



**Board Meeting
December 14, 2023**

The Northern Illinois Municipal Power Agency (NIMPA) held a Board Meeting on Thursday, December 14, 2023, at RMU Technology Center, 910 Technology Parkway, Rochelle, Illinois.

1. Call to Order and Roll Call:

President Holm called the meeting to order at 11:37 a.m.

NIMPA Members present at the meeting:

Gary Holm, City of Batavia
Jeff Fiegenschuh, City of Rochelle
Aaron Holton, Superintendent, City of Geneva

Other Attendees:

Steve Allen, City of Batavia
Members of the public

Present via teleconference:

Richard Heinemann, General Counsel
Joe Fulliero, Avant Energy
Rahat Bari, City of Batavia
Noah Hansen, Avant Energy
David Niles, Avant Energy

2. Van Buren Consulting Group, LLC Update

Mr. Holm indicated that Mr. Lanzito is absent from today's NIMPA meeting due to ongoing legislative engagements. He has been actively involved in recent months, meeting with legislators and reviewing a presentation prepared by NIMPA. This presentation has served as a key resource in his legislative outreach efforts.

3. Financial Report

a. Review financials from September and October 2023:

Mr. Niles indicated that NIMPA'S rate to members was \$20.33/MWh, which is lower than budgeted for September. This is the result of lower than budgeted purchased power, fuel, and transmission expense, as well as higher than budgeted interest income. This was partially offset by higher than budgeted maintenance expenses. September is one of the months of the outage of the plant, so there is lot more purchased power than we were expecting to need. As the budget for 2023 was prepared, now over a year ago, when power prices were much higher, there was a big price difference per unit. In September, and in October, there are more units than unusual, so that is why the variance amount on the overall rate was so large in September. In October, rates were lower than budget by \$11.82/MWh. Once again, the variance was the result of lower than budgeted purchased power expense and higher than budgeted interest income. This was partially offset by higher than budgeted maintenance, fuel, transmission, and production expenses.

At the end of October, NIMPA had a \$15M credit facility with PNC Bank. Two and a half million dollars of that facility is being used for a letter of credit with PJM, and that leaves \$12.5M of the credit facility unused. Due to the results of operations, ECA payable to members decreased by \$1.7M in September. This was a combination of a budgeted decrease of \$3.4M and lower costs than the budgeted amount of \$1.8M. The net was about \$1.7M with rounding. As of the end of September, the ECA balance was \$12.8M. The ECA payable to members increased by \$76,000 in October. This is a combination of a budgeted ECA decrease of \$1M and lower cost than budgeted of \$1.1M. Those numbers nearly offset each other. At the end of October, the ECA balance is \$12.9M.

b. Cash Investment Report:

NIMPA has a total of \$90.4M of cash and investments of which \$53.1M is related to debt service reserves and debt service. NIMPA'S operating account balance was \$18.9M at the end of October.

c. Capital Ladder Fund:

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

MOTION: To approve September & October 2023 financials.
MAKER: Jeff Fiegenschuh
SECOND: Aaron Holton
ROLL CALL: AYES: 3 (Holm, Holton, Fiegenschuh)
NAYS: 0
The Motion passed

d. Energy cost adjustment account status:

Mr. Niles indicated that at the end of October, the ECA balance is \$12.9M. Growth in the ECA balance over the course of the year is due to much lower energy prices than budgeted, which is really the direct correlation to lower natural gas prices, currently in the \$2 - \$3 range. As we were setting the budget one year ago, gas prices were in the \$5-\$6-\$7 dollar range. The ECA is budgeted to increase about \$160,000 over the remaining two months of the year. It is expected the performance will continue to exceed budget over the last two months of the year, as gas prices remain much. For example: If the ECA were to increase by half a million, which is more than the \$160,000 budgeted, the year ending balance would be about \$13.4M.

e. Asset Retirement Obligations and Future Close Costs, closure fund transfer and refund strategy:

Mr. Niles indicated that NIMPA has certain legal obligations to remediate the coal mine site (Asset Retirement Obligations). The Board has previously discussed the greenfield analysis, which is focused on remediation actions at the power plant site. As previously discussed, we are approaching this by going back to the beginning of when Prairie State became operational and then looking at a value that takes us from 2012 all the way to 2045. Applying that amount on a per MWh basis to all the MWh that NIMPA has sold to its members from 2012 through the end of 2023 suggests that we are looking at an amount of

\$5M. We have discussed taking that \$5M from the ECA balance right now and repurposing that to put it into a plant closure account. There are two issues to consider:

- i. Approval of \$5M to move from the ECA balance and into a new plant closure account and
- ii. How would these funds be invested?

