



MEMORANDUM

To: NIMPA Board Members and Alternates

From: Gary Holm, NIMPA President

Date: December 11, 2023

Re: General Manager Options

I'm writing in response to the Board's request for additional information related to the potential General Manager position. I have served as NIMPA's President since 2015 and have complied the following list of duties that I have performed and/or are currently performing on behalf of the agency. Per the Board's request, I have also provided a summary of my time spent on agency business over the past few months. In addition, I have developed a brief list of pros/cons associated with each of the three organizational structure options that are currently being considered. I hope this information assists the Board with their discussion of the General Manager position.

Agency business that has been and/or is currently being performed by the President

Weekly:

- Electronic review and approval of agency invoices as processed by Avant

Monthly:

- Review of invoice for services provided by Customized Energy Services, Boardman Law, Avant Energy, Prairie State Energy, etc.
- Preparation of NIMPA monthly business meeting agenda. Coordination with Richard Heinemann and Avant. Transmittal of draft and final versions.
- Review of NIMPA monthly meeting minutes
- Review of Government Relations, Finance and O&M committee reports
- Review of monthly Prairie State generation report (as prepared by Jonathan Sander)
- Coordination with Dominick at PJM Law related to his efforts pertaining to legislative education and lobbying.

Annually:

- Development of NIMPA annual meeting calendar
- Revisions/updates to NIMPA's meeting calendar
- Review/update of Prairie State correspondence distribution lists
- PJM Capacity Designation letter for Prairie State Units #1 & #2
- Acknowledgement of Municipal Advisory Services provided by Avant to NIMPA
- PJM Officer Certification form – Annual disclosures to PJM associated with training, risk management, market activities, capitalization and compliance with tariffs
- MISO Exhibit VI - Annual disclosures to MISO associated with training, risk management, market activities, capitalization and compliance with tariffs
- MISO Exhibit VIII – Requirement for agency to disclose affiliates to MISO

- Designation of Prairie State representative to manage emission allowances on behalf of NIMPA
- Administration of officer's errors and omissions insurance renewal process and execution of associated documentation
- Coordination with Avant and independent financial auditors related to annual financial audit. This includes teleconference meetings and execution of certain representations on behalf of the agency
- Coordination with outside consultant and data gathering associated with agency's electric rate comparison study (Batavia, Geneva, St. Charles, Rochelle, ComEd, etc.)

Other Frequency (these items may occur often or on an infrequent basis):

- Coordination with IMUA, Co-ops and Prairie State related to legislative updates and lobbying efforts (occurs mostly during spring and fall legislative sessions)
- Review of proposed legislative initiatives – both state and federal
- Submit formal comments / petitions / signature cards relating to proposed legislative initiatives on behalf of the agency
- Meetings with state and federal legislators – Most recent examples are related to CEJA with several meetings occurring throughout 2020 and 2021.
- Attend meetings with special interest groups related to proposed legislative initiatives - examples include meetings hosted by Illinois Environmental Council that were attended by Hal Wright and myself; meetings hosted by Karina Villa's office and meetings hosted by Sierra Club in combination with the Rocky Mountain Institute and Prairie Rivers Network
- Evaluation of reports published by special interest groups such as Rocky Mountain Institute and IEEFA, and Sierra Club that contain data and/or reference related to the agency or Prairie State
- Coordination with Richard Heinemann and Avant related to retention of the Brattle Group and analysis of CEJA impacts
- Coordination with Richard Heinemann and Avant related to amendments to the Master Service Agreement Schedules with Avant for financial, operations and advisory services
- Coordination of process to retain new professional consultants – most recent example was for retention of PJM law for legislative lobbying services
- Administration of agency confidentiality agreements in coordination with Richard Heinemann
- Coordination with Richard Heinemann regarding NIMPA legal matters - BABs, Sierra Club, etc.
- Execution of Non-Disclosure Agreements with third-party consultants working with Prairie State – Examples include Concentric Energy study in 2021
- PJM designation of Customer Account Manager (CAM) and execution of associated forms
- MISO Station Service application and updates
- Execution of MISO NDA and Confidentiality Agreement on behalf of agency
- Execute Prairie State related documents on behalf of the agency. Past examples have included ownership sales, real estate transactions, misc. agreements and protocols, etc.
- Review of correspondence from Carl Johnson from CES related to market policies and associated voting recommendations/decisions
- Execution of documents on behalf of the agency for credit facility and other banking matters
- Execution of Prairie State related officer documents – most recent example was for CEO
- PJM Affiliate Disclosure form – Requirement for agency to disclose any affiliates to PJM
- PJM Sector Selection form – certification of NIMPA's designation as an electric distributor
- PJM Critical Energy Infrastructure form – Authorize PJM to receive infrastructure information from Prairie State
- PJM Declaration of Authority document between NIMPA and ACES related to Pseudo Tie

