

**PRELIMINARY OFFICIAL STATEMENT DATED JULY 22, 2022**

**NEW ISSUE  
BOOK ENTRY – ONLY**

**RATINGS**  
See “CREDIT RATINGS” herein

*In the opinion of Ice Miller LLP, Indianapolis, Indiana, Bond Counsel, under existing federal statutes, decisions, regulations and rulings, interest on the 2022 A Bonds (as herein defined) is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code (as herein defined), and is not an item of tax preference for purposes of the federal alternative minimum tax. Such exclusion of interest on the 2022 A Bonds is conditioned on the continuing compliance with the Tax Covenants (as herein defined). In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the 2022 A Bonds is exempt from income taxation in the State of Indiana. See “TAX MATTERS RELATING TO THE 2022 A Bonds” and APPENDIX G “Form of Opinion of Bond Counsel” herein.*



**\$97,295,000\***  
**INDIANA MUNICIPAL POWER AGENCY**  
**Power Supply System Revenue Bonds, 2022 Series A**

**Dated: Date of Delivery**

**Due: January 1, as shown on inside cover page**

The Power Supply System Revenue Bonds, 2022 Series A (the “2022 A Bonds”) will be issued by the Indiana Municipal Power Agency (“IMPA”) only as fully registered bonds in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the 2022 A Bonds under a book-entry-only system as described herein. Principal and interest payments on the 2022 A Bonds will be made directly to DTC. Individual purchases of beneficial interests will be made in book-entry-only form, in the principal amount of \$5,000 or any integral multiple thereof. Beneficial owners of the 2022 A Bonds will not receive physical delivery of bond certificates. Interest on the 2022 A Bonds will be payable semiannually on January 1 and July 1 of each year, commencing January 1, 2023. The Bank of New York Mellon Trust Company, N.A., Indianapolis, Indiana is the Trustee of the 2022 A Bonds.

\_\_\_\_\_

The 2022 A Bonds are subject to redemption prior to maturity as described herein.

\_\_\_\_\_

The 2022 A Bonds are being issued to provide funds to: (i) finance capital improvements to the Power Supply System (as herein defined), (ii) refund the Refunded Bonds (as herein defined), and (iii) pay the cost of issuance of the 2022 A Bonds.

The principal of and interest on the 2022 A Bonds are payable solely from the revenues derived by IMPA from the ownership and operation of its Power Supply System and other available funds pledged under the Resolution (as herein defined), subject to the prior application thereof as permitted by the Resolution. Such revenues include all payments to be made to IMPA by the Members (as herein defined) pursuant to the Power Sales Contracts (as herein defined) which provide that such payments are payable solely from the revenues and other legally available funds of their respective electric systems and constitute operating expenses thereof.

**The 2022 A Bonds are not obligations of the State of Indiana or any political subdivision thereof, other than IMPA, or any Member of IMPA, and neither the faith and credit nor the taxing power of the State of Indiana or any political subdivision thereof or any city or town that is a Member of IMPA is pledged to the payment of the 2022 A Bonds. IMPA has no taxing power.**

The 2022 A Bonds are offered when, as and if issued and received by the Underwriters, and subject to the approval of legality by Ice Miller LLP, Indianapolis, Indiana, Bond Counsel. Certain legal matters will be passed on for the Underwriters by their Counsel, Barnes & Thornburg LLP, Indianapolis, Indiana and for IMPA by its General Counsel, Peter J. Prettyman, Carmel, Indiana. It is expected that the 2022 A Bonds in definitive form will be available for delivery in New York, New York, on or about \_\_\_\_\_, 2022.

**Citigroup**

**J.P. Morgan**

**PNC Capital Markets LLC**

\_\_\_\_\_, 2022

\* Preliminary, subject to change

This Preliminary Official Statement and the information contained herein are subject to completion, amendment or any other change without any notice. The securities described herein may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the applicable securities laws of any such jurisdiction.

