

**INVESTMENT POLICY OF THE NORTHERN ILLINOIS MUNICIPAL POWER
AGENCY**

ARTICLE I.

POLICY SCOPE AND OBJECTIVE

Section 1.01. Scope. The following Investment Policy (the "Policy") applies to the investment activities of all current operating funds, special funds, interest and sinking funds and funds of any kind or character belonging to or in the custody of the Northern Illinois Municipal Power Agency ("NIMPA") and any new funds or temporary funds placed under the jurisdiction of NIMPA (the "Funds"). Illinois State Statutes, including the Public Funds Investment Act (30 ILCS 235/1, et seq.) (the "Investment Act"), will take precedence over this Policy, except where this Policy is more restrictive, in which case this Policy will take precedence.

Section 1.02. Statement of Policy. It is the policy of NIMPA to invest its Funds in a manner which will provide the highest investment return with the maximum security possible while meeting the daily cash flow demands of NIMPA and conforming to all federal, state and local statutes governing the investment of public funds.

Section 1.03. Objective. The purpose of this Policy is to establish cash management and investment guidelines for the stewardship of the Funds. The specific objectives of this Policy are as follows:

- (a) Legality: conformance with federal, state and other legal requirements;
- (b) Safety: preservation of capital and protection of investment principal;
- (c) Liquidity: the maintenance of sufficient liquidity to meet operating requirements;
- (d) Return: attainment of market rates of return; and
- (e) Sustainability: investment in a manner that promotes sustainability and consideration of sustainability factors that include, but are not limited to: (i) corporate governance and leadership factors, (ii) environmental factors, (iii) social capital factors, (iv) human capital factors, and (v) business model and innovation factors.

ARTICLE II.

STANDARD OF CARE

Section 2.01. Prudence.

- (a) Level of Care. Investment of Funds shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence

exercise in the management of their own affairs, not for speculation, but for investment, considering the safety of their capital, as well as the probable income to be derived.

(b) Prudent Person Standard. The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio.

(c) Liability. Officers, employees and agents of NIMPA, acting in accordance with this Policy and any other written procedures pertaining to the administration and management of NIMPA's assets and exercising due diligence, shall be relieved of personal responsibility, if any, for credit risk or market price changes of a particular security, to the extent permitted by applicable law, provided that deviations from expectations are timely noted and appropriate action is taken to control and prevent further adverse developments.

Section 2.02. Ethics and Conflicts of Interest.

(a) Impartiality. Officers, employees and agents of NIMPA involved in the investment process shall not have any interest, directly or indirectly, in any investments in which NIMPA is authorized to invest nor in the sellers, sponsors or managers of those investments. Officers, employees and agents of NIMPA involved in the investment process shall not receive, in any manner, compensation of any kind from any investments in which NIMPA is authorized to invest.

(b) Disclosure. Officers, employees and agents of NIMPA involved in the investment process shall disclose to the Board of Directors of NIMPA (the "Board") any material financial interests in financial institutions that conduct business with NIMPA, and they shall further disclose any personal financial investment positions that could be related to the performance of the Funds. In addition, such individuals shall subordinate their personal investment transactions to those of the Funds, particularly with regard to the time of purchases and sales.

ARTICLE III.

AUTHORIZED INVESTMENTS

Section 3.01. Investment Act to Govern. NIMPA shall invest only in those investments permitted under the Investment. Further, investment of Funds held under NIMPA's indenture must also be in investments permitted therein.

Section 3.02. Summary of Authorized Investments. Under the Investment Act and this Policy, investment of Funds may be made in the following:

(a) bonds, notes, certificates of indebtedness, treasury bills or other securities which are guaranteed by the full faith and credit of the United States of America as to principal and interest;

(b) bonds, notes, debentures or other similar obligations of the United States of America or its agencies and its instrumentalities;

(c) interest-bearing savings accounts, interest-bearing certificates of deposit or interest-bearing time deposits or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act (205 ILCS 5/2, et seq.) and insured by the Federal Deposit Insurance Corporation;

(d) short-term obligations of corporations organized in the United States with assets exceeding five hundred million dollars (\$500,000,000) provided that:

(i) such obligations are rated at the time of purchase at one of the three highest classifications established by at least two standard rating services and which mature not later than two hundred seventy (270) days from the date of purchase,

(ii) such purchases do not exceed ten percent (10%) of the corporation's outstanding obligations and

(iii) no more than one-third (1/3) of the Funds are invested in short-term obligations of corporations;

(e) money market mutual funds registered under the Investment Company Act of 1940, provided the portfolio of any such money market mutual fund is limited to obligations described in subparagraph (a) or (b) of this Section 3.02 and to agreements to repurchase such obligations;