Discussion ensued on use of an interest-bearing account, such as money market accounts; the amount of money that should be set aside; minimization of debt and other issues.

Mr. Niles suggested returning \$500,000/month in 2024, which is \$6M, which puts us in our target balance range of \$2 million to \$4 million. We could have a check in mid-year as to whether that amount remains appropriate.

Mr. Holton suggested reviewing NIMPA's investment policy.

Mr. Niles indicated that we last reviewed the policy in March 2020. Article 1 defines the policy's scope. Article 2 is standard of care, and Article 3 is authorized investments, and references the Investment Act, which is the Public Funds Investment Act of Illinois. A detailed explanation of legal restrictions and requirements of investments ensued.

MOTION: Gary - To authorize the transfer of \$5M from the ECA fund to a new plant closure fund. Amended to include: Avant will provide recommendations for how the funds are to be invested.

MAKER: Jeff Fiegenschuh
SECOND: Aaron Holton
ROLL CALL: AYES: 3 (Holm, Holton, Fiegenschuh)
NAYS: 0
The motion passed

MOTION: Gary – To refund \$500,000/month for the next 12 months from the ECA fund back to members with a review after six months.

MAKER: Aaron Holton
SECOND: Gary Holm
ROLL CALL: AYES: 2 (Holm, Holton)
NAYS: 1 (Fiegenschuh)
The motion passed

Motion to amend the agenda to discuss Item #7 next, the independent contractor agreement.

MOTION: To amend today's agenda
MAKER: Jeff Fiegenschuh
SECOND: Aaron Holton
ROLL CALL: AYES: 3 (Holm, Holton, Fiegenschuh)
NAYS: 0

The motion passed

4. Approval of an Independent Contractor Position for secretarial and administrative services:

Mr. Heinemann indicated that, at the suggestion of the Board, the agency has interviewed two independent contractors to assist with administrative functions part time. Their limited role is to transcribe discussions and prepare the minutes for the meeting to relieve the administrative burden and to be a conduit or a liaison for information among board members. We interviewed two potential contractors and chose Elizabeth Zrelak due to her professional background and experience.

MOTION: To approve the hire of Elizabeth Zrelak, as a contractor, to assist the Board with part-time secretarial and administrative services.

MAKER: Gary Holm

SECOND: Jeff Fiegenschuh

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

NAYS: 0

The motion passed

Mr. Fiegenschuh exited the meeting at 12:10 p.m.

5. Management and Operations Reports for September and October 2023:

Mr. Hansen reviewed the September and October 2023 operations reports.

In September – Prairie State had 54,300 MWh of generation in the month for \$1.5M million in revenue. Prairie State also generated 860 MWh in MISO to cover station service for small revenue of \$23,000. Prairie State Unit 1 went into its planned outage on September 8, 2023, and remained on outage for the rest of the month. Overall capacity factor for the plant was 62% for September. In comparison to the budget, total generation for the month, including PJM and MISO, was favorable to budget by about 6,800 MWh, or 14% greater than budget on a volume basis. Reflects strong performance on Unit 2.

Mr. Hansen pointed out that NIMPA did not receive any performance assessment bonus for September, as compared to the previous six months. This is due to a pending PJM settlement that PJM has filed with FERC limiting the impact of winter storm Elliot by about 32%. PJM is seeking to end the charges and the performance bonuses after six months of disbursements instead of the nine it originally planned for. The six months NIMPA received was not included in the budget, therefore, generating strong additional revenues for NIMPA. Settlement is pending with FERC. Avant will continue to follow and advise.

