



Board Meeting October 26, 2023

The Northern Illinois Municipal Power Agency (NIMPA) held a Board Meeting on Thursday, October 26, 2023, at the Batavia Government Center, 100 N. Island Avenue, First Floor, Batavia, IL 60510

1. Call to Order and Roll Call:

President Holm called the meeting to order at 10:03

NIMA Members Present at the meeting:

Gary Holm, City of Batavia
Aaron Holton, Superintendent, City of Geneva
Rich Babica, City of Geneva

Other Attendees:

Steve Allen, City of Batavia
Max Weiss, City of Batavia, Administrative

Present via teleconference:

David Niles, Avant Energy
Dominick Lanzito, Van Buren Consulting
Joe Fulliero, Avant Energy
Noah Hansen, Avant Energy
Richard Heinemann, General Counsel
Danielle Bettner, City of Rochelle
Jeff Fiegenschuh, City of Rochelle
Rahat Bari, City of Batavia

2. Approval of Regular Session Meeting Minutes from September 28, 2023

MOTION: To approve the regular session minutes from September 28, 2023
MAKER: Aaron Holton
SECOND: Gary Holm
AYES: 2 (Holm, Holton)
NAYS: 0
The motion passed

3. Van Buren Consulting Group, LLC Update

Mr. Lanzito provided an update and shared that he was set to meet on November 7th with Representative Yang Rohr. Mr. Lanzito indicated that he was attempting to schedule a meeting with Senator Laura Ellman to discuss legislation. He will continue to monitor upcoming legislation and look to move initiatives of the agency forward in the next session and future sessions.

Mr. Holm indicated that a group in Naperville are dissatisfied with the IMEA, which has the attention of Springfield. NIMPA needs to differentiate itself from the IMEA.

Let the record show that Mr. Lanzito departs the meeting.

4. Financial Report

- a. Mr. Niles indicates that NIMPA's rate to members was \$10.72/MWh lower than budgeted for August due to lower than budgeted purchase power, fuel, and transmission expense, as well as higher than budgeted interest income, which is a favorable variance offset by higher than budgeted maintenance expense.

At the end of August, NIMPA had a \$15M credit facility with PNC Bank. Two and a half million dollars of the facility is being used for a letter of credit with PJM, and \$12.5M of the credit facility remains unused. The ECA payable to members increased by \$1.25M in August due to a combination of a budgeted increase of \$292,000 and lower costs of \$957,000. At the end of August, the ECA balance was \$14.5M

b. **Capital Adder Fund:**

NIMPA's Capital Adder Fund had a balance of approximately \$10.8M at the end of August. The fund balance represents more than four years of NIMPA's share of projected capital costs based on Prairie State's projected capital expenditures over the next five years.

c. **Cash Investment Report**

NIMPA has a total of \$84M of cash and investments of which \$45.5M is related to debt service reserves and debt service. NIMPA's operating account balance was \$20.2M at the end of August.

The budget was completed in fall 2022 when energy prices were high. Natural gas and electric prices have come down, which is why we are seeing some of these significant budget variances. The 2024 budget is based on more current market prices.

Let the record show that Jeff Fiegenschuh has joined the meeting. Mr. Holm shared Mr. Lanzito's update.

MOTION: To approve August 2023 financials.
MAKER: Aaron Holton
SECOND: Gary Holm
ROLL CALL: AYES: 2 (Holm, Holton)
NAYS: 0
The Motion passed

d. **Asset Retirement Obligations and Future Closure Costs, Closure Fund transfer and refund strategy:**

Mr. Niles indicated that Prairie State will be collecting \$0.50/MWh for an insurance reserve fund starting in 2024. Asset Retirement Obligations (ARO) are related to the mine. NIMPA has calculated a total combined estimated cost for ARO and greenfield restoration of the plant site.

A decision was made to act on two items:

- i. Remove the ARO portion from any new closure calculations, as we already have existing processes in place for collecting ARO funds
- ii. Examine taking the dollar per MWh collection for the greenfield restoration retroactively to 2012 when the plant first started operations.

Mr. Niles reported that it is estimated that greenfield only expenses, excluding the ARO, in 2024 for a 2045 greenfield restoration is \$120.6M. NIMPA's share is 7.6% ownership, or approximately \$9.2M. Inflated at 3% over approximately 22 years, is approximately \$17M,

which is what NIMPA would have to have set aside in 2045 if the cost estimate is correct. This assumes a 1% interest rate on invested funds, which is lower than the current rate, but higher than what we have seen for most of the decade. In summary, if we go back to 2012 and look at all the MWh NIMPA has sold and is projected to sell to its members through that time period, we get a rate of \$0.42/MWh to get us to that targeted balance of approximately \$17M in 2045. Based on \$0.42/MWh, for all the sales from NIMPA between 2012 and the end of 2023, the retroactive amount due is approximately \$5M. A possible option to discuss is to redesignate the entire ECA balance to a future plant closure fund. The \$0.42/MWh has been incorporated into the 2024 budget.