(f) interest bearing bonds of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois, of any other state, or of any political subdivision or agency of the State of Illinois or of any other state, whether the interest earned thereon is taxable or tax-exempt under federal law with such bonds (i) registered in the name of NIMPA or held under a custodial agreement at a bank and (ii) rated at the time of purchase within the four (4) highest general classifications established by a rating service of nationally recognized expertise in rating bonds of states and their political subdivisions;

(g) short-term discount obligations of the Federal National Mortgage Association ("Fannie Mae");

(h) shares or other forms of securities legally issuable by savings banks or savings and loan associations incorporated under the laws of the State of Illinois (the "State") or any other state or under the laws of the United States, provided that any such shares or investment certificates are insured by the Federal Deposit Insurance Corporation;

(i) dividend-bearing share accounts, share certificate accounts or class of share certificate accounts of a credit union chartered under the laws of the State of Illinois (the "State") or the laws of the United States, provided that:

(i) the principal office of any such credit union must be located within the State and

(ii) the accounts of such credit union are insured by applicable law;

(j) a Public Treasurer' Investment Pool created under Section 17 of the State Treasurer Act (15 ILCS 505/0.01, et seq.);

(k) a fund managed, operated, and administered by a bank, subsidiary of a bank, or subsidiary of a bank holding company provided such entity is insured by the Federal Deposit Insurance Corporation or NIMPA may use the services of such an entity to hold and invest or advise regarding the investment of Funds;

(l) repurchase agreements of government securities having the meaning set out in the Government Securities Act of 1986 subject to the provisions of said Act and the regulations issued thereunder, provided that, unless the government securities are registered or inscribed in the name of NIMPA, such government securities shall be purchased through banks or trust companies authorized to do business in the State;

(m) repurchase agreements, other than those of government securities subject to the Government Securities Act of 1986, if the instrument and transaction meet the following requirements:

(i) the securities, unless registered or inscribed in the name of NIMPA, are purchased through banks or trust companies authorized to do business in the State,

(ii) an authorized public official after ascertaining which firm will give the most favorable rate of interest, directs the custodial bank to purchase specified securities from a designated institution,

(iii) the custodial bank is a member bank of the Federal Reserve System or maintains accounts with member banks,

(iv) all transfers of book-entry securities must be accomplished on a Reserve Bank's computer records through a member bank of the Federal Reserve System and such securities must be credited to NIMPA on the records of the custodial bank and the transaction must be confirmed in writing to NIMPA by the custodial bank,

(v) trading partners are limited to banks or trust companies authorized to do business in the State or to registered reporting dealers,

(vi) the security interest is perfected,

(vii) NIMPA enters into a written master repurchase agreement which outlines the basic responsibilities and liabilities of both buyer and seller,

(viii) agreements are for periods of three hundred thirty (330) days or less,

(ix) an authorized officer of NIMPA informs the custodial bank in writing of the maturity details of the repurchase agreement,

(x) the custodial bank takes delivery of and maintains the securities in its custody for the account of NIMPA and confirms the transaction in writing to NIMPA,

(xi) a custodial undertaking agreement provides that the custodian take possession of the securities exclusively for the public agency, that the securities are free of any claims against the trading partner and any claims by the custodian are subordinate to NIMPA's claim to rights to those securities,

(xii) the obligations purchased by NIMPA are only sold or presented for redemption or payment by the fiscal agent bank or trust company holding the obligations upon the written instruction of NIMPA or officer authorized to make such investments and

(xiii) the custodial bank shall be liable to NIMPA for any monetary loss suffered by NIMPA due to the failure of the custodial bank to take and maintain possession of such securities.

Section 3.03. Certain Investments. Any investment of Funds in short-term discount obligations of Fannie Mae or in the shares or investment certificates of banks must mature or be redeemable on a date or dates prior to the time when, in the judgment of the Board, the Funds will be required for expenditure by NIMPA.

Section 3.04. Supplemental Indentures. Investment of Funds held under indentures may be further limited to the authorized investments as set forth in an indenture adopted by NIMPA in connection with the issuance of bonds.

ARTICLE IV.

INVESTMENT GUIDELINES

Section 4.01. Preservation. Investment of Funds shall be undertaken in a manner that seeks to insure preservation of capital.

Section 4.02. Liquidity. Funds should remain sufficiently liquid to meet operating requirements which may be reasonably anticipated.

Section 4.03. Deposits. To maximize earnings, all funds shall be deposited and invested within two (2) business days of their receipt.

Section 4.04. Diversification. NIMPA shall diversify its Funds to the best of its ability based on the type of Fund invested and the cashflow needs of those Funds. Diversification may be by type of investment, number of institutions invested in or length of maturity.

