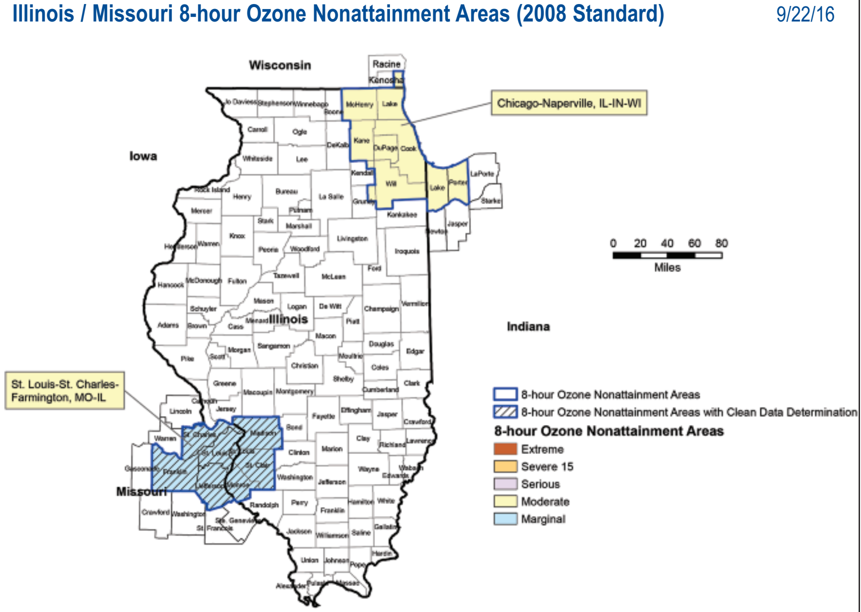
TABLE A

Activity	Date
State submits area designations to EPA	No later than 10/1/2016
EPA notifies States regarding changes to their recommendations	No later than 6/2/2016
EPA publishes designation recommendations/30-day public comment	Approximately 6/9/2017
States submit additional information	No later than 8/17/2017
Promulgation of final non-attainment area designations	No later than 10/1/2017

TABLE B

States submit area designation recommendations	12 months	October 2016
Interstate ozone transport contribution assessment provided to States	12 months	October 2016
Propose nonattainment area rules/guidance (including area classifications, SIP due dates, nonattainment NSR provisions)	12 months	October 2016
Final designations, classifications, and nonattainment area SIP rules/guidance	24 months	October 2017
Update to transportation conformity guidance	25 months	November 2017
States submit Infrastructure and Transport SIPs	36 months	October 2018
States submit attainment plans	5-6 years	2020-2021
Nonattainment Area Attainment Dates (Marginal – Extreme)	5-22 years	2020-2037

Illinois / Missouri 8-hour Ozone Nonattainment Areas (2008 Standard) 9/22/16



STEVEN CHAMBERS, CONSTELLATION

Illinois poised to remain an energy leader

Illinois is a forerunner in the U.S. energy industry. We lead the way in Midwest crude oil refining capacity — and rank fourth in the nation. We're the third largest producer of ethanol, with a capacity of 1.5 billion gallons per year. Our state is a key transportation hub for crude oil and natural gas being dispersed across North America. And, we lead the nation in both generating capacity and net power generation from nuclear power1.

Illinois has been a leader in the energy industry historically and is poised to maintain its position, particularly with regard to low energy prices.

Illinois businesses continue to see some of the lowest power pricing in history. This has been a pleasant trend for power consumers to be sure. In 2014, the average price for a kilowatt hour (kWh) of power in U.S. cities hit an all-time January high of 13.4 cents , according to the Bureau of Labor Statistics. In comparison, the 2016 Illinois annual average power rate through September was 12.27 cents .

This positive cost environment follows from the state's decision to deregulate its energy market in the late '90s to allow consumers a choice in their electricity supplier. This switch led to an influx of alternative retail electric suppliers that provide less expensive power to businesses. Now, with the passage of the state's Future Energy Jobs Bill this past December, Illinois' energy market is on the brink, once again, of impactful change.

To define what you can expect in the future, and how to best take advantage of the chances presented by this new legislation, means knowing how the energy market is evolving in light of this substantial change to Illinois energy policy.

Energy pricing

Illinois and the rest of the country continue to benefit from low energy costs, but will this pattern hold? While energy prices have rarely been lower than they've been this year, future pricing for natural gas in 2017 shows that a cost increase is expected for that energy resource. That's important because the link between natural gas and power prices is increasing as power generation at a national level grows more dependent on natural-gas-fired power plants.

Right now, NYMEX Henry Hub natural gas future prices are trading at $3.40 for delivery next year (compared to an average Henry Hub spot gas price of $2.49 in 2016 . Yet, now, natural gas pricing for 2018 through 2020 is below $3. This is what we refer to as backwardation in the market — when shorter-term prices are trading at a premium to forward prices out in the future. Typically, in a commodities market, it's the opposite: the farther out in time you go, the higher the forward market prices.

For energy buyers, changes in year-over-year energy pricing are a matter of consideration. What matters more, though, is that U.S. power costs are expected to follow historic trends and rise over time. Power rates have increased across the nation at a rate of about 4 percent on average during the last 10 years.

Renewable energy changes

Customers should expect to see the cost of producing power from renewable sources continue to drop. But, customers should also expect to see compliance with the Illinois Renewable Portfolio Standard (RPS) change substantially in light of recently enacted statutory changes.

On December 1, 2016, the Future Energy Jobs Bill (FEJB) passed both chambers of the Illinois General Assembly and, shortly thereafter, was signed into law by Governor Bruce Rauner. The newly signed legislation contains a significant change specific to renewable energy policy for Illinois commercial and industrial customers.

The bill provides for a two-year transition beginning in 2017 that will require that compliance with the RPS shift to the electric utilities. By 2019, 100 percent of the RPS costs will be recovered by the utilities via a non-bypassable charge for all customers, regardless of who supplies their electricity. Customers of all sizes can expect to see a separate line item for the RPS on billing statements starting in 2019. The lone exception to the non-bypassable charge is that alterna-

see **ENERGY LEADER** *page 22*

AIR QUALITY

Cont. from page 10

However, the new standard will have an impact on regulated air emission source construction permits required for new or modified major sources of air emissions as states begin to take the updated standards into account.

Going forward, certain areas currently designated as attainment O_3 may become classified non-attainment. In Illinois, the map on page 10 illustrates the non-attainment areas under the 2008 standard.

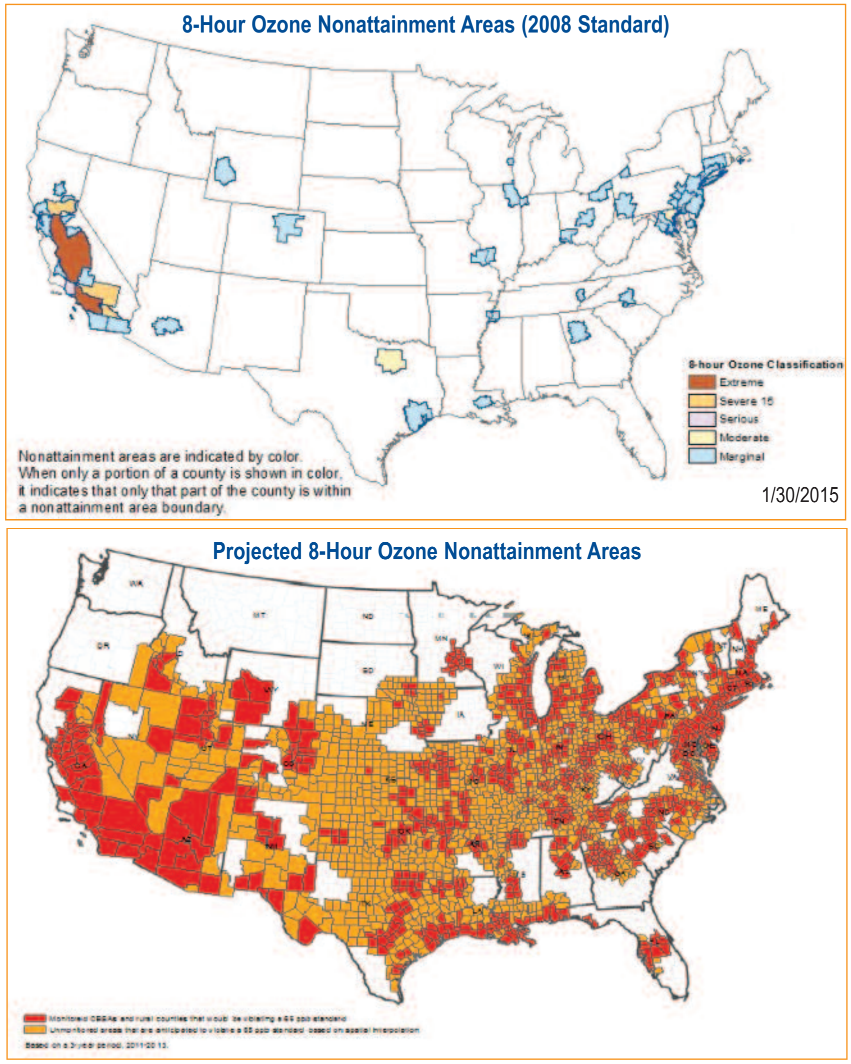
Going forward, additional counties beyond what is shown will be re-designated as non-attainment which has a potential to be a burden on economic growth if not managed properly.

A side by side comparison of existing to potential non-attainment areas throughout the lower U.S is provided in Figure 1 at right.

What happens to air permitting programs in a nonattainment area vs attainment area?

- Emissions levels for "major" source designation decrease.
- Application of Lowest Achievable Emission Rate (LAER) requirements will be required of Best Available Control Technology (BACT) requirement for control devices.
- Need for alternative site analysis.
- Emissions Offsets will be > than 1 to 1.
- Compliance certifications will be required.
- Additional time will be required by Agency review and comments from public.

Figure 1. Nonattainment with Current (75ppb) and Proposed (65ppb) Ozone Standards



What do you need to do to prepare?

- Determine if your existing or proposed facilities are located in the current or future non-attainment areas.
- Plan your project according to account for potentially longer air emission source permitting times for any major expansion or new major source.
- If you are now in a nonattainment area, you should evaluate current emission levels and determine the specific impact upon your future growth plans.
- For facilities that are not currently subject to NOx or VOC emission control requirements in nonattainment areas, going forward you may need to plan to add controls should you have plans for additional growth.
- Sources in newly designated nonattainment areas that may require control of NOx or VOC emissions should plan accordingly to address the revised standards as they are implemented.