**\$97,295,000\***  
**INDIANA MUNICIPAL POWER AGENCY**  
**Power Supply System Revenue Bonds, 2022 Series A**

**MATURITIES, AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS\***

**Dated: Date of Delivery**

**Due: January 1, as shown below**

**\$65,455,000 Serial Bonds**

<b>Year</b>	<b>Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>CUSIP<sup>†</sup></b>	<b>Year</b>	<b>Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>CUSIP<sup>†</sup></b>
2024	\$ 5,085,000			454898	2034	\$ 2,395,000			454898
2025	5,340,000			454898	2035	2,510,000			454898
2026	5,610,000			454898	2036	2,640,000			454898
2027	5,895,000			454898	2037	2,770,000			454898
2028	6,185,000			454898	2038	2,910,000			454898
2029	2,010,000			454898	2039	3,055,000			454898
2030	2,115,000			454898	2040	3,205,000			454898
2031	2,220,000			454898	2041	3,365,000			454898
2032	2,330,000			454898	2042	3,535,000			454898
2033	2,280,000			454898					

**\$12,385,000, . . . % Term Bond Due January 1, 2047 – Priced to Yield . . . %, CUSIP 454898** \_\_\_\_\_

**\$19,455,000, . . . % Term Bond Due January 1, 2053 – Priced to Yield . . . %, CUSIP 454898** \_\_\_\_\_

**LEGAL, FINANCIAL ADVISOR AND TRUSTEE**

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Indianapolis, Indiana

\* Preliminary, subject to change

† Copyright© American Bankers Association. CUSIP data herein is provided by Fact Set Research Systems, Inc. The CUSIP numbers are provided for convenience and reference only. IMPA and the Underwriters are not responsible for the selection or use of the CUSIP numbers, nor is any representation made as to their correctness on the 2022A Bonds or as indicated above.

**INDIANA MUNICIPAL POWER AGENCY**  
**11610 North College Avenue**  
**Carmel, Indiana 46032**  
**(317) 573-9955**

**MEMBERS\* AND COMMISSIONERS**

Advance .....	Jim L. Caldwell	Ladoga.....	Mike Hubble
Anderson.....	Anthony P. Pochard	Lawrenceburg .....	Billy Kinnett
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Bremen.....	Trend Weldy	Montezuma .....	Paul Bartlow
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Brookston.....	Josh Denlinger	Paoli .....	Danny R. Hickman
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Chalmers .....	Pam Brown	Peru .....	Joshua W. Chance
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\* Member located in Indiana, unless otherwise noted.

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**No dealer, salesperson or any other person has been authorized by IMPA or the Underwriters to give any information or to make any representations, other than the information and representations contained in this Official Statement, in connection with the offering of the 2022 A Bonds and, if given or made, such information or representations must not be relied upon as having been authorized by IMPA or the Underwriters. The information in this Official Statement has been furnished by IMPA, the Members and other sources which are considered to be reliable but IMPA cannot guarantee the accuracy or completeness of the information provided by Members and other sources. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. The information and expressions of opinion in this Official Statement are subject to change without notice and neither the delivery of this Official Statement nor any sale of the 2022 A Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of IMPA or the Members since the date of this Official Statement.**

**IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF IMPA, ITS MEMBERS AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE 2022 A BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

**THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE 2022 A BONDS, NOR SHALL THERE BE ANY SALE OF ANY OF THE 2022 A BONDS, BY ANY PERSON IN ANY JURISDICTION IN WHICH OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER, SOLICITATION OR SALE.**

**This Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute “forward-looking statements.” In this respect, the words “estimate,” “project,” “anticipate,” “expect,” “intend,” “believe” and similar expressions are intended to identify forward-looking statements. A number of important factors affecting IMPA’s business and financial results could cause actual results to differ materially from those stated in the forward-looking statements. IMPA does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which statements are based occur.**

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**OFFICIAL STATEMENT RELATING TO  
INDIANA MUNICIPAL POWER AGENCY  
\$97,295,000\* Power Supply System Revenue Bonds, 2022 Series A**

**INTRODUCTION**

**Purpose**

The purpose of this Official Statement, which includes the cover page hereof and the Appendices hereto, is to set forth information concerning (i) the Indiana Municipal Power Agency (“IMPA” or the “Agency”), a body corporate and politic and a political subdivision of the State of Indiana and (ii) the \$97,295,000\* principal amount of IMPA’s Power Supply System Revenue Bonds, 2022 Series A (the “2022 A Bonds”). Capitalized terms used but not defined herein shall have the meaning set forth in Appendix F, “Summary of Certain Provisions of the Resolution and Board Policy.”