- PJM Secretary's Certificate – coordination of President and Vice President signatures
- PJM Officer and Authorized Representative designation
- Execute documents related to PJM System Impact Study (2021)
- Correspondence / meetings with Fitch and Moody representatives related to NIMPA's bonds
- Coordination of agency tours of Prairie State. Tour dates, tour agendas, hotel accommodations, travel accommodations, dinner reservations, etc.
- Serve as agency's FOIA officer. Coordination with Richard Heinemann on response to FOIA requests
- Coordination with Richard Heinemann on correspondence with State's Attorney's office related to any FOIA or OMA matters
- Coordination with Richard Heinemann and Avant on other Prairie State related projects not directly associated with the power plant or mine. Examples include the PJM/MISO pseudo-tie process and associated litigation/FERC hearings, ICTR project with CES, Capacity Upgrade project with Mercuria, etc.
- Coordination with Richard Heinemann and/or Avant to develop agency policies. Examples include risk management, financial investment, reserve funds, energy cost adjustment fund balance, etc.
- Correspondence with Prairie State Management Committee to inform them of revisions to NIMPA's Representative or Alternate. This task occurs infrequently, but is an important requirement to ensure NIMPA is properly represented at the Management Committee meetings
- Travel 8-12 days annually on behalf of the agency to attend Prairie State related meetings – Management Committee, annual budget, strategic planning, negotiations, site tours, etc.
- Travel infrequently to meet in-person with Avant Energy at their offices.
- Travel infrequently on behalf of the agency inspect other projects for educational purposes. Past example - 2019 trip to Houston to inspect Petra Nova site. Unknown future occurrences – Possibilities related to other carbon capture facilities?
- Coordination with Richard Heinemann and Avant related to development of Prairie State carbon capture related documents, such as the Statement of Interest.
- Serve as agency's representative related to all carbon capture matters
- Coordination of records retention requirements and document destruction with Secretary of State's office

One-time Tasks Associated with Transition to a new Professional Service Provider (currently Avant):

(Note: these tasks will not be required going forward unless NIMPA were to transition to a new provider)

- Coordination with Richard Heinemann to prepare Master Services Agreement(s) and associated service schedule(s)
- PJM designation of Principal Agent (new provider) on behalf of NIMPA
- MISO market participant contact audit (names/addresses of individuals authorized to act on NIMPA's behalf within MISO market)
- MISO Local Security Administrator registration
- PJM authorization to utilize tools
- Coordination of operations services between Prairie State and the New Provider
- Coordination with New Provider to transition banking documents
- Wells Fargo designation of authorized signers related to administration of NIMPA bonds
- Execution of Wells Fargo security procedures related to administration of NIMPA bonds
- MISO designation of generator operator (access to MISO's generation outage system)
- SEC registration for Municipal Advisor
- Authorization for service provider to complete financial transactions with PJM via wire transfers

- Authorization for service provider and CEO to execute online transactions with Wells Fargo related to NIMPA bonds

One-time Tasks Associated with NIMPA Bond Refinancing:

(Note: The next opportunity for bond refinancing is 2026+/- . NIMPA’s Board will determine whether or not to pursue a refinancing based on interest rates and/or other market conditions at that time)