KENNETH VON SCHAUMBURG, CHRISTOPHER TOWNSEND, MARK STEGER & ALLISON DAVIS

The future of energy and environmental policy under President Donald J. Trump

During his campaign, then-candidate Donald Trump promised to "unleash an energy revolution" with sweeping reforms for the energy sector. President Trump favors a deregulatory approach, and has stated that his administration's policy goals include repealing climate change regulations passed during the Obama administration, and defunding — or at least reducing the influence of — the EPA. In addition to removing domestic roadblocks, President Trump is also in favor of U.S. withdrawal from international agreements and restrictions on U.S. energy output, such as the Paris Climate Accord.

While President Trump has indicated that he is not a "big believer" in climate change, he generally appears to favor an "all of the above" approach to energy production that includes certain renewables as well as traditional fossil fuels, particularly natural gas and other native resources that would strengthen American energy independence and security. Ultimately, a Trump administration is likely to follow the lead of the industry stakeholders that have championed the move toward reliable, low-cost options in recent years.

Although his administration's legislative priorities will benefit from a majority-Republican Congress, President Trump's policy goals almost certainly will face headwinds due to the sheer difficulty of passing energy and environmental legislation and the ability of Senate Democrats to filibuster, built-in bureaucratic backstops that hinder swift change within EPA and the Department of Energy, and the substantial role of states in energy and environmental policy. That said, in the coming weeks and months, there will be several key areas to watch.

Making coal great again — or not

President Trump's victory in "Rust Belt" states other than Illinois is at least partially attributable to his promise to rejuvenate the struggling coal industry, which has shed nearly 200,000 jobs since September of 2014. This is one area in which President Trump may be able to temporarily stanch the bleeding, but in the long run, it is unlikely that the industry will be restored to its former prominence or profitability. This reality is largely due to market-based factors related to long-term planning by utilities, which have jettisoned coal in favor of cheaper — and, thanks to fracking, easily accessible — natural gas.

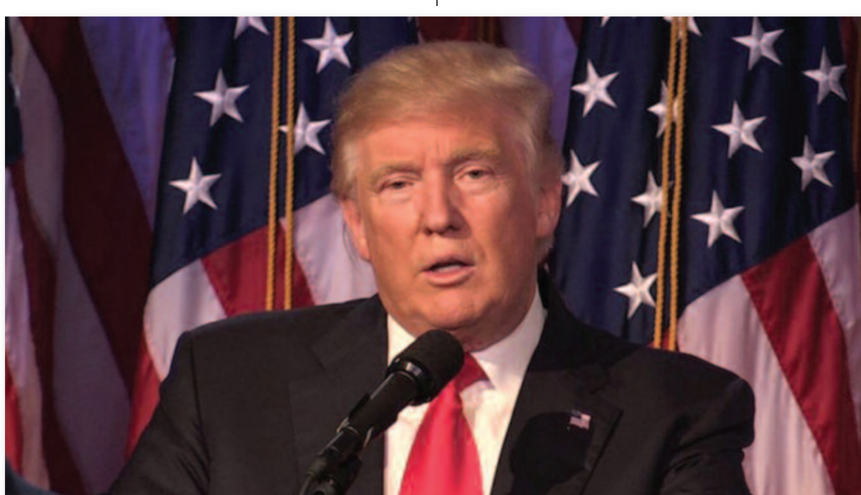
President Trump's administration could have some success in aiding coal on the regulatory front by, among other things, ending the federal government's three-year moratorium on coal leasing on federal land, instructing the Office of Surface Mining Reclamation and Enforcement (OSMRE) to end its self-bonding review (thus relieving mining companies of an additional financial burden), and making strategic appointments at EPA who would work to limit that agency's "sue and settle" practice, thus transferring environmental policy dominance back to the states. Repealing existing coal-impacting regulations, however, likely would be a long and drawn-out process, which would almost certainly be bogged down in court by environmental groups accustomed to long-running litigation.

Ultimately, the winds of change in the energy production sector are blowing in the direction of cheaper natural gas and renewables. Short of a direct mandate to consume coal, or significant tax breaks benefiting the coal industry above its competitors (both of which would be staunchly opposed by oil and gas companies), it is unlikely that President Trump will succeed in fully reversing a decline that, in truth, began more than 30 years ago.

Build the . . . pipelines!

President Trump has indicated his support for building domestic energy infrastructure in general, and pipelines and liquified natural gas (LNG) export terminals in particular. Energy industry advocates have also expressed hope that the Trump administration will seek to modern-

see **TRUMP** *page 24*



Kenneth von Schaumburg and **Christopher Townsend** are Members at Clark Hill PLC; **Mark Steger** is Senior Counsel; and **Allison Davis** is an Associate. They can be reached at: KVonschaumburg@ClarkHill.com | 202-772-0904; CTownsend@ClarkHill.com | 312-517-7555; MSteger@ClarkHill.com | 312-985-5916 and ADavis@ClarkHill.com | 202-552-2352. Clark Hill PLC is an IMA member law firm.

Ramping it up in Decatur . . .

Midwest Inland Port offers alternatives for manufacturers

and offers solutions to Chicago's growing congestion

Transportation logistics is big business in Illinois. With anticipated growth, Decatur has been working to uniquely position itself for the largest economic development success the area has experienced in 50 years, providing direct benefit to not only the region, but the state of Illinois as well.

Decatur's comeback story began nearly five years ago, when representatives from 18 key stakeholders representing business, labor, government, education and community development organizations gathered for a daylong meeting under the umbrella of Grow Decatur. The stakeholders formulated a comprehensive community development plan along with a dynamic, sustained process that has adapted the plan to changing circumstances over its five-year history and helped develop and support key initiatives that are driving progress in the Decatur community.

One of the initial and ongoing strategic initiatives is the Midwest Inland Port, an idea simply stated as: The strategic development of Decatur as a distribution transportation center, capitalizing on Decatur's central geography, its existing rail services and connectivity, the potential of its quality airport infrastructure and its interstate access.

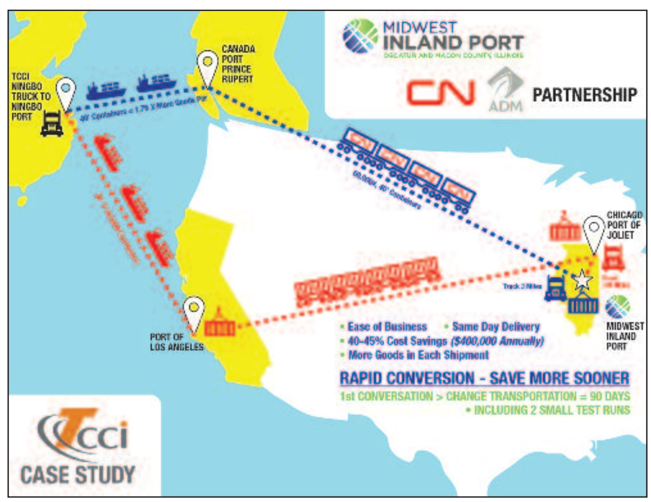
Most of the assets and capabilities were already in place, and had been for many years. Realizing that the set of attributes was relatively unique and cannot be easily replicated, local leaders started connecting the dots:

- Centralized geography with access to more than 95 million consumers within a 500-mile radius, allowing for one-day truck drive distribution reach;
- Direct rail service provided by three of the nations' Class I railroads: the CN, CSX and the Norfolk Southern;
- Rail connectivity reaching seaside ports on both east and west coast in both the United States and Canada, as well as the ability to reach ports in the central Gulf;
- Uncongested, toll-free interstate and multi-lane highway access;
- The Norfolk Southern's largest flat rail switching complex; and
- A 2,000 acre airport with a Category 1 instrument landing system and runways measuring 8,400 feet in length and 150 feet in width capable of supporting wide-body cargo aircraft.

The conceptualization of just how significant this opportunity could be took form with ADM's development of an intermodal ramp that provided direct connectivity to each of the three Class I railroads serving Decatur. The linchpin was in place.

While this project was undertaken by ADM to improve its own logistical capabilities, they quickly recognized that their capabilities could also provide a significant benefit to other companies throughout central Illinois. It would serve as a catalyst in attracting other businesses to locate in the region. To further develop this concept, ADM joined forces with the Economic Development Corporation of Decatur and Macon County (EDC). Together, they developed and implemented a strategy that recognized that increased utilization of the intermodal ramp would create additional benefits of scale — benefits for companies like ADM, the railroads and the greater Decatur community.

The Midwest Inland Port experienced rapid growth in recent years as the ADM intermodal ramp serves more than their own logistic needs. Customers located in these cities throughout the region are taking advantage of Decatur's uncongested, centralized location to reach the 95 million consumers that lie within the one-day truck drive.



Partnering with ADM, CN, and Midwest Inland Port, Decatur-based company TCCi found alternative shipping routes and realized 40-45% cost savings annually.

Realizing the benefits of an intermodal ramp

An intermodal ramp is typically an interior land-based facility connected to one or more seaside ports by rail where containers are transferred between rail cars and trucks facilitating the movement of raw materials and finished goods. Virtually all ramps are owned by a railroad and are serviced only by that railroad; the intermodal ramp in Decatur is privately owned by ADM and is connected to three Class I railroads.

The ribbon cutting for the ADM intermodal ramp occurred in September 2013 and soon thereafter, it became apparent to many that a comprehensive strategy focused on this unique Midwest Inland Port opportunity could become the most significant economic development success story in central Illinois in more than 50 years.

To advance this strategy a separate entity, the Midwest Inland Port, LLC, was formed under the EDC. To provide focused support, both financial and expertise, a Midwest Inland Port Strategic Development Coalition was established. This included organizations with a long-term, significant presence in Decatur:

- Illinois Department of Commerce & Economic Opportunity;
- ADM, a global food processing and commodities trading corporation with its North American headquarters in Decatur;
- Ameren Illinois, a regulated electric and natural gas delivery company serving about 75 percent of the territory of the State of Illinois;
- Decatur Memorial Hospital, a fully accredited, private, not-for-profit, community-based hospital serving Decatur, and other communities in central Illinois.

And it included other organizations with relevant expertise and capabilities, but heretofore no meaningful ties to central Illinois. These were organizations which saw the limitless potential of the Midwest Inland Port and how they could contribute to its development:

- Clayco, a full-service, turnkey real estate, architecture, engineering, design-build and construction firm specializing in industrial park development to support distribution and manufacturing operations.
- CN, a transportation company that provides integrated services, including rail, intermodal, trucking, freight forwarding, warehousing and distribution.
- OmniTRAX, a major shortline railroad owner and operator providing a wide-range of services to customers that can benefit from rail access services.