Mr. Holton inquires if we put guardrails on any closure fund money. Mr. Holm shares that this is the point is to establish a closure fund and asks Mr. Fiegenschuh if he concurs. Mr. Fiegenschuh states that he does not know the legal ramifications, but, yes, absolutely.

Mr. Heinemann shares that he views this as a policy, although not binding. He states that the board is mutually agreeing to set aside these funds for the stated purpose of plant closure. He questions how NIMPA could memorialize this conversation, other than the minutes.

Mr. Holm responds that we could create a resolution. Mr. Heinemann agrees, as a resolution would provide a guardrail and a future board would have to undue the resolution and take formal action. Mr. Heinemann indicates that he would recommend a resolution to preserve the intention of the closure fund monies. Suggests he and Mr. Niles will draft a resolution.

Mr. Holm states that everyone seems to be onboard with a contribution of \$5M from the ECA fund into a future plant closure fund, retroactively funding the new fund from 2012 to the present. The plan will be to discuss again, including refunds to members, at December's board meeting.

e. Prairie State Debt Service Insurance Coverage:

Mr. Niles indicates that NIMPA's annual review of the debt service reserve insurance is due. He states that a covered loss, such as a sudden event, such as the plant were either unavailable completely or derated, the policy covers NIMPA's debt service obligations, which are approximately \$35M annually. Ten percent would be refunded by our Build America Bonds. When Prairie State estimated the cost of this insurance for 2023, they shared a tight range of \$108,000 to \$112,000 based on their insurer, which is approximately a 15 – 20% increase over 2022. NIMPA budgeted \$110,000.

Mr. Niles further shares that an email was received from Prairie State on Tuesday stating that the insurance quotes drastically exceeded expectation. The actual quote came in nearly 90% higher than what was previously anticipated. The cost to NIMPA for this policy period, 12 months, from November 1 – October 31, is approximately \$176,000, exceeding budgeted amount of approximately \$66,000. A response is due to Prairie State tomorrow.

Mr. Niles calls out that there is no diversified portfolio for NIMPA to lean on, as Prairie State is NIMPA's only asset. There are currently approximately \$450M in outstanding bonds. Mr. Niles shares that he recommends pursuing insurance, but stresses that upward pressures from insurers is likely to continue.

MOTION: To authorize Mr. Holm to notify Prairie State that NIMPA will accept the increased insurance price.
MAKER: Gary Holm
SECOND: Aaron Holton
ABSENT: ~~(00)~~ Jeff Fiegenschuh - needed to step out of the meeting
ROLL CALL: AYES: 2 (Holm, Holton)
NAYS: 0
The motion passed

f. Review of Annual Budget 2024

Mr. Niles reviews a document summary as well as the detailed budget. In terms of EFOR, NIMPA is assuming a value 1% higher than Prairie State is budgeting. NIMPA is at 8.5%, Prairie State management is budgeting 7.5%. Through September of this year, EFOR is at 6.3%. The plant has performed well. On the ECA side, there is no refund of the ECA payable in the budget, but there may be an opportunity to make a decision on that at the December meeting for 2024, which can be outside of the budget process.

MOTION: To approve the 2024 budget.
MAKER: Gary Holm
SECOND: Aaron Holton
ABSENT: ~~(00)~~ Jeff Fiegenschuh – needed to step out of the meeting
ROLL CALL: AYES: 2 (Holm, Holton)
NAYS: 0
VOICE VOTE: All in favor, motion carried.

5. Management and Operations Reports for August 2023:

Mr. Hansen reviewed the August operations reports. In August, Prairie State had 82,500 MWh of generation in the month for approximately \$2.4M in revenue in PJM. Prairie State also generated 350 MWh to cover station service and MISO for the month for a revenue of \$11,800. Prairie State Unit 1 had an approximate four and a half day outage for a hot reheat repair. Overall capacity factor for the month was 90%, a strong generation month for Prairie State and NIMPA. In comparison to the budget, total generation for the month, including PJM and MISO, was favorable to budget by 2500 MWh, or 3% greater than budget on a volume basis.