- Coordination with all three member communities to develop updated community profiles and financial information for rating agencies
- Extensive coordination with Avant Energy
- Coordination/meetings with rating agencies. For the prior bond refinancing this involved an overnight trip to New York for in-person meetings and presentations. Perhaps remote meetings will be utilized in the future?
- Extensive time spent preparing for presentation to rating agencies and review of all agency financial materials
- Review and execution of documents to “close” existing bonds and “open” new bonds

Organizational Structure Options

Status Quo

The Board may determine that the addition of a contractual administrative support person is sufficient to negate the need for a new General Manager. Under this scenario a staff person from one of the three member communities would serve as President of the agency and would continue to perform the above-mentioned duties.

For your reference I have enclosed a summary of my time spent on agency business from Sept. 28th through the present.

Pros

- A staff member is directly accountable to community through which they are employed
- A staff member has an inherent sense of ownership towards the agency
- A staff member provides a local presence. The person can attend local meetings with legislators, city councils and residents.
- A staff member brings historical knowledge and experience to the agency
- A staff member represents the “least cost” option for the agency. No compensation is provided to the community that employs the staff member.

Cons

- Performance of the above-mentioned duties requires a significant time commitment, which is in addition to the staff member’s other job responsibilities.
- Status Quo does not account for the possibility of NIMPA administering new projects on behalf of the member communities. If new projects are undertaken, then an additional time commitment will be required from the staff member.
- Status Quo does not enable the agency to engage in strategic planning, as is currently being contemplated as a requirement by proposed legislation

Utilization of Avant

The Board may elect to utilize its Master Services Agreement with Avant and have them perform the above-mentioned duties on behalf of the agency. Under this scenario it is recommended that Avant

designate one individual to serve in the role as General Manager. Having one individual serve as General Manager will help to increase accountability to NIMPA. It also provides NIMPA with a single point of contact. Under this scenario the President will still be required to execute certain documents on behalf of the agency; however, the General Manager will provide all coordination and review efforts.

Pros

- Significantly reduces the time burden on a city staff member
- Established, trusting and reliable relationship with Avant
- Historical knowledge of Prairie State project dating back several years
- Subject-matter expertise and ability/resources to resolve issues that may arise

Cons

- Lack of a local presence – or added cost associated with having a local presence if that's what the agency desires.
- Loss of independent oversight of agency business – except for legal services, Avant would perform all other agency business. Financial audit would provide only mechanism for external review.
- Risk of community members becoming disengaged and dependent upon Avant to perform a majority of tasks and administer day-to-day operations
- Staff member would still be required to review and approve Avant's invoices and coordinate with them on a regular basis.
- More expensive than status quo option. Cost would be determined by scope of services expected to be performed by Avant. Costs would increase if there is an expectation for Avant to maintain a local presence and attend local meetings.

Contractual or Employee General Manager

The Board may determine that the three member communities do not have sufficient personnel resources to continue performing the above-mentioned duties. Under this scenario the agency would retain the services of a General Manager via a contractual or employment arrangement. The General Manager would report to the Board and be directly accountable to them. Under this scenario the President would still be required to execute certain documents on behalf of the agency; however, the General Manager would provide all coordination and review efforts.

Pros

- Significantly reduces the time burden on a city staff member
- General Manager would maintain a local presence. The Manager can attend local meetings with legislators, city councils and residents.
- Having a General Manager would enable the agency to undertake new projects, if so desired by the member communities
- A General Manager could facilitate strategic planning for the agency, if it becomes a legislative requirement
- Board would have direct oversight of the Manager and could terminate their services without risk of negative impacts to other administrative duties (financial, operations, technical). There would be a separation between the General Manager and Avant.

Cons

- General Manager may not possess historical knowledge of the Prairie State project
- General Manager may not develop a sense of ownership towards agency business
- Risk of unknown factors associated with any new personnel hire or contract

- Current agency workload does not justify a full-time position. Recruiting for a part-time position may be challenging
- More expensive than status quo option. Cost would be determined by scope of services contemplated within contractual arrangement. Costs would increase if the position were to be an employee of the agency with associated employment benefits.