The Strategic Development Coalition Members are working to help realize the vision of the Midwest Inland Port: To advance the strategic development of the Midwest Inland Port as Illinois' designated downstate freight transportation hub with a focus on broad-based economic development throughout the central Illinois region and on relieving rail and highway congestion in Chicago.

Why is this important to the State of Illinois?

First, transportation logistics is a big business in Illinois.

- Illinois ranks 2nd in the nation for the largest rail system, with over 7,000 miles of rail tracks;
- Illinois is the only state where all seven Class I railroads operate;
- Illinois ranks 3rd in the nation for most public road miles coming in at 144,300 miles;
- Illinois' freight tonnage is 3rd largest in the nation weighing in at 1.2 billion tons;
- Illinois' employment in transportation and warehousing ranks 3rd with an annual payroll of $9.9 billion.

But there are challenges to Illinois retaining its leadership position. Chicago is the busiest rail hub in the United States, handling about 25 percent of the nation's freight rail traffic or approximately 37,500 railcars per day. Each day, nearly 500 freight trains along with 700 passenger/commuter trains pass through the Chicago region. Rail freight and commuter traffic frequently operate on the same tracks, resulting in congestion that will only grow as volumes of traffic for each continues to increase.

The result, per the Illinois Department of Transportation, is that Chicago has become the largest rail freight chokepoint in the country with demand for freight rail service in Chicago expected to nearly double over the next 30 years.

"Illinois cannot accommodate this growth through the existing rail network in Chicago; and it is not practical to expand the rail network in Chicago to meet this expected growth in demand," said Larry Altenbaumer, Executive Director of Midwest Inland Port. "Businesses that are increasingly focused on achieving lower costs, speed and certainty of moving raw materials and finished goods will seek alternatives to the growing congestion in Chicago. And much of the rail freight processed in Chicago today is non-Chicago destined freight. Unless Illinois strategically positions itself to accommodate non-Chicago destined

see **INLAND PORT** *page 20*

The intermodal ramp in Decatur is privately owned by ADM and is connected to three Class 1 railroads, giving the Midwest Inland Port a unique advantage. Virtually all other ramps nationwide are owned by a railroad and serviced only by that railroad.

Elevate YOUR business and secure a successful manufacturing FUTURE

By Jim Wagner, Brad Lutgen, Al Galinot and Jerry Murphy, Sikich LLP

As technology rapidly advances and the global competitive landscape grows more complex, manufacturers of all sizes need to work harder than ever to maintain their advantages. Our firm, Sikich LLP, recently surveyed manufacturers to assess the industry's challenges, goals and outlook for their companies, the sector overall and the U.S. and global economy.

The 2016 Manufacturing Report offers a revealing look at the industry's strengths, pain points and ambitions. It also outlines the areas where manufacturers will need to improve to cope with the challenges they face today and position themselves for long-term success.

From cybersecurity to research and development to business technology to the workforce, manufacturers face obstacles, but also have opportunities for growth. Here is a closer look at how manufacturers in Illinois and across the country can tackle four key challenges facing the industry.

As threats mount, shore up cyber defenses

Data breaches that expose valuable company information and private employee data are a mounting threat across industries, and manufacturing is no exception.

However, our report found that many manufacturers remain largely unprepared to fend off cyberattacks. Only 33 percent of respondents said they perform annual penetration testing, an alarmingly low number that suggests that many manufacturers today are highly vulnerable to breaches.

One notable factor could be that manufacturers are generally subject to fewer compliance requirements than industries such as health care and financial services. Without the legal or regulatory pressures to implement defensive measures, many manufacturers have failed to prioritize cybersecurity.

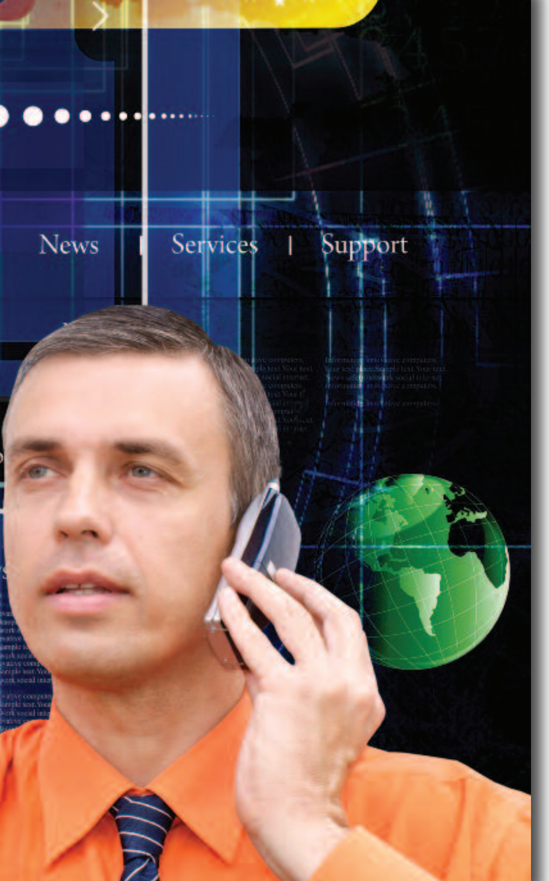
Fortunately, there are immediate steps manufacturers can take to minimize their vulnerabilities to cyberattacks and shore up defenses today. Hackers often rely on easily exploitable weaknesses to break into a company's IT system. As a result, relatively simple steps such as updating firewalls and patches will reduce the risk of an attack substantially.

Further, a manufacturer can gain a thorough understanding of its risk profile by conducting annual IT risk assessments. These help a company identify weaknesses in its system. With this knowledge, security teams can make educated decisions about the best solutions to implement.

Beyond an annual IT risk assessment, manufacturers should put their company through annual (or even biannual) penetration tests. These tests, which involve having security professionals attempt to break into a company's IT system, can further expose vulnerabilities. Additionally, manufacturers should complete monthly vulnerability scanning to keep their security systems up to date.

Another key step that can help minimize the risk of a cyberattack is to train employees. No matter how secure an IT system is, if an employee falls victim to a phishing scam, an attacker can easily gain access to a company's network. Phishing and spear-phishing attacks today are growing more sophisticated, making it difficult for employees to distinguish a fraudulent email from a legitimate email. Therefore, it is crucial that manufacturers frequently train their staff on IT best practices and conduct ongoing testing.

While all of these solutions will help fortify a company's defenses, manufacturers still need to be prepared in case they fall victim to an attack. Having an incident response plan is critical to minimizing the damage of a cyberattack. The inci-



dent response plan should include IT, legal and communications guidelines, as well as support teams to help in these three areas. While an IT team can help stop the attack, legal and communications teams will help the manufacturer comply with government regulations and communicate honestly and effectively to maintain trust with customers.

Cyberattacks are an unavoidable threat in today's world. But the companies that take a few key steps toward strengthening defenses and work consistently to maintain a strong security posture will significantly reduce the risk to their data and information.

Leverage technology to control costs

According to our report, manufacturers look to leverage technology to improve customer service and reduce costs. Just over half of respondents said improving customer service and response time was a top business driver that impacted their technology strategies in 2016. Meanwhile, nearly 40 percent said the same about reducing costs.

These manufacturers are on the right track. Advanced technology can increase efficiency and enable superior customer service and improved response time. Additionally, the right technology solutions can help a company control costs. And costs remain a persistent challenge for the industry. More than 40 percent of respondents in our report said cutting operational costs is a top priority, nearly half expect an increase in material costs of up to five percent, and more than 80 percent expect labor costs to increase up to four percent.

Still, while manufacturers frequently upgrade the technology on their shop floor, many overlook or delay back-office technology upgrades or enhancements. Outdated or inefficient back-office technology can create a significant burden for a manufacturer. In some cases, key employees will be forced to spend large amounts of time troubleshooting technical problems. In other, more serious situations, manufacturers can see shipments delayed as a result of hardware outages or problems with old, unsupported technology.

Faced with the need to invest in technology to improve business performance while also controlling costs, manufacturers can turn to cloud-based technologies on the market today that offer not only efficiency enhancements but also increased reliability and a decrease in administrative costs and tasks.

A complete embrace of cloud technology (everything from ERP to email) for back-office functions can help manufacturers free themselves from reliance on hardware (i.e., onsite servers) and the associated maintenance and troubleshooting resources. This empowers employees to work more efficiently and focus on productive tasks that benefit the company and customers.

Cloud technology offers several additional benefits for manufacturers:

- **Improved flexibility:** As manufacturers eye growth, a cloud-based technology system offers them the ability to quickly scale up operations in the event of an acquisition, merger or new office opening. Instead of having to buy and install new servers and carry out a complex integration, the cloud enables a manufacturer to easily expand its footprint. It can also help a company efficiently scale down its operations, if needed.
- **Easier upgrades:** Upgrades for ERP and other technology systems can be a complicated process, especially if a manufacturer has ignored a series of past upgrades. With the cloud, however, companies are able to upgrade immediately and seamlessly.
- **Effective integration with third-party providers:** As the cloud becomes increasingly ubiquitous in the manufacturing industry, more third-party providers that offer modules for ERP systems will operate in the cloud. By moving to the cloud, manufacturers can ensure their technology continues to work well with the advanced service modules or PLM packages from their third-party providers.

A move to the cloud involves thorough planning to ensure accurate and complete data migration as well as employee training to make sure personnel is equipped to take advantage of new features. Additionally, it's crucial that executives lead the project to guarantee the company as a whole remains laser-focused on the end goal.

Our report found that many manufacturers feel cost pressures and recognize the importance of technology investments as a potential solution. But some manufacturers remain hesitant to embrace this next stage of technological advancement. However, the manufacturers that take full advantage of cloud technology will realize improved efficiency and more reliable performance and more effectively control costs.

Don't leave R&D money on the table

It should go without saying that research and development is crucial to maintaining competitiveness in the manufacturing industry. A manufacturer's products are its lifeblood, and if it does not innovate, it will quickly find itself surpassed by competitors and forgotten by key customers. Still, our study found that less than 20 percent of companies invest more than five percent of sales in R&D while the other 80 percent invest less than five percent. This level of investment is not sustainable if manufacturers hope to grow market share amid fierce global competition.

Compounding the challenge, many foreign countries leverage their tax codes to incentivize investment in R&D much more than the United States does. For example, many European countries have a special "patent box" tax rate for revenues from intellectual property such as patents and software copyrights. In France, the patent box tax rate is 15 percent and in the U.K. it is 10 percent. In the U.S., most corporate income is taxed at 35 percent with-

see **SUCCESSFUL** *page 18*

SUCCESSFUL

Cont. from page 17

out any special treatment of intellectual property.

Given the fact that U.S.-based companies often face this uphill battle when it comes to competition with foreign companies with a more favorable tax climate, they need to do everything in their power to ensure they leave nothing on the table when it comes to R&D.