The 2022 A Bonds are being issued to provide funds to: (i) finance capital improvements to the Power Supply System (as herein defined), (ii) refund the Refunded Bonds (as herein defined), and (iii) pay the cost of issuance of the 2022 A Bonds. *See* “FINANCE PLAN, Power Supply System Capital Improvements.”

**Authorization for Bonds**

The 2022 A Bonds will be issued pursuant to Indiana Code 8-1-2.2, as amended and in effect on the issue date of the 2022 A Bonds (the “IMPA Act”). The 2022 A Bonds will be issued pursuant to IMPA’s Master Power Supply System Revenue Bond Resolution, dated January 26, 2007, which amends and restates the Nineteenth Supplemental Power Supply System Revenue Bond Resolution adopted on October 29, 2004 and effective on August 14, 2006, which further amended and restated certain prior power supply system revenue bond resolutions (the “Master Resolutions”), and as further supplemented and amended to the date hereof, including as supplemented by the 2022 A Supplemental Power Supply System Revenue Bond Resolution authorizing the 2022 A Bonds (the “2022 A Supplemental Resolution”) adopted on June 24, 2022. The Master Resolution, as supplemented and amended from time to time, is herein referred to as the “Resolution.” In accordance with Section 511 of the Resolution, the Board has adopted Certain Fiscal Policies of the Indiana Municipal Power Agency Effective August 14, 2006, as amended and supplemented from time to time (the “Board Policy”).

*See* Appendix F, “Summary of Certain Provisions of the Resolution and Board Policy.”

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\* Preliminary, subject to change

## **IMPA**

IMPA was created in 1980 pursuant to the provisions of the IMPA Act, by contract among its then member municipalities, for the purpose of undertaking the planning, financing, ownership, and operation of projects to supply electric power and energy for the present and future needs of its members. IMPA has entered into separate power sales contracts, and one power supply agreement, (as amended or modified, the “Power Sales Contracts”) to meet the power and energy requirements of its present 61 members (collectively, the “Members” and each a “Member”) who are listed on the inside cover page of this Official Statement. *See* “SECURITY AND SOURCE OF PAYMENT FOR THE 2022 A BONDS, Power Sales Contracts.”

### **Additional Information**

This Official Statement describes the terms of the Resolution, the 2022 A Bonds, the Power Supply System, the Power Sales Contracts, the Members, certain provisions of the IMPA Act and certain contracts and documents relating to IMPA’s power supply. Such descriptions do not purport to be comprehensive or definitive. All references to any statute, agreement or document are qualified in their entirety by reference to such statute, agreement or document, and all references to the 2022 A Bonds are qualified in their entirety by reference to their definitive form and the information with respect to the 2022 A Bonds contained in the Resolution. Copies of the IMPA Act, the Resolution and the Power Sales Contracts are available from IMPA at 11610 N. College Avenue, Carmel, Indiana 46032, telephone number: (317) 573-9955.

IMPA’s consolidated interim financial data as of May 31, 2022 and for the five months ended May 31, 2022 and 2021 (unaudited) are included as Appendix A. IMPA’s audited consolidated financial statements as of and for the years ended December 31, 2021 and 2020 (the “Audited Financial Statements”) are included as Appendix B. IMPA files annual and other information with the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access system (the “EMMA”).