Overall, PJM had an ISO cost of \$690,000 for the month of September. This is \$1.3M favorable compared to budget for the month. Favorable variance is due to two primary factors: Lower energy costs and strong Prairie State generation. MISO congestion cost in September was \$42,000 for NIMPA, which is favorable to the \$7,200 compared to budget. Loss costs were \$27,500, which is \$39,000 favorable compared to budget.

ARRs – Revenue of \$117,000 which compares to the \$49,000 for the month previously. NIMPA had an overall revenue of \$61,000, favorable to budget of \$200,000.

PJM and MISO – NIMPA overall cost of \$630,000, favorable to budget of \$1.15M from September.

In October – Prairie State had 65,700 MWh of generation in the month, or \$1.8M in revenue. Prairie State also generated a very small amount in MISO to cover station service, which helped avoid transmission costs in MISO. Small revenue of \$3300. Prairie State Unit 1 remained on its fall planned outage until October 5, 2023. Eight days less than what was planned in the budget. Unit 1 came back online, and Unit 2 was taken offline for its short nine day planned fall outage. Overall capacity factor for the plant was 71.4% for October. Generation was favorable to budget by about 17,000 MWh, or 35% greater than budget on a volume basis due to that earlier return. Overall, PJM had an ISO cost of \$402,000 for the month, \$1.3M favorable compared to budget. Favorable variance is due to two primary factors: Lower energy costs and strong Prairie State generation. MISO congestion costs in October, \$268,000 for NIMPA, which is about \$250,000 unfavorable compared to budget.

YTD: NIMPA has an overall favorable variance to budget of \$8.5M. NIMPA is 29,500 MWh greater than budget in generation volume on the PJM side, and 39,500 MWh greater than budget when you add both the PJM and MISO generations together, approximately 5.4% greater than budget for 2023. The EFOR is about 5.82% according to Prairie State for 2023 for October for the entire facility, compared to the budget assumption of 10%. \$1.3M performance assessment bonus received from PJM over the past six months. MISO costs are coming in under budget year to date by approximately \$355,000, and loss costs are coming in under budget year to date and have a favorable balance of \$650,000. Overall, Miso ISO activities have had a favorable variance budget of \$360,000. PJM and MISO – Favorable variance of approximately \$8.5M year to date.

6. General Counsel Update:

Mr. Heinemann updated the Board on the Build America Bond litigation – We have been pursuing a request to appeal the DC Circuit denial of our initial complaint to the US Supreme Court. After the government was granted an extension and the petition of certiorari was fully briefed, the U.S. Supreme Court summarily denied our request at the end of November. No reasoning was provided. Therefore, our request to obtain relief on the government’s curtailment of our BABs payments is officially over.

7. NIMPA 2024 Meeting Schedule:

Mr. Holm: We need to take action to approve our 2024 calendar. A discussion ensued regarding consolidation of the January and February meetings into one evening meeting on Wednesday, January 31, 2023, @ 7pm. Regular business meeting to follow, substituting for the January and February business meetings.

Mr. Holton: Will agree to the January evening meeting as a one off.

MOTION: To approve 2024 NIMPA meeting calendar
MAKER: Gary Holm
SECOND: Aaron Holton
ROLL CALL: AYES: 2 (Holm, Holton)
NAYS: 0
The motion passed

8. 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 @ 12:34pm
MAKER: Gary Holm
SECOND: Aaron Holton
ROLL CALL: AYES: 2 (Holm, Holton)
NAYS: 0
The motion passed

Regular session returned @ 1:01pm

9. Action Items from Executive Session: None

10. General Manager Position Discussion:

MOTION: To table discussion regarding the general manager position
MAKER: Aaron Holton
SECOND: Gary Holm
ROLL CALL: AYES: 2 (Holm, Holton)
NAYS: 0
The motion passed

11. Old Business / New Business / Comments:

Confirmation on January 31, 2023, meeting, to include an informational meeting for the public.

12. Motion to adjourn:

MOTION: To adjourn the December NIMPA meeting
MAKER: Gary Holm
SECOND: Aaron Holton
VOICE VOTE: All in favor, motion carried

Respectfully submitted: Elizabeth Zrelak