The good news is the PATH Act of 2015 made the research and experimentation credit (also known as the R&D credit) permanent. It also enabled small businesses, defined as those with $50 million or less in gross receipts in the prior three years, to use R&D credits to offset the alternative minimum tax.

Though the credit had been in place since 1981, it was renewed on a year-to-year basis. And, in many years, Congress would not act until the last minute, limiting a company's ability to plan. Now that it's permanent, manufacturers that either hesitated to use the credit or ignored it in prior years should begin to fully leverage it.

When it comes to R&D, many people immediately think of scientists creating a new invention in a lab. An important — and sometimes overlooked — element of the R&D credit is that companies don't need to be making a new, groundbreaking product or even making massive improvements to an existing product to qualify for the credit. The R&D credit can apply to the innovative but also commonplace work engineering and design personnel do, including activities such as process improvements and internally developed software.

However, many business owners are unaware that the credit can reward their day-to-day efforts to the count of tens (and even hundreds) of thousands of dollars annually. That's money a company can use to expand its workforce, invest in automation or put back into research and development for product innovations.

To take full advantage of the tax credit, manufacturers should start by reviewing the qualifying activities under the law and comparing them with their business activities. From there, manufacturers should bring in professional advice from firms that specialize in performing R&D credit studies. These outside advisers should have detailed engineering knowledge as well as a rigorous understanding of the law. This expert counsel can help a manufacturer identify qualifying activities, assemble documentation, track expenses and ensure the business is prepared for any future IRS audit.

Research and development is an indispensable part of manufacturing, and manufacturers should take advantage of every opportunity to increase innovation. Given the fact that the tax code offers few other advantages for manufacturers, they can't afford to leave R&D credit money on the table.

Invest in the workforce of the future

The shortage of skilled laborers continues to be a pressing issue for the manufacturing industry. As baby boomers age and reach retirement, manufacturers struggle to find replacements. And with advanced technology such as robotics at the heart of today's manufacturing operations, companies need employees with advanced technical certifications and skills.

Manufacturers are aware of the challenge. According to our report, 51 percent of manufacturers expect the lack of qualified workers to be a major barrier to business growth. However, manufacturers often expect the education system to provide them with adequately skilled workers, and many do little to develop the workforce of the future. Our report found that only 10 percent of respondents work with vocational schools to develop skilled laborers. Even fewer said the same about high schools (four percent), universities (four percent) and community colleges (one percent).

Unlike capital investments for things like new machinery, it is difficult to determine the short-term value of investing in human capital. However, given the mounting skills challenge, the long-term value is clear and the risks of inaction could be dire. As a result, manufacturers need to do more and work alongside vocational schools, community colleges, universities and even high schools to provide education and on-the-job training to potential future workers.

Manufacturers should partner with community colleges and vocational schools to develop educational programs that teach students the necessary skills for a career in the industry. Another strategy could be to develop internship programs with local schools. These programs allow students to work part-time for a manufacturer that then evaluates them and has the chance to hire the workers who show the most promise.

For manufacturers, there is little downside. These programs only require a small investment and could result in the company finding strong employees that will help it succeed for many years to come. And for students, these programs allow them to get experience in the field, learn more about the industry and build the necessary skills for a career in manufacturing.

Partnerships between manufacturers and local schools will be crucial as the industry seeks to develop a skilled labor force — an integral part of its future success.

Ensure a bright manufacturing future

The pressing challenges of today — such as cybersecurity, technology, R&D spending and the skills gap — can seem overwhelming, especially as manufacturers face ever-increasing competition from around the globe and persistent cost pressures. However, there are ready solutions to all the major challenges manufacturers face. The companies that take a long-term view and aggressively pursue the solutions to today's challenges will position themselves for an innovative and prosperous future. ■

About the authors

Jim Wagner, CPA, is partner-in-charge of manufacturing and distribution services at Sikich LLP. He can be reached at Jim.Wagner@Sikich.com.

Brad Lutgen is a partner in the security and compliance practice at Sikich LLP. He can be reached at Brad.Lutgen@Sikich.com.

Al Galinot is a partner in the technology practice at Sikich LLP. He can be reached at Al.Galinot@Sikich.com.

Jerry Murphy, CPA, CMA, CGMA, is a partner in the accounting practice at Sikich LLP. He can be reached at Jerry.Murphy@Sikich.com.

Sikich LLP is an IMA member company.

ISAAC J. COLUNGA & DEEPALI DODDI

'Smart Home' providers may be liable under TCPA

In many ways, it is becoming easier and easier to violate the Telephone Consumer Protection Act (TCPA). Congress passed the TCPA in 1991 with the simple goal of stopping automated phone calls that consumers did not consent to receive. And as technology morphed and changed over the years, the Federal Communications Commission interpreted the statute so that the restrictions on automated phone calls extended to text messages as well. This interpretation, of course, has made it that much more difficult for businesses to comply with the TCPA, seeing that consumers exchange text messages with businesses all the time. Consider the scenario where a shopper walks into a store and sees a sign offering a store coupon if the shopper sends a text message to a listed number. Every day, shoppers respond to these offers and instantly receive text messages containing store coupons. These consumer-prompted coupons may not violate the TCPA, but they are a good example of how consumers and businesses are communicating more and more by text message. The list of examples goes on and on, and even still a new area has emerged by which companies are communicating with consumers by text message or otherwise and sharing data about those consumers' personal lives and homes. We call this the Internet of Things ("IoT").

The IoT and smart homes

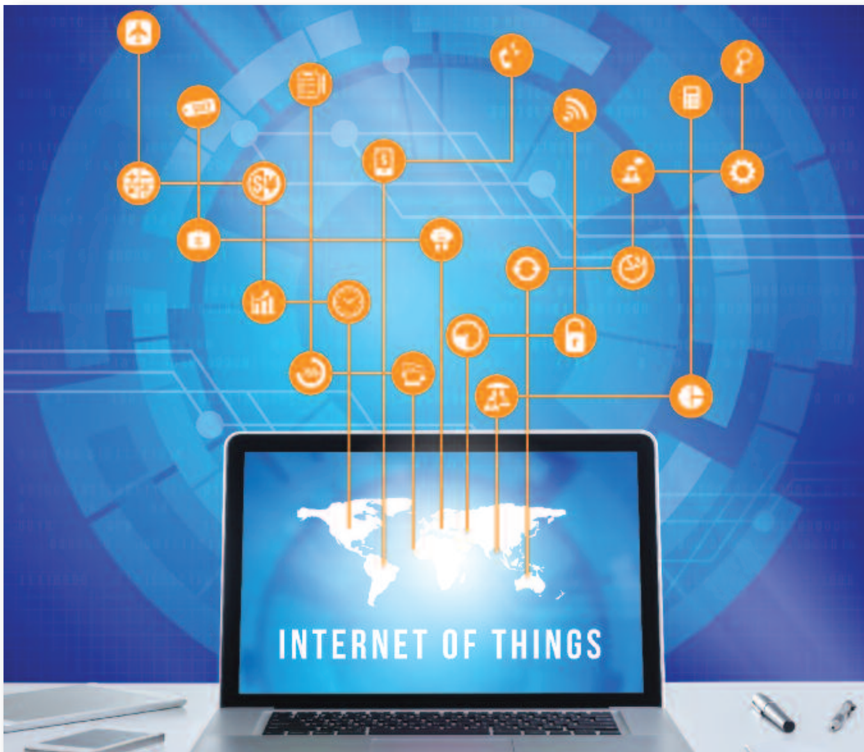
Put simply, the IoT refers to an "interconnected environment where all manner of objects have a digital presence and the ability to communicate with other objects and people." With the IoT, the possibilities for using a variety of interconnected devices and objects — ranging from appliances to HVAC systems to vehicles to energy grids — to enhance your daily life and increase efficiencies are endless.

One interconnected feature of our lives, which many of us are aware of or already use, is the "smart home." A smart home generally involves a collection of devices and appliances that synchronize over a network and automatically share information with each other about the user's activities and preferences. Home automation technologies are developing at a rapid pace, and consumers can now choose from myriad products to build their smart homes. For instance, consumers can install smart home systems that allow them to use their cell phones or tablets to remotely control the temperature and lighting within their residences, turn on appliances, unlock doors and monitor the security of their homes. As technology evolves, home automation devices will grow more "intelligent," relying less frequently on overt user commands to function — a thermostat will sense your presence when you walk into a room, for example, and automatically adjust to your preferred temperature.

TCPA implications of smart home technologies

The expansion of home automation technologies is inevitably fraught with both practical and legal concerns surrounding the collection, use and security of smart home data. To achieve compliance with the TCPA in particular, smart home technology vendors must be careful to use consumers' cell phone information to communicate with them only in a manner that is consistent with the consumers' consent. The exchange of text messages between smart home vendors and consumers is central to the functionality of many home automation systems, but it can be tricky in light of the TCPA. Smart home security systems serve as a prime example. A critical feature of

see **SMART HOME** *page 25*



Isaac J. Colunga is a Partner and **Deepali Doddi** is an Associate with Ice Miller LLP. For more information on the IoT, contact Isaac at isaac.colunga@icemiller.com, 630-955-6124; Deepali at deepali.doddi@icemiller.com, 312-726-7134, or a member of Ice Miller LLP's Internet of Things Industry Group at www.icemiller.com/internet-of-things. Ice Miller LLP is an IMA member law firm.

INLAND PORT

Cont. from page 15

rail freight elsewhere in the state, businesses will find alternative options in other states. The Midwest Inland Port is positioned today to be Illinois' complement to the existing Chicago-based capabilities."

And progress is being achieved.

In addition to the significant capabilities that are provided by the ADM intermodal ramp, in 2016 the CN established direct, scheduled rail service to Decatur to and from its east and west coast Canadian seaports, bypassing the congestion and transfers that were previously required in Chicago.

Because of this service, import volumes have grown well beyond expectations during 2016; service is now being provided to customers throughout central Illinois: Vandalia, Olney, Mattoon, Champaign, Paxton, Bloomington, Peoria and Springfield, in addition to activity in Decatur.

Decatur-based T/CCI Manufacturing is realizing equivalent delivery timing to what had been provided in Chicago but is capturing cost savings of about 40 percent, largely due to a more efficient way to use rail to handle heavy loads.

One to watch

Naturally, business development spawned by the Midwest Inland Port will include warehousing, distribution and logistics services as these businesses typically develop around intermodal ramps. But in Decatur's situation, local leaders expect that many of the businesses that will establish themselves in the region will be companies specializing an advanced manufacturing, food processing and ag-science.

