



## Board Meeting March 21, 2024

The Northern Illinois Municipal Power Agency (NIMPA) held a Board Meeting on Thursday, March 21, 2024, at 10:30 AM, at RMU Technology Center, 910 Technology Parkway, Rochelle, Illinois.

### 1. Call to Order and Roll Call:

President Holm called the meeting to order at 10:34am

#### **NIMA Members Present at the meeting:**

Gary Holm, City of Batavia  
Rahat Bari, City of Batavia  
Jeff Fiegenschuh, City of Rochelle  
Members of the Public

#### **Present via teleconference:**

Jared Walker-Smith, General Counsel (Boardman & Clark LLP)  
Aaron Holton, Superintendent, City of Geneva  
Rich Babica, City of Geneva  
Noah Hansen, Avant Energy  
David Niles, Avant Energy  
Joe Fulliero, Avant Energy  
Dominick Lanzito, Van Buren Consulting  
Elizabeth Zrelak, Administrative Support

### 2. Motion to modify March Agenda – Due to hard stop at 12pm by two board members

MOTION: To move Item #8 on the published agenda up to Item #5 and  
move Item #9 down to Item #11  
MAKER: Gary Holm  
SECOND: Jeff Fiegenschuh  
AYES: 3 (Fiegenschuh, Holm, Holton)  
NAYS: 0  
The motion passed

### 3. Approval of Regular Session Meeting Minutes from February 22, 2024

MOTION: To approve the regular session minutes from February 2024  
MAKER: Jeff Fiegenschuh  
SECOND: Aaron Holton  
AYES: 3 (Fiegenschuh, Holm, Holton)  
NAYS: 0  
The motion passed

### 4. Potential General Manager Position Discussion:

Mr. Holm stated that he had provided the Board with a summary outlining the President's roles and responsibilities, which he sent in a memo on March 15, 2024. Mr. Holm then recused himself from the discussion.

A discussion ensued regarding the creation of a general manager role.

Mr. Fiegenschuh indicated that staff support is a good idea to relieve Mr. Holm from some of his administrative and legislative responsibilities, and it would further NIMPA's efforts with transparency.

Based on Mr. Holm's memo, Mr. Holton suggested that Avant manage this role, and Mr. Niles agreed to create a service agreement based on Mr. Holton's and Mr. Fiegenschuh's input and direction to present to the Board Meeting in April for review. All concur.

All agree that Mr. Holm does a great job. Mr. Holm returned and is briefed on the update to indicate that Avant will create a scope of service for further discussion at the April Board Meeting. Mr. Holm was also asked if he had any knowledge of IMEA's salary schedule, which he did not.

**5. Van Buren Consulting Group, LLC**

Mr. Holm indicated that House Bill 5021 had been passed to a subcommittee under Public Utilities on March 15, 2024, and Senate Bill 3637, also under Public Utilities, was re-referred to assignments on March 18. Mr. Holm asked Mr. Lanzito to update the status on these two bills:

Mr. Lanzito indicated that the two bills (House Bill 5021 & Senate Bill 3637), are Companion Bills under the Transparency Act. Mr. Lanzito stated that there has been opposition and hearings. Mr. Lanzito does not expect that there will be movement on the two bills due to the primary elections. Mr. Lanzito is monitoring and beginning to schedule meetings with leadership and sponsors.

On March 12, 2024, 5315 House Bill was assigned to the Energy Environmental Committee, which may impact the municipalities, which could then impact NIMPA. Mr. Lanzito will continue to monitor, report, and advise on any potential impacts to NIMPA.

Mr. Holm indicated that he had provided the Board with a memo summarizing the above-mentioned bills.

**Let the record note, Mr. Lanzito exited the meeting.**

**6. Update to Rate Comparison Study:**

Mr. Holm shared that for many years NIMPA utilized an outside consultant to prepare an annual rate comparison study. Unfortunately, that consultant retired during the pandemic.

UFS (Utility Financial Solutions) performed a study for NIMPA for the first time in 2023 and did a good job.

USF has submitted a proposal to create an updated rate comparison study for 2024. Discussion ensued.