NIMPA's delivery costs to members were \$2.57M. Overall, PJM had an ISO revenue of approximately \$86,000 for August. Compared to budget, this is approximately \$620,000 favorable, due primarily to the \$131,000 for the performance assessment bonus and overall strong Prairie State generation being greater than budget. MISO had an ISO revenue for August \$88,000, which is approximately \$84,000 favorable compared to budget. The loss costs were at cost of \$49,000, which is \$92,000 favorable compared to budget.

YTD: Mr. Hansen highlighted the main numbers for 2023. NIMPA has an overall favorable variance to budget of approximately \$5.8M. NIMPA has 8600 MWh greater than budget in generation volume on the PJM side and is approximately 15,500 MWh greater when you add both the PJM and MISO generation, which is approximately 2.5% greater than the budget for 2023. The EFOR is approximately 6.76%, according to Prairie State, through August for the entire facility, compared to the budget assumption of 10%. Due to the lower energy costs, we see large variances to budget. Unfavorable variance in generation resource revenues of \$28M. Delivery cost to members are under budget by \$32.9M, as a result of lower LMPs. PJM ISO activities have an overall favorable variance to budget of \$5.1M on the PJM side; and on the MISO side, congestion costs are coming in under

budget, year to date by approximately \$600,000. Loss costs are under budget by approximately \$590,000.

6. General Counsel Update:

Mr. Heinemann indicates that regarding the Build America Bond litigation, the US government filed a robust brief in opposition to NIMPA's petition, which was expected. Their position is that there is no need for the US Supreme Court to get involved. We will be filing a response, which is due on November 1, 2023. It is not yet clear if we will get granted a hearing by the US Supreme Court, which is our right to be heard.

7. 2024 Officer Elections:

MOTION: To nominate Gary Holm for President, 2024 NIMPA Board
To nominate Aaron Holton for Vice President, 2024 NIMPA Board
To nominate Jeff Fiegenschuh for Secretary, 2024 NIMPA Board

MAKER: Gary Holm

SECOND: Jeff Fiegenschuh

ROLL CALL: AYES: 3 (Holm, Holton, Fiegenschuh)

NAYS: 0

The motion passed

MOTION: To nominate Gary Holm for the 2024 primary representative, Prairie State Management

To nominate Aaron Holton for the 2024 alternate representative, Prairie State Management

MAKER: Jeff Fiegenschuh

SECOND: Aaron Holton

ROLL CALL: AYES: 3 (Holm, Holton, Fiegenschuh)

NAYS: 0

The motion passed

8. 2024 NIMPA Draft Meeting Schedule:

Mr. Holm shares updated dates/new start time and states this will be discussed and finalized at the December meeting.

9. Executive Session (Discussion of contracts relating to the purchase, sale, or delivery of electricity from the Prairie State Project; Litigation related to the Prairie State Generating Company).

MOTION: To move into Executive Session @ 10:53am

MAKER: Aaron Holton

SECOND: Gary Holm

ROLL CALL: AYES: (Holm, Holton, Fiegenschuh)

NAYS: 0

The motion passed

Regular session returned @ 11:23 am

10. Action Items from Executive Session: None

11. Potential General Manager Position Discussion:

Mr. Holm indicates that he is not convinced that a general manager is needed and opens the floor for discussion for three options:

i. Take no action

ii. Utilize Avant services

iii. Hire Personnel

Mr. Holm recuses himself and exits the room. A discussion ensues regarding the understanding of the role, the impact, the qualifications required, and how NIMPA can differentiate itself from other agencies in this regard.

Mr. Holm returns.

Mr. Holton, Mr. Fiegenschuh, and Mr. Holm are requested to provide a list of responsibilities and of the pros and cons of this proposed role.

Mr. Niles is requested to provide a description of his role and responsibilities for the Minnesota agency and how a consultant General Manager role for NIMPA would be different from his other duties as financial and accounting advisor.

12. Old Business

Administrative Assistant job posting – Mr. Holm indicates that he has four names and is interested in potentially conducting interviews in December.

13. New Business

Mr. Holm shares that Mr. Fiegenschuh has requested that Board packets go out simultaneously. Mr. Holm shares that the management report and monthly minutes can be distributed concurrently, reports from Mr. Heinemann will come independently.

Mr. Fiegenschuh suggests the utilization of a file portal. Mr. Fiegenschuh indicates that any documentation that can be made easily accessible to the public is paramount.

14. Comments: None

15. Motion to adjourn:

MOTION: To adjourn the October NIMPA meeting
MAKER: Aaron Holton
SECOND: Jeff Fiegenschuh
VOICE VOTE: All in favor, motion carried

Respectfully submitted: Elizabeth Zrelak