"These types of companies will not only benefit from the advanced transportation logistics of the Midwest Inland Port, but they will also be able to utilize the robust network of businesses already in place that provide support for companies such as ADM, Caterpillar, Tate & Lyle and many others," said Ryan McCrady, President of the Economic Development Corporation of Decatur and Macon County. "Plus they will have access to a workforce of more than half a million people within an easy 45 minute commute."

Recent examples are that of China-based Fuyao Glass, North America. The company acquired an aging PPG facility near Decatur and invested more than $200 million to create a state-of-the-art flat glass production facility to meet demands for automotive glass throughout North America. While Fuyao is new to the Decatur community, other long-term businesses have also chosen Decatur as the place to build new and expanded manufacturing facilities, such as Union Iron, a company whose roots in Decatur date back to 1852. Union Iron chose Decatur as its location to develop a new $11 million manufacturing facility.

In January, Caterpillar announced that it will shift additional production to Decatur. The factory facilities in Decatur, which build the biggest off-road dump trucks in the world, are being considered because they can handle the work and have a proven history of manufacturing excellence.

"Without doubt this is great news for Decatur," said McCrady, the president of the Economic Development Corporation of Decatur and Macon County. "And I would have to say that the credit for this primarily goes to the outstanding workers at the Caterpillar facility here in Decatur. They have an excellent history of product quality, an excellent history of being an outstanding workforce and an unbelievable amount of pride in the work they do."

In August, Caterpillar moved some component manufacturing linked to large mining trucks to Decatur from another plant in North Carolina.

"For somebody like Caterpillar to look at making this investment in Decatur is significant to tell us that people outside of here see some amazing opportunities," he said.

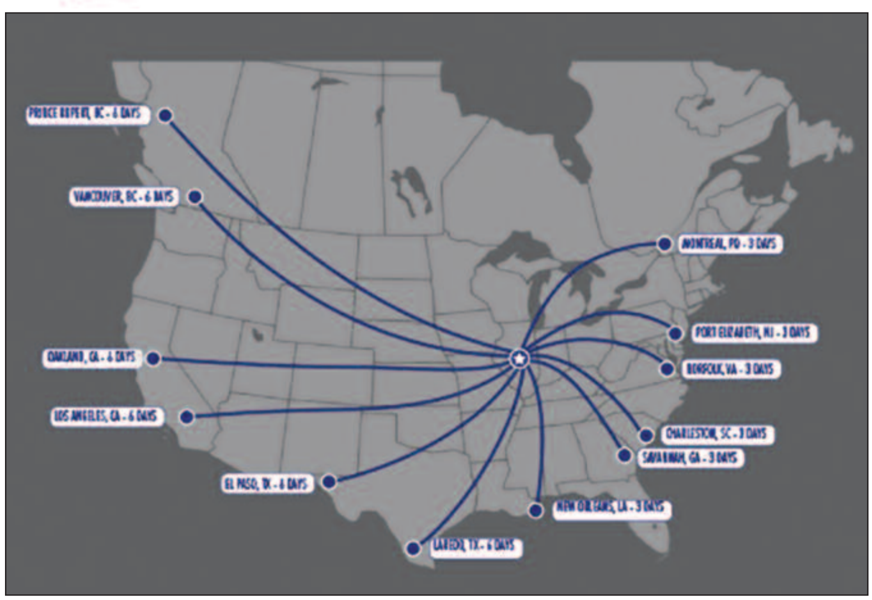
Grow Decatur

But the Decatur comeback story isn't complete without going back to where it began, with Grow Decatur. And, in addition to the progress that is being achieved with the Midwest Inland Port, significant local investment is being made and resulting progress is being achieved related to several other of Grow Decatur's original ten critical imperatives, including:

- Water Supply — $89 million dollar, multi-year project to permanently increase the water supply capacity of Lake Decatur by 30 percent;
- Education — $75 million investment to 'reinvent' Decatur's two public high schools into state-of-the-art facilities;

see **INLAND PORT** *page 22*

MIDWEST INLAND PORT



STACEY L. SMIRICKY & SYLVIA BOKYUNG ST. CLAIR

Illinois Privacy Act responds to social media landscape in the workplace

According to the newly amended Right to Privacy in the Workplace Act (Act), 820 ILCS 55/10, effective January 1, 2017, Illinois employers may be subject to fines and found guilty of a petty offense for asking, requiring or coercing employees to invite employers to join online groups of which the employee's personal online account belongs.

Brief overview of legislative history

Illinois legislators have long advocated for stricter laws related to employees' privacy. In 1992, the Illinois General Assembly passed the Act to prevent employers from requesting information about their employees' previously filed claims for benefits under the Workers' Compensation Act (WCA) or Worker's Occupational Diseases Act (WODA). Nearly two decades later, in 2013, the Act was amended to prevent employers from requesting employees' and prospective employees' social media passwords on networking websites, and to further prevent employers from requiring employees or prospective employees to provide passwords and other information that would allow employers to gain access to such information. Illinois became one of the first states to enact a law that protects the social network privacy of employees and prospective employees, and as many as 25 states have enacted similar state statutes.

In the summer of 2016, Governor Rauner approved HB 4999/Public Act 99-610, amending the Act to also prohibit prospective employers from requesting employees' and applicants' social media passwords on networking websites. The Act extends employees' and applicants' privacy protection beyond passwords to usernames and personal online accounts, and adds retaliation provisions.

2016 updates to the Right to Privacy in the Workplace Act

Effective January 1, 2017, an act that once only prohibited employers from asking about benefits applied for or received under WCA or WODA now prohibits employers from:

- Asking, requiring or coercing employees or applicants to provide passwords or other related account information for accessing their personal online accounts;
- Demanding access to employees' and applicant's personal online accounts;
- Asking, requiring or coercing employees and applicants to authenticate or access their personal online accounts in employer's presence;
- Requiring or coercing employees and applicants to invite employers to join groups affiliated with their personal online accounts;
- Requiring or coercing employees and applicants to join employers' online accounts or add employers or employment agencies to contact lists for their personal online accounts; and
- Retaliating against an employee or applicant for refusing any of the above activities.

Employees or applicants who believe the statute has been violated may file a complaint with the Illinois Department of Labor or commence an action in state court. Awards to the complaining individual may include actual damages and costs, attorney fees, and up to $200 per violation. Employers may also be found guilty of a petty offense.

The Act responds to the ever evolving social media landscape, where access to an employee's personal online account may reveal a range of activities that employees may support (e.g., webpages the employee "likes," politicians the employee "follows," past and pres-

see **PRIVACY** *page 29*

Stacey Smiricky is a partner and **Sylvia Bokyung St. Clair** is an Associate with Faegre Baker Daniels LLP in Chicago. Stacey can be reached at stacey.smiricky@faegrebd.com and Sylvia can be reached at sylvia.stclair@fagrebd.com. For more information, visit www.faegrebd.com or call the Chicago office at 312-212-6500. Faegre Baker Daniels LLP is an IMA member law firm.

INLAND PORT

Cont. from page 20

- Lakefront Development — a series of investments in facilities that will make Lake Decatur a destination attraction for all of central Illinois, capped off by the development of the Lakeshore Landing Outdoor Amphitheater-provided by a $3.9 million grant from the Howard G. Buffett Foundation;
- Downtown Redevelopment — Completion of a $14 million downtown streetscape project creating arguably the most attractive downtown in downstate Illinois, producing an environment that supports many fine restaurants and growing entertainment activities; and
- Community Marketing and Branding — A dedicated initiative to tell the world about the Decatur renaissance. The LIMITLESS Decatur and Macon County marketing campaign embodies the aspirations, the progress and the momentum that truly epitomizes the Decatur of today.

Decatur is a success story in the making, moving forward on several parallel paths. Broad-based support and community collaboration and major initiatives such as the Midwest Inland Port are creating a ***limitless*** future of opportunities for growth and development.

Yes, Decatur is all that it is ramped up to be. ■

For more information on Decatur's Midwest Inland Port, contact Ryan McCrady, President, Economic Development Corporation of Decatur & Macon County, 101 South Main Street, Suite 101, Decatur, Illinois 62523, 217-422-9520 or rmccrady@decaturedc.com

ENERGY LEADER

Cont. from page 11

tive retail suppliers that own renewable generation can continue to use a certain amount for compliance purposes. The RPS cost cap of 2.015 percent is now extended to cover all customers.

It is important to note, however, that this compliance change will not prevent customers from shopping for renewable, green or carbon-free energy products for the supply portion of their bill in any way.

Zero Emission Standard

In passing and signing the FEJB, Illinois policymakers focused on preserving customers' existing competitive rates. For many of those policymakers, the role of existing nuclear resources in Illinois' superior energy price performance was a key consideration, as the state faced the closure of two of its nuclear facilities. To that end, market analyses prepared by PJM and MISO, the two regional transmission organizations covering Illinois, as well as a report from economists at the Brattle Group, featured prominently in the development of the FEJB.

PJM's price impact scenarios, conducted as part of a joint state agency report, found that customers in the ComEd service territory could expect a cost increase estimate of 10 to 16 percent with the retirement of two of the nuclear facilities — resulting in electricity price increases of $141 to $259 million annually. Notably, the PJM analysis did not take into account the costs associated with building new transmission, which PJM concluded would be on the order of hundreds of millions of dollars.

MISO analyzed two scenarios resulting in estimates of cost increases in the Ameren service area ranging from $236 to $341 million annually. Similar results were found in a study commissioned by the Chicagoland Chamber of Commerce, the Illinois Retail Merchants Association, and the Illinois Hispanic Chamber of Commerce. This study, conducted by economists at The Brattle Group, found that without the Quad Cities and Clinton nuclear facilities remaining online, Illinois consumers would pay over $3.1 billion more in energy prices over the next 10 years or $364 million annually, $249 million of which would be borne by commercial and industrial customers.

The FEJB contains a program called the Zero Emission Standard (ZES) to recognize and retain the energy price advantages of nuclear generation. The ZES is premised on the avoided carbon emissions from nuclear facilities using the federal social cost of carbon , designed to represent the avoided economic damages from increased carbon emissions. Costs specifically associated with the ZES will appear on the distribution side of the bill for customers beginning in 2017 and are subject to a 1.65 percent rate increase cap for all customers.

In the absence of this new energy legislation, power prices were expected to go up significantly, and we would've lost reliable and stable power generation from two of the state's largest baseload resources. Capacity prices also could have been impacted, since when you see a reduction in generation supply of this magnitude, capacity prices can be expected to go up.

With the continued operation of these plants, the state and the corresponding regional transmission organizations have enough generation to cost-effectively meet demand. What power plant retirements put at risk is the reserve margin — the excess generation capacity we have available — which would be a concern, particularly during a really hot summer or a really cold winter, when you need to call upon all of this extra generation to meet the highest levels of demand.