Section 4.05. Registerable Securities. If any securities authorized by Article III are registerable, as to principal or interest, or both, such securities shall be registered in the name of NIMPA and in the name of the Fund to which they are to be credited.

Section 4.06. Securities to Benefit NIMPA. All securities purchased by NIMPA shall be held for the benefit of NIMPA. If securities are purchased with money taken from a particular Fund, such securities shall be credited to and deemed to be a part of such Fund, and shall be held for the benefit thereof. All securities purchased by NIMPA shall be deposited

and held in a safe place by the person or persons having custody of the Fund to which they are credited, and such person or persons are responsible upon their official bond or bonds for the safekeeping of all such securities.

ARTICLE V.

PERFORMANCE MEASURES

Section 5.01. Appropriate Comparisons. The use of U.S. Treasury bills, average Fed Fund rate, Illinois Public Treasurers Investment Pool "Illinois Fund" or other stable markets can be used to determine whether market average yield benchmarks are being achieved. Such comparisons shall take into account limitations on the investment of the proceeds of tax exempt bonds under the Internal Revenue Code of 1986, as amended.

ARTICLE VI.

INTERNAL CONTROLS AND OPERATIONAL PROCEDURES

Section 6.01. Control Structure.

(a) Establishment of Control Structure. The **NIMPA Secretary/Treasurer** shall establish an internal control structure designed to ensure compliance with this Policy. The internal control structure shall be designed to provide reasonable assurance that the Funds are protected from loss arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets and imprudent actions by authorized NIMPA officers.

(b) Documentation. The system of internal controls and operational procedures shall be documented in writing and made available to individuals authorized to invest Funds on behalf of NIMPA.

(c) External Auditors. Such internal control structure may be accomplished in part with external auditors.

Section 6.02. Reporting. All investment transactions shall be recorded by the **NIMPA Secretary/Treasurer**. A report shall be generated at least quarterly for submission to NIMPA President describing the investment of the Funds and the effectiveness of such investment in meeting the needs of NIMPA. The report shall list:

- (a) all active investments by class or type,
- (b) both book value and fair market value of each investment,
- (c) maturity of each investment,
- (d) interest rate, and
- (e) other pertinent information deemed necessary.

ARTICLE VII.

AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

Section 7.01. Selection. The Board shall have the sole responsibility to select which financial dealers and institutions will be depositories for NIMPA. The Board shall take into consideration security, size, location, financial condition, service, fees, competitiveness, and the community relations involvement of the potential financial dealer or institution when selecting depositories.

Section 7.02. Requirements. All authorized financial dealers or institutions shall meet the following requirements:

- (a) such financial dealers or institutions shall comply with all qualifications and requirements as set forth in 30 ILCS 235/6 as well as other applicable laws, and
- (b) such financial dealers or institutions shall furnish audited financial statements to the Board annually.

ARTICLE VIII.

DELEGATION OF AUTHORITY

Section 8.01. NIMPA Secretary/Treasurer to Manage. Oversight, day-to-day management and administrative responsibilities described in this Policy and not specifically reserved to the Board are delegated to the **NIMPA Secretary/Treasurer**. The **NIMPA Secretary/Treasurer** may delegate such day-to-day management and administrative responsibilities to an authorized representative of Avant Energy, Inc., which is providing general management and administrative services to NIMPA.

ARTICLE IX.

AMENDMENT

Section 9.01. Amendment. This Policy may be reviewed from time to time and amended upon approval by the Board, so long as any such amendment is in conformity with applicable law.

ARTICLE X.

MISCELLANEOUS

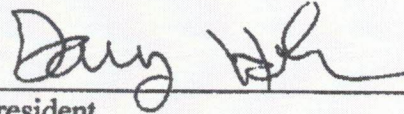
Section 10.01. Captions and Headings. The captions and headings used throughout this Policy are inserted for reference purposes only and shall not be construed or considered in interpreting the terms and provisions of any section or article of this Policy or the Policy as a whole.

Section 10.02. Severability. If any article, section, term, or provision of this Policy becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable, or void, this Policy shall continue in full force and effect without said article, section, term or provision.

Section 10.03. Policy Open to Public. This Policy shall be made available to the public at the main administrative office of NIMPA.

Agreed to and accepted by the Board of Directors of NIMPA, this 25th day of March,
2020.

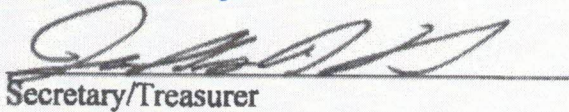
BOARD OF DIRECTORS OF THE
NORTHERN ILLINOIS MUNICIPAL
POWER AGENCY



President



Vice President



Secretary/Treasurer