Information regarding the Major Members, which are the Members of the Agency that contributed at least 5% of IMPA’s revenues from Members for the most recent fiscal year, is set forth in Appendix C. General Member Information is set forth in Appendix D. Information regarding the Power Sales Contracts is set forth in Appendix E. Summaries of certain definitions and provisions of the Resolution and the Board Policy are set forth in Appendix F. The form of Bond Counsel opinion with respect to the 2022 A Bonds is set forth in Appendix G. Appendix H provides a description of the book-entry system that will be applicable to the 2022 A Bonds. Appendix I provides the form of the Second Amended and Restated Continuing Disclosure Undertaking of IMPA relating to the 2022 A Bonds (*See* “CONTINUING DISCLOSURE”). Appendix J provides additional information regarding IMPA’s compliance with the Second Amended and Restated Continuing Disclosure Undertaking and the compliance by the current Major Members with their continuing disclosure obligations pursuant to agreements they entered into in connection with the issuance of municipal securities subject to the Rule.

All the information described in this section along with this Official Statement should be read in its entirety by prospective buyers of the 2022 A Bonds.

## SECURITY AND SOURCE OF PAYMENT FOR THE 2022 A BONDS

### Bonds Outstanding

Immediately prior to the issuance of the 2022 A Bonds, IMPA will have the following Power Supply System Revenue Bonds (the “Prior Bonds”) outstanding in the aggregate principal amounts set forth below (in thousands of dollars):

<b>Prior Bonds</b>	<b>Amount</b>
Taxable Power Supply System Revenue Bonds, 2009 Series C (the “2009 C Bonds”) .....	8,785
Power Supply System Revenue Bonds, 2010 Series A (Build America Bonds - Direct Payment - Federally Taxable) (the “2010 A Bonds”) .	123,640
Power Supply System Refunding Revenue Bonds, 2012 Series A (the “2012 A Bonds”) .....	20,515
Power Supply System Revenue Bonds, 2013 Series A (the “2013 A Bonds”)	23,235
Power Supply System Refunding Revenue Bonds, 2014 Series A (the “2014 A Bonds”) .....	148,180
Power Supply System Refunding Revenue Bonds, 2016 Series A (the “2016 A Bonds”) .....	366,350
Power Supply System Refunding Revenue Bonds, 2016 Series C (the “2016 C Bonds”).....	141,010
Power Supply System Revenue Bonds, 2017 Series A (the “2017 A Bonds”)	209,450
Power Supply System Revenue Bonds, 2019 Series A (the “2019 A Bonds”)	117,040
Variable Rate Demand Power Supply System Refunding Revenue Bonds, 2019 Series B (the “2019 B Bonds”) .....	58,220
	\$ 1,216,425

For a description of the debt service on the Bonds that will be outstanding upon the issuance and sale of the 2022 A Bonds, *See* “DEBT SERVICE REQUIREMENTS.”

### Pledge under the Resolution

The 2022 A Bonds, together with the Prior Bonds and any other Bonds to be issued under the Resolution and Hedge Payments related to one or more Senior Hedge Agreements, are and will be payable from and secured by a pledge of and security interest in (i) all revenues, income, rents and receipts derived by IMPA from or attributable to the ownership and operation of its power supply system (as defined in Appendix F, the “Revenues”), (ii) certain funds established by the Resolution including the Construction Fund, the Debt Service Fund, the Operation and Maintenance Fund, and the Revenue Fund (as defined in Appendix F, the “Senior Pledged Funds”) and (iii) certain additional funds and accounts established by the Resolution, including the Common Reserve Account and the Alternate Series Reserve Account, which may secure the payment of one or more Series of Bonds or Hedge Payments related to one or more Senior Hedge Agreements from time to time (as defined in Appendix F, the “Series Pledged Funds”), subject to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution. The Senior Trust Estate is comprised of the Revenues, the Senior Pledged Funds and the Series Pledged Funds.

*See* Appendix F, “Summary of Certain Provisions of the Resolution and Board Policy,” for a description of such Funds and Accounts and other provisions of the Resolution and Board Policy.