The FEJB recognizes nuclear generation as a key energy price advantage but Illinois has not addressed the capacity market issues facing customers that are located in Central and Southern Illinois. A legislative solution to the MISO Zone 4 capacity market covering Central and Southern Illinois was debated in the Illinois House Energy Committee and, for a brief period, was included in the FEJB. After significant deliberation, policymakers decided more discussion and analysis was required before moving forward with the proposal. Basically, significant generation in the Ameren Illinois territory has been pressured to retire due to low power prices, a function of low natural gas prices, but also a flawed structure in the MISO capacity market. So, those baseload units in that

see ENERGY LEADER *page 23*

ENERGY LEADER

Cont. from page 22

part of the state are uneconomic. As a consequence, customers in that region can continue to expect a volatile capacity market.

Energy efficiency

The bill also contains bolstered energy efficiency programs for customers throughout the state. But, customers with greater than 10MW demand will be exempted from energy efficiency charges and from future energy efficiency plans. Costs associated with the energy efficiency plans are capped at 3.5 percent of the 2015 residential rate through 2022, 3.75 percent for 2022 to 2025, and four percent for 2026 and beyond. According to analyses from Illinois' consumer group the Citizens Utility Board (CUB), the FEJB's energy efficiency initiatives will lower customers' power bills.

Formula rate extension

Enacted in October 2011, the Energy Infrastructure Modernization Act (EIMA) included significant regulatory reform, reliability performance metrics for utilities and infrastructure investments. The FEJB included an extension of EIMA regulatory structure. Most importantly for commercial and industrial customers, the extension of EIMA means that the distribution rate structure you've grown accustomed to since 2011 will remain in place through 2022.

Overall cost caps and ICC review

The bill features a layered approach to cost caps to protect commercial and industrial customers. The Illinois Commerce Commission (ICC) reviewed the FEJB's layered customer protections before its passage. According to ICC Chairman Brien Sheahan, the analysis confirmed that the "bill not only provides true caps to protect and limit customer rate impacts, but also includes several methods by which the ICC can enforce these caps." In addition to cost caps specific to individual programs (e.g., RPS and ZES), the bill installs overarching cost caps for C&I and large C&I customers that limit the potential increases attributable to investments made in light of the passage of the bill.

For large C&I customers (greater than 10MW demand), the bill imposes a total cost cap to ensure that the average annual impact of the elements of the bill applicable to these customers is less than 1.3 percent of the average amount paid per kilowatt hour for electric service during 2015. Similarly, for most C&I customers (non-residential customers with less than 10MW demand), the legislation imposes a total cost cap to ensure that the average annual impact of all of the elements of the bill is less than 1.3 percent of the average amount paid per kilowatt hour for electric service by commercial retail customers in the state during 2015.

The Energy Infrastructure Modernization Act (EIMA) included an extension of EIMA regulatory structure. Most importantly for commercial and industrial customers, the extension of EIMA means that the distribution rate structure you've grown accustomed to since 2011 will remain in place through 2022.

The utilities are required to provide annual reports and forecasts on the performance of the various cost caps. As Chairman Sheahan highlights, the ICC will review programmatic and cost cap performance and, if necessary, require the electric utilities to decrease costs or terminate certain FEJB programs entirely.

Energy management — Opportunity for energy buyers

I'm enthusiastic about the options available to energy buyers based on today's reduced power costs, which are a function of natural gas prices hitting a multiyear low. Thanks to fracking and shale gas production, the natural gas market across the nation and in our state has been oversupplied for several years.

Yet, the supply/demand balance in the natural gas market is starting to tighten. This could drive up the price of natural gas. Also, for the first time ever this year, the U.S. exported liquefied natural gas (LNG) to take advantage of higher price points in Asia, South America and Europe. LNG is being shipped to big liquefaction facilities, and they're turning it into a liquid, putting it on a cargo ship and shipping it overseas. Over time, this will cause domestic natural gas prices to go up.

On the other hand, a lot of people think we have so much natural gas underground in the U.S. that the fact we are exporting it won't have much of an impact on price. As domestic prices go up, producers may just pump more gas out of the ground and, in turn, keep prices low over time. It's something we'll be watching closely.

Another challenge for the energy market is that the power-generation mix across the country is changing rapidly. Even with a new administration entering the White House in 2017, the generation mix is shifting more and more toward renewables and natural-gas-fired generation and away from coal-fired units. With this comes the troubles of more uncertainty and increasingly complex regulatory controls.

Constellation is helping its customers take advantage of the value seen in the power market through a variety of products and energy market intelligence to help make sense of pricing ups and downs and the uncertainty faced by customers in today's markets. For example, with energy prices expected to be low through 2020 and beyond, customers who might sign a 12-month power contract are being encouraged to think longer term.

There's a lot of opportunity for energy buyers to take advantage of very low prices into the future. While we're seeing changes in the regulatory and legislative environments, this is still great timing as far as pricing goes to lock in low energy rates.

To learn more about how Constellation can help you develop an energy management strategy that supports your business goals, visit constellation.com/IMA. ■

TRUMP

Cont. from page 13

ize the nation's electric grid to improve reliability.

With regard to pipelines, President Trump has promised to ask Canadian oil pipeline company Transcanada to renew its application for the Keystone XL pipeline, an infrastructure project rejected by the Obama administration. Additionally, although the controversial Dakota Access/Bakken pipeline was recently denied an easement by the U.S. Army Corps of Engineers (which also requested an environmental impact analysis), the Trump administration could reverse or soft-pedal the Corps' decision after he takes office, especially given the fact that construction on the Dakota Access pipeline is more than 92 percent complete.

Opportunities for oil and gas to expand

The oil and gas industries will be clear winners under a Trump administration. The President has announced his intention to lift regulation affecting these sectors, which would likely include rolling back Corporate Average Fuel Economy (CAFE) standards (which are up for a scheduled review in 2018) and limits on methane emissions for oil and gas production. President Trump has clearly expressed his desire to help industry stakeholders tap American energy resources (both onshore and offshore) and increase production, and has publicly touted a study that examines the positive economic impact of allowing drilling on all federal lands that are currently off-limits, including Alaska and the Arctic Ocean, and parts of the Atlantic Coast. Finally, President Trump's pick for Energy Secretary, former Texas Governor Rick Perry, has multiple ties to oil and gas companies due to his experience leading one of the nation's top energy-producing states.

Regardless of President Trump's efforts to expand production, increased profits for the oil and gas sector are far from guaranteed. Oil is a global commodity subject to price fluctuations resulting from matters outside the President's control. Given the fact that domestic and foreign overproduction has driven oil prices down in recent years, President Trump's plan to increase production may exacerbate this problem.

Scrapping the clean power plan

The Clean Power Plan — an EPA rule promulgated during the Obama administration aimed at reducing emissions of carbon dioxide — is currently embroiled in litigation before the D.C. Circuit Court, and has been placed on hold pending a decision. Notably, Oklahoma Attorney General Scott Pruitt, President Trump's pick to head EPA, is a strong critic of the rule.

If the plan is upheld by the court, the Trump administration has several options, all of which could eviscerate its impact. First, it could request that the plan remain on hold, so that the new EPA can undertake a formal notice-and-comment rulemaking to review and significantly scale back the rule. President Trump also could issue an executive order indicating that Trump's EPA will not enforce the rule in its current form, as was requested by the 24 states that oppose the Clean Power Plan. The administration also could appeal to the Republican-controlled Congress to block the plan legislatively.

On the other hand, if the plan is struck down by the appeals court, the administration likely simply would not appeal that decision. Even if others sought to appeal, the Supreme Court, which by then may include a new justice appointed by President Trump, would have no obligation to hear the case. In any event, it's clear that the Clean Power Plan may be one of the first regulations to hit the chopping block.

We may not always have Paris

President Trump has been a vociferous critic of the United States' participation in the 2015 Paris climate agreement, in which participants pledged to reduce greenhouse gas emissions over time and meet regularly at the United Nations to set new and lower emissions targets. The U.S. has been seen as a leader in climate policy during the Obama administration, and other countries may well follow President Trump's lead if the world's largest superpower decides to withdraw from the Paris Accord. Although it is technically simple for President Trump to withdraw the U.S. from the agreement, he has already faced criticism from other countries, most significantly China, regarding his intentions, and may use this as a bargaining chip in international negotiations.

No strong winds of change for renewables

President Trump has indicated his support for certain forms of renewable energy, including solar power (but not wind power, which he personally opposes for aesthetic and environmental reasons). Although some in the industry have predicted the demise of the investment tax credit (ITC) for solar and the production tax credit (PTC) for wind power, the Republican-controlled Congress extended the PTC and ITC to 2021, and much of the push for renewables, and many of the financial incentives, comes from individual states rather than the federal government. Red states like Iowa, Kansas, and Texas are replete with wind energy jobs and money. As a result, support for renewables is unlikely to decline in the near future.

Going nuclear

President Trump has actively supported nuclear power, and the President will have the opportunity to fill two vacancies in the Nuclear Regulatory Commission, which may afford his administration with opportunity to affect new reviews of nuclear power technology. However, as witnessed by the subsidies at the root of the Future Energy Jobs Bill enacted in Illinois late last year, nuclear energy producers may need financial incentives if they are to remain competitive with gas in deregulated markets.

Conclusion

The Trump administration will almost certainly seek to downsize the dense thicket of regulations that govern the energy and environmental sphere, but the level of success it will have in this endeavor will depend on market support and political momentum. Given the contentiousness surrounding President Trump's election, he likely lacks a mandate for wholesale repeal of Obama-era administrative policies and legislation — but in the end, a Trump administration will almost certainly shore up our aging energy infrastructure and ease the way for domestic energy producers — oil and gas, coal, nuclear, and renewable — to increase our country's energy production and improve America's energy independence. ■

SMART HOME

Cont. from page 19

an automated home security system is the ability to detect possible intruders, perhaps by identifying a door or a window that is opened while the homeowner is out of the house. Then, after sensing that a door or window is open, the security system will send an alert to the homeowner's cell phone via text message. The text message alert may even provide options to trigger an alarm or notify law enforcement of an emergency. This is a really useful feature, to be sure, but providers must consider the consent that the TCPA requires when sending these messages.