MOTION: To approve a \$6,000 contract with Utility Financial Solutions to update NIMPA's annual rate comparison study for 2024  
MAKER: Gary Holm  
SECOND: Jeff Fiegenschuh  
AYES: 3 (Fiegenschuh, Holm, Holton)  
NAYS: 0  
The motion passed

**7. Financial Report – January 2024:**

- a. Mr. Niles indicated that NIMPA’s rate to members was \$4.07/MWh lower than budgeted for January due to lower than budgeted purchase power and partially offset by higher than budgeted fuel expense. At the end of January, NIMPA had a \$15M credit facility with PNC Bank, a \$2.5M letter of credit with PJM, and \$12.5M of the credit facility remains unused. Annual review was recently performed to ensure an appropriate letter of credit with PJM, which has been confirmed.

The ECA payable to members increased by \$135,000 in January due to a combination of a budgeted ECA increase of \$280,000 and lower cost than budget of \$364,000, and the return of \$508,000 of ECA to members. At the end of January, the ECA balance was \$10.2M.

**b. Capital Adder Fund:**

NIMPA’s Capital Adder Fund had a balance of approximately \$10.4M at the end of January. 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. Mr. Holton questioned Mr. Niles if capital adder funds are dictated by the participation agreement with Prairie State or rather good governance on NIMPA’s part. Mr. Niles indicated this is good governance.

**c. Cash Investment Report**

NIMPA has a total of \$74.8M of cash and investments of which \$36.6M is related to debt service reserves and debt service representing a lower total cash balance than one month prior, as two of NIMPA’s bond principals for the year are paid on January 1, 2024, as well as six months of interest. NIMPA’s operating account balance was \$15.9M at the end of January.

MOTION: To approve the monthly financials from January 2024  
MAKER: Gary Holm  
SECOND: Jeff Fiegenschuh  
AYES: 3 (Holton Fiegenschuh, Holm)  
NAYS: 0  
The motion passed

**8. Follow up and Review on Closure Fund Investment Strategies**

Mr. Holm stated that Mr. Heinemann will draft a formal resolution to present at the NIMPA Board Meeting in April.

NIMPA’s Plant Closure Fund currently has a balance of approximately \$5.1M.

Mr. Niles summarized the pros and cons of the three options identified for investment:

**a. Keep funds in the current PNC bank account**

Benefit – Liquid, could pull funds at any time

Drawbacks – Only FDIC insured up to \$250,000, earning lower interest rate than other options, currently 3.45% yield

**b. Invest in funds in short term government money market account through PNC Capital Markets**

Benefit – Liquid; the inverted yield curve is positioned to offer an opportunity to earn higher interest. PNC sent a rate sheet; on Friday, March 15, 2024, the rates at that time were approximately 5.2%. The funds are invested in government backed securities, so the funds are secure.

Drawbacks – Likely to be a less attractive interest rate when the yield curve un-inverts.

**c. Invest funds in longer term government securities, such as a 10-year Treasury Note**

Benefit – Government backed, fairly liquid market. Must hold to maturity to get 100% of investment return.

Drawbacks – The interest rate risk; if funds were needed prior to maturity, and interest rates had moved unfavorably, there would be potential for principal loss on investment.

Mr. Niles compared annual earnings on the three alternatives at current market rates:

	<u>Amount</u>	<u>Yield</u>	<u>Annual Income</u>
Keep Funds in PNC Bank Account	5,100,000	3.45%	175,950
Invest Funds in Short-Term Gov't Money Market	5,100,000	5.20%	265,200
Invest Funds in Longer-Term Gov't Securities	5,100,000	4.29%	218,790

#### Challenges

- i. Uncertainty of knowing when the plant closure funds will be needed.
- ii. Interest rate fluctuation and knowing when the yield curve will invert.

#### Avant Recommendations

- i. NIMPA opens an account with PNC Capital Markets and invests the Plant Closure Fund in a short-term government money market fund.
- ii. Avant monitors the investment monthly, with the intention of moving funds to a longer-term government security when the yield curve un-inverts.

A discussion ensues regarding clarification of 'short term' government money market account and how interest will be reinvested taking into account Prairie State's estimate of the future plant closure costs, which Prairie State has committed to reviewing annually. Mr. Holm indicated that Mr. Heinemann and Mr. Niles will work together to prepare a resolution for the board to consider at April's board meeting.

Mr. Niles stated that he will address the underwriter and the potential refinancing issue to examine at April's board meeting – extraordinary redemption provision under BABs.

#### **9. Management and Operations Reports for January 2024**

Mr. Hansen reviewed the January operations reports. In January, Prairie State had 86,100MWh of generation in the month for approximately \$3.6M in revenue. Prairie State also generated 321MWh to cover station service in MISO for the month for a revenue of approximately \$5,000. Prairie State Unit 1 had several small derates and three short outages during the month. Overall, Unit 1 was out for three equivalent days. Overall capacity factor for the plant for the month of January was 93%. In comparison to the budget, total generation for the month, including PJM and MISO, Prairie State was favorable to budget by approximately 49,000MWh, or 6% greater, on a volume basis.

In January, NIMPA's delivery costs to members were \$3.6M.

NIMPA did not receive any performance assessment bonus for January 2024.

Overall, PJM had an ISO revenue of \$36,000 for the month of January. Compared to budget, this is \$193,000 favorable to budget due to two primary factors. One, slightly lower energy costs in comparison to budget, which reduced the cost of member energy delivery, and stronger Prairie State generation.

MISO had an ISO revenue for January of approximately \$162,000, which is \$236,000 favorable compared to budget. The loss costs were at cost of \$57,000, which is \$42,000 favorable compared to budget.

Market Updates:

a. Performance Assessment Settlement

FERC issued an order approving the settlement agreement that comprehensively resolved 15 separate complaints associated with the non-performance charges resulting from Winter Storm Elliott in December 2022. The settlement agreement specified a uniform 31.7% reduction in non-performance charges and an additional \$11.9M in non-performance charges. Overall, the non-performance charges were reduced from \$1.8B to \$1.25B. Total bonus credits were reduced to the same level. PJM implemented this agreement in February 2024. Overall, the net adjustment was a charge of \$130,000 realized in February's monthly financials. NIMPA received a total of \$1.185M in bonus payments for performance during Winter Storm Elliott.

b. Capacity Market Update

2024-2025 Third Incremental Capacity Auction has been completed. The clearing price was \$53.52/MWday, compared to \$28.92/MWday. NIMPA had an incremental 3.5MW to offer into the auction, which were sold. These incremental MW were available as a result of improved EFOR's at Prairie State from when the BRA took place, which will lead to an additional \$68,000 in capacity revenue for the June 2024-May 2025 planning year in addition to the \$1.1M cleared in the BRA, which will be realized over 12 months, beginning in June 2024 – May 2025.

c. Revised schedule for the 2025 – 2026 base residual auction

FERC issued an order granting PJM's delay to July 17, 2024.

d. Capacity Auction Modeling and Strategy Consideration

Mr. Holm directed Avant to present strategy considerations at the May board meeting with finalizing set to be addressed at the June board meeting.

**10. General Counsel Update**

Mr. Walker-Smith indicated that he had no updates for open session

**11. 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 @ 11:30am  
MAKER: Jeff Fiegenschuh  
SECOND: Gary Holm  
ROLL CALL: AYES: 3 (Fiegenschuh, Holton, Holm)  
NAYS: 0  
The motion passed

**Return to Regular Session @ 11:51am**

**12. Action Items from Executive Session: None**

**13. Table Revised Item #11 (remote online participation) to April meeting**

MOTION: To table Item #11 to the April meeting  
MAKER: Gary Holm  
SECOND: Jeff Fiegenschuh  
ROLL CALL: AYES: 3 (Fiegenschuh, Holton, Holm)  
NAYS: 0  
The motion passed

**14. Old Business:** Mr. Holm shared thanks to Avant for update / modification of NIMPA website

**15. New Business:** None

**16. Motion to adjourn:**

MOTION: To adjourn the March Board Meeting @ 11:53am  
MAKER: Gary Holm  
SECOND: Jeff Fiegenschuh  
VOICE VOTE: All in favor, motion carried

Respectfully submitted: Elizabeth Zrelak