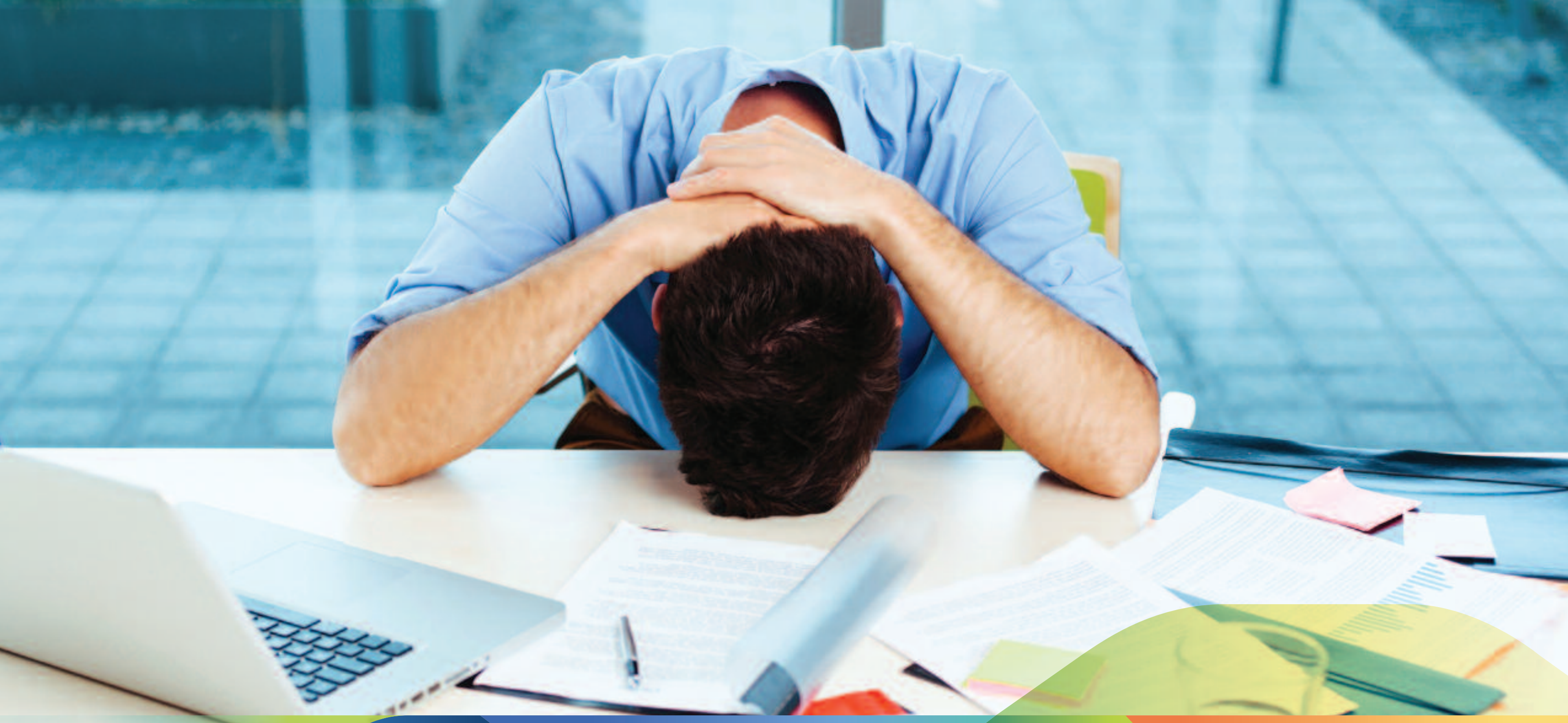
The FCC rules implementing the TCPA, as applied to text messages, differ depending on whether the text message contains a noncommercial message or the text message was sent for marketing purposes. If the text message is purely informational, then to show that the consumer has consented, the FCC requires only "express consent," which is generally obtained when the person receiving the text message willingly provides his or her cell phone number to the sender. The requirement differs, however, if the text message contains marketing or advertising. If it does, then the FCC would expect the provider to have met the more stringent prerequisite of obtaining "prior express written consent."

In the context of smart homes, many consumers who wish to receive purely informational text messages from smart home vendors, such as alerts of suspicious activity in or around their homes, will voluntarily provide their cell phone numbers to the vendors. In such cases, smart home vendors can presume that their customers have expressly consented to receiving informational text messages from them. Nevertheless, to avoid liability under the TCPA, smart home vendors must ensure that they craft text message alerts that are entirely noncommercial and do not, in any way, contain information that may be construed as "advertisements" or "marketing" for their services or products.

On the other hand, if smart home vendors elect to send marketing communications to their customers' cell phones via text message — whether the marketing communications are embedded within their informational text message alerts or comprise standalone text messages — they must be willing to partake in the more onerous process of obtaining their customers' "prior express written consent." A vendor may obtain prior express written consent electronically through a website form submission or an opt-in text message. But the vendor must critically review the consent language and ensure the consumer knows what he or she is agreeing to receive. Smart home vendors must remember that under the TCPA, a consumer's willingness to receive informational text message alerts has no bearing on whether he or she has consented to receiving commercial text messages.

Conclusion

The IoT revolution presents exciting opportunities for companies to develop new technologies that rely on network interconnectivity to create the "smart home" and engage with consumers. As smart home vendors continue to use text messaging to send alerts to their customers' cell phones, they should be mindful that their communication practices will be scrutinized for compliance with the TCPA. ■



Let us help you RETHINK your energy strategy.

YOU WANT **BUDGET CERTAINTY**, AND YOU'RE HOPING THAT YOU MADE THE **BEST CHOICE** FOR YOUR BUSINESS. BUT WITH ALL OF THE OPTIONS OUT THERE, HOW DO YOU KNOW FOR SURE? A **CUSTOM ENERGY STRATEGY** WITH CONSTELLATION CAN HELP YOU **PLAN FOR THE FUTURE WITH CONFIDENCE**.

Take a more strategic approach with solutions that can impact your bottom line. Our team of experts can help you manage your energy portfolio in a way that meets the unique needs of your business while monitoring market volatility and mitigating risk.

Interested in finding out how? Contact us by visiting energy.constellation.com/IMA.

IMA
Illinois Manufacturers' Association

Constellation.
An Exelon Company

Constellation is the endorsed electricity supplier of Illinois Manufacturers' Association, which receives compensation for its promotional and marketing efforts from Constellation.

IMA MEMBER PROFILE:

Wiegel Tool Works celebrates 75 years and three generations of manufacturing success

Former Owner/Chairman of Wiegel Tool Works, Inc., Martin Wiegel (left) leads a tour at the company's open house in celebration of the 75-year anniversary — photos by Jaime Campanelli Photography

Three-quarters of a century ago, the Wiegel family came to Ellis Island with just a dream and $10,000 in their pockets. On the day before the attack on Pearl Harbor (December 6, 1941), Otto and Kathe Wiegel took a gamble and invested all their money into that dream — founding their own tool and die shop, today known as Wiegel Tool Works, Inc. (WTW).

Two and a half decades later, while serving as a Naval Officer in the Vietnam War, Otto and Kathe's son Martin received a message that his father was gravely ill and he needed to return home to take over the family business. Martin carried on the legacy his father started by embracing and maintaining the integrity and vision WTW had established. Martin expanded capabilities by adding a metal stamping division, which today is WTW's core line of business. He also relocated the company to the current headquarters in Wood Dale, and made multiple expansions to accommodate rapid business growth.

Wiegel Tool Works, Inc. company owners (left to right): Ryan Wiegel, Erica Wiegel, Martin Wiegel, Elza Wiegel and Aaron Wiegel at Wiegel Tool Works open house in celebration of the company's 75-year anniversary.

Today, WTW is owned and operated by the third generation of Wiegels: Aaron, Erica, and Ryan. "People have had to sell the companies they admired and loved because none of their children wanted to go into the family business," said Martin Wiegel. "I am fortunate to be blessed with my children wanting to be involved."

Most companies cannot withstand a multi-generation family succession. However, WTW continues to thrive. Vince Azzano, a supplier who has partnered with WTW for more than 30 years and has witnessed multiple generations of Wiegel leadership, stated, "When I think of Wiegel Tool, 'world class' are the words that come to mind, and I don't throw that around lightly — from their tooling and engineering on through manufacturing, quality, customer service and support, and sales."

Since the third generation assumed leadership in 2010, WTW has expanded into four facilities, made significant investments in technology and equipment, reinvigorated an internship and apprenticeship program, grown staff from 39 employees to 180, and grown sales from $16 million to $46 million.

WTW celebrated a historical milestone in December 2016 — 75 years in business — with an open house at the plant followed by a formal banquet. Over 400 guests attended, including customers, suppliers,

Wiegel Tool Works, Inc. President Aaron Wiegel recognized former and retired Wiegel Tool Works employees Andy Niewiara (sitting, left) for 45 years and Dan Strzoda (standing) for 23 years of service to the company.

employees and their families, and industry friends.

Looking towards the future, WTW President Aaron Wiegel, predicts, "Based on new project quotes in the pipeline, I have no doubt that we will break the $50 million barrier and the 200-employee mark in 2017. I also envision establishing an international presence sooner rather than later."

The Wiegel family are firm believers that manufacturing is a key to economic success for the United States, and they are confident in executing another 75 years of metal stamping success. ■

IMA members need to weigh in on costly, unnecessary state regulations

As a reminder, Governor Bruce Rauner created the Illinois Competitiveness Council In October 2016 to thoroughly review the state's regulations. The Illinois Competitiveness Council (Council) has previously requested and received from IMA members multiple ideas about burdensome and costly regulations that can be repealed or altered to make Illinois more competitive. These rules are not specific to one agency or area (environment, tax, transportation, etc.) — any suggestion is welcome. The stated goal is to reduce bureaucracy by 25 percent and reduce business costs by $250 million.

Your participation is vital to this process. The Council depends on IMA's input to help determine which rules or policies keep Illinois from creating jobs and providing better service. You may use the Council's online portal to share your ideas for simplifying or reducing regulations.

We need to work together to cut the red tape in Illinois. Please feel free to share your ideas with IMA VP and COO Mark Denzler (mdenzler@ima-net.org or 217-718-3726) confidentially or you may submit them online through the Council's website: www.illinois.gov/cut.

Governor's Export Awards recipients — 2016

Lt. Governor Evelyn Sanguinetti and the Illinois Department of Commerce (DCEO) announced the recipients of the 2016 Governor's Export Awards at an awards ceremony in December. The Governor's Export Awards are Illinois' highest recognition of export achievement, honoring Illinois companies that have achieved excellence in exporting, as well as organizations that provide export assistance.

IMA members receiving awards were Antunes for Exporter of the Year and Darley for Export Continuing Excellence. Antunes is a food service equipment manufacturer in Carol Stream. Darley is a fire fighting extinguishers and equipment manufacturer in Itasca.

"Illinois has the best location, the best people, and the best infrastructure of any other state in the nation," Governor Rauner said. "Our businesses and entrepreneurs are the backbone of the Illinois economy and this year's recipients exemplify just that."

"Our administration is committed to creating a friendlier business climate, focused on helping businesses grow by reducing bureaucracy and making Illinois more attractive for companies to grow and stay in our great state," said Lt. Governor Evelyn Sanguinetti.

Illinois is the largest exporting state in the Midwest, and the fifth largest exporting state in the nation. Exports by Illinois companies totaled over $63.4 billion in 2015. Awardees have a combined export revenue in excess of $75 million and employ more than 1,000 people in Illinois.

"Each of these recipients have demonstrated a true gift for expanding across markets and showing off Illinois around the globe," said DCEO Acting Director Sean McCarthy. "Illinois is second to none in the products we make. By increasing our economic reach across the world, we can invest further at home and help our businesses thrive."

DCEO's Office of Trade and Investment, through a network of 10 regional foreign offices and staff in both Chicago and Springfield, provides technical support to Illinois companies ready to enter or expand into foreign markets. With financial assistance through the Illinois State Trade and Export Promotion (ISTEP) program, companies can participate in state coordinated trade missions, individual matchmaking missions, achieve product compliance and receive international marketing assistance.

For more information on Illinois trade opportunities, visit www.exports.illinois.gov.

Steiner Electric recognized as Illinois Large Family Business of the Year 2016

Electrical, industrial, and generator distributor Steiner Electric Company, an IMA member, has been recognized by Loyola University of Chicago's Quinlan School of Business as its Illinois Large Family Business of the Year 2016.

Steiner Electric Company is run by Adam Kerman (Account Manager), Carol Kerman, Rick Kerman (President & CEO), Jeff Izenstark (Executive Vice President) and Jason Kerman (Creative Designer).

The Quinlan School rates local family-owned firms on business success, multi-generational involvement, contributions to industry and community, and innovative business practices and strategies.

"The Steiner team is very proud to receive this honor," said Rick Kerman, president and CEO of Steiner. "We are grateful for our valued customers, suppliers and employees, all of whom have contributed to our success over these last 100 years."

Kerman's grandfather, George Steiner, founded the company in 1916. Rick and his father Harold were partners for 35 years. "Today, the third and fourth generation of Steiner descendants operate with the same commitment and core values that George and Harold brought to the business," Kerman added. "We're investing and innovating for the next hundred years with products, services and social responsibility."

IMA member Steiner Electric is a 100-year-old distributor of electrical, lighting, automation, industrial and power systems products, with nine locations in Northern Illinois, Wisconsin and Northern Indiana. In addition to products, Steiner provides custom services that deliver operational efficiencies for the contractor, commercial, MRO and OEM marketplace. Visit Steiner at www.steinerelectric.com.

Expanded U.S. Ford plant to add 700 Jobs, make EVs, autonomous cars

In January, Ford detailed seven of the 13 new global electrified vehicles it plans to introduce in the next five years, including hybrid versions of the iconic F-150 pickup and Mustang in the U.S., a plug-in hybrid Transit Custom van in Europe and a fully electric SUV with an expected range of at least 300 miles for customers globally.

The automaker also announced plans to invest $700 million to expand its Flat Rock Assembly Plant in Michigan into a factory that will build high-tech autonomous and electric vehicles along with the Mustang and Lincoln Continental.

The moves are part of a $4.5 billion investment in electrified vehicles by 2020, and also part of the company's expansion to be an auto and mobility company, including leading in electrified and autonomous vehicles and providing new mobility solutions.

"As more and more consumers around the world become interested in electrified vehicles, Ford is committed to being a leader in providing a broad range of electrified vehicles, services and solutions that make people's lives better," said Mark Fields, Ford president and CEO. "Our investments and expanding lineup reflect our view that global offerings of electrified vehicles will exceed gasoline-powered vehicles within the next 15 years."

Ford is focusing its EV plan on its areas of strength — electrifying its most popular, high-volume commercial vehicles, trucks, SUVs and performance vehicles to make them even more capable, productive and fun to drive.

The seven global electrified vehicles announced include two new, pursuit-rated hybrid police vehicles. One of the two new hybrid police vehicles will be built in Chicago, and both will be upfitted with their police gear at Ford's dedicated police vehicle modification center in Chicago

In addition, Ford announces that its global utility lineup will be the company's first hybrids powered by EcoBoost® rather than naturally aspirated engines, furthering improving performance and fuel economy.

To support the new era of vehicles, Ford is adding 700 direct new U.S. jobs and investing $700 million during the next four years, creating the new Manufacturing Innovation Center at its Flat Rock Assembly Plant. Employees there will build the all-new small utility vehicle with extended battery range as well as the fully autonomous vehicle for ride-hailing or ride-sharing — along with the iconic Mustang and Lincoln Continental.

This incremental investment in Flat Rock Assembly Plant comes from $1.6 billion the company previously had planned to invest in a new plant in Mexico. Ford announced it is cancelling plans for the new plant in San Luis Potosi, Mexico.

This year, Ford begins testing its new generation of EV technology. In Europe, Ford will put the Transit Custom plug-in hybrid on the road later this year, along with a new set of mobility services, telematics and connectivity solutions. Ford Motor Company is a member of the IMA.

■ ■ ■

PRIVACY

Cont. from page 21

ent "tweets" and "emojis," etc.). The Act addresses inadvertent disclosures, such as when an employer stumbles on information that would enable the employer to gain access to the employee's personal online account through an employer-provided device for network security or data confidentiality provision. In such instances, an employer is not liable for having this information, unless the employer uses the information or enables a third party to use the information, or acts affirmatively to delete the information as soon as reasonably practicable once the employer becomes aware that such information was received.

Actions still permitted by employers

The new regulation does not limit or prohibit an employer from:

- Creating or maintaining lawful workplace policies on the use of their electronic equipment, including internet, social networking website and email use. This includes policies addressing an employee's use of a personal online account for business purpose; accessing or operating a personal online account during business hours, while on business property or connected to an employer's network; or when using an employer-device;
- Monitoring the use of such equipment and email;
- Obtaining publicly available or otherwise lawfully accessed information about employees;
- Complying with other state or federal law; and
- Requiring an employee to share specific content reported to the employer to ensure compliance with the law or investigating an allegation of a violation of law or work-related employee misconduct.

Next steps for Illinois employers

Employers are strongly encouraged to review and update their social media policies addressing an employees' use of personal online accounts while on the job, inadvertent disclosures of employees' personal online accounts, reporting violations under this Act, and limited exceptions when an employer may request content sharing from an employee's or applicant's personal online accounts. ■

New IMA members

ADVANCED PRECISION MANUFACTURING, INC.
Elk Grove Village, IL

AURORA CUSTOM MACHINING, INC.
Aurora, IL

BBJ GROUP
Chicago, IL

CRV ELECTRONICS CORPORATION
Spring Grove, IL

COMPASS AUTOMATION
Elgin, IL

CRANDALL STATS & SENSORS
Loves Park, IL

DUDEK & BOCK SPRING MANUFACTURING COMPANY
Chicago, IL

DYNA GRAPHICS
Decatur, IL

ENGINEERED CERAMICS
Gilberts, IL

FELLOWES, INC.
Itasca, IL

GREENLEE TEXTRON
Rockford, IL

LYNNCO SUPPLY CHAIN SOLUTIONS
Chicago, IL

MAGNETROL INTERNATIONAL
Aurora, IL

OLON INDUSTRIES
Geneva, IL

OMET AMERICAS, INC.
Elk Grove Village, IL

PRO ARC, INC.
Loves Park, IL

TOLEDO SCREW MACHINE PRODUCTS
Rockford, IL

WELDING COMPANY OF AMERICA
Aurora, IL

2017 Calendar of events

Carroll-Keller Group Public Workshops . . .
(held at DePaul University, O'Hare Campus, Chicago, from 9:00 am–4:30 pm)
Visit www.c-kg.com for more information.

February 22, 2017
Coaching and Counseling Skills: Having the Difficult; Crucial Conversations

February 28, 2017
Core Communications Skills: Best Practice Interpersonal; Assertive Communication Skills

March 6, 2017
Time Management; Personal Effectiveness Skills

March 13, 2017
Customer Service Skills and Excellence

March 20, 2017
Essential Leadership Skills for Front Line Managers and Supervisors

March 27, 2017
Creating Effective Teams and Teamwork: The Skills Driving High Performance Organizations

April 5, 2017
Effective Problem Solving and Decision Making: A Tool Box of Skills and Techniques

April 10, 2017
World Class Negotiating Skills

April 24, 2017
Effective Presentation Skills: Delivering Presentations with Power and Impact

May 1, 2017
Coaching and Counseling Skills: Having the Difficult andCrucial Conversations

May 15, 2017
Influencing Without Authority: Achieving Results Regardless of Your Positional Power

March 1, 2017
26th Annual Downstate Illinois Occupational Safety & Health Day (DIOSH Day)
DIOSH Day is for employers, employees, and all others interested in safety and health. Experts in the field present on the most current issues in safety and health today. Many governmental agencies will have booths in the exhibit area — a great opportunity to get your workplace safety questions answered in a neutral setting.
7:00 am–3:45 pm, Peoria Civic Center, Peoria.

March 16, 2017
IMA Breakfast Briefing: Dispelling the Myths of Co-Employment & PEOs
Presented by IMA partner Manufacturers Insurance Services of Illinois — 8:00-10:30 am, Ditka's Restaurant, Oakbrook Terrace

April 24-25, 2017
Midwest Manufacturing Business Conference
QC Waterfront Convention Center
2012 State Street, Bettendorf, IA
This two-day regional event is designed to address the current and future business challenges of today's mid-market manufacturers.The program includes three core educational tracks, and a series of roundtables, panels, interactive one-on-ones and a CEO Networking Event. IMA President & CEO Gregory W. Baise will participate. For more information or to register, visit http://www.mmbconf.org/.

April 26, 2017
IMA's Business Day at the Capitol
Springfield

May 11, 2017
IMA Breakfast Briefing: Data Security & Privacy Concerns in the Internet of Things,
8:00–10:30 am, Ditka's, Oakbrook Terrace

Visit ima-net.org/calendar for information, pricing, registration, etc., related to all events.
For more information on IMA events, contact Kimberly McNamara at kmcnamara@ima-net.org, 800-875-4462, ext. 9371

Let us help you ACTIVELY MANAGE your energy purchasing.

YOU DON'T GO ONLINE EVERY DAY TO MANAGE THE STOCKS IN YOUR 401K, **SO WHY WOULD YOU WANT TO BUY ENERGY THAT WAY?**

If you want to actively manage your energy purchasing—but struggle to find the resources to do so—use Constellation's online tools that allow you to set targets based on your individual business needs. You'll get the latest market information to find a better way to power your business.

Interested in finding out how? Contact us by visiting energy.constellation.com/IMA.

Illinois Manufacturers' Association

Constellation. An Exelon Company