**The Bonds (including the 2022 A Bonds) are payable solely from the Senior Trust Estate and neither the State of Indiana (the “State”), nor any political subdivision thereof, other than IMPA, nor any Member shall be obligated to pay the principal of or premium, if any, or interest on the Bonds, and neither the faith and credit nor the taxing power of the State or any political subdivision thereof or any Member is pledged to the payment of the principal of or premium, if any, or interest on the Bonds. IMPA does not have any taxing power.**

#### **Debt Service Reserve Fund - General**

A Debt Service Reserve Fund has been created under the Resolution. Although a Series of Bonds issued under the Resolution is not required to be secured by the Debt Service Reserve Fund or any Account thereof, IMPA has established a Common Reserve Account to secure the Covered Bonds in an amount equal to the Common Bonds Reserve Requirement (as defined below). IMPA may, at its option, specify in a Supplemental Resolution whether or not any Series of Bonds will be secured by the Common Reserve Account. If IMPA determines that a Series of Bonds shall not have a claim for payment on the Common Reserve Account, IMPA may, at its option, create a Series Reserve Account for such Bonds and establish a related Series Reserve Requirement in a Supplemental Resolution. Such Bonds shall have a claim for payment on the related Series Reserve Account and such Series Reserve Account may be established for the benefit of one or more Series of Bonds as set forth in the Supplemental Resolution. Amounts held in an Account of the Debt Service Reserve Fund shall be applied only to prevent deficiencies in the payments of principal of and interest on the related Series of Bonds which have a claim on such Account.

#### **Debt Service Reserve Fund - Common Reserve Account**

The Resolution requires the maintenance of the Common Reserve Account of the Debt Service Reserve Fund in an amount equal to the Common Bonds Reserve Requirement for Covered Bonds. The Common Bonds Reserve Requirement is defined in the Resolution as an amount equal to the maximum Adjusted Aggregate Debt Service, calculated by taking into account only the Covered Bonds, for the then current or any future Fiscal Year. Covered Bonds are defined in the Resolution as all Series of Bonds issued prior to June 17, 2003 and any Series of Bonds issued after June 17, 2003 which the Agency has specified will be secured by the Common Reserve Account in the Supplemental Resolution pursuant to which such Series of Bonds was issued. All of the Prior Bonds, with the exception of the 2010 A Bonds and the 2019 B Bonds, are Covered Bonds. Amounts in the Common Reserve Account are to be applied to make payment of the principal of, or interest on, the Covered Bonds when due in the event that amounts on deposit in the Debt Service Account are not sufficient therefor.

**The 2022 A Bonds will be Covered Bonds.**

#### **Debt Service Reserve Fund - Alternate Series Reserve Account**

The Resolution requires the maintenance of the Alternate Series Reserve Account as additional security for the 2010 A Bonds and any additional Bonds that IMPA elects to be secured thereby (collectively, the “Alternate Covered Bonds”). The Alternate Series Reserve Account constitutes a Series Reserve Account and is held by the Trustee. The Resolution requires IMPA to maintain in the Alternate Series Reserve Account an amount equal to the Alternate Series Reserve Requirement, which is defined in the Resolution, as of any date of calculation, as an amount equal to 65% of the maximum Adjusted Aggregate Debt Service relating to interest coming due on the Alternate Covered Bonds then outstanding in the then current or any future Fiscal Year. Amounts in the Alternate Series Reserve Account are to be applied to make payment of the principal of, or

interest on, the Alternate Covered Bonds, when due in the event that amounts on deposit in the Debt Service Account are not sufficient therefor.

**The 2022 A Bonds will not be Alternate Covered Bonds.**

**Power Sales Contracts**

The Agency began providing service pursuant to certain of the Power Sales Contracts on January 27, 1983. The Agency commenced service under the remaining Power Sales Contracts, on or before January 1, 2022. Pursuant to the Power Sales Contracts, the Members are required to purchase from IMPA, and IMPA is required to supply, all of the power and energy used by the Members in the operation of their municipal electric systems.

All of the Power Sales Contracts with the exception of the Cities of Anderson, Frankfort and Scottsburg have 30-year rolling terms and are referred to herein as the “Thirty-Year Contracts”. Thus, the Thirty-Year Contracts will continue in perpetuity unless a termination notice is provided by the Member to the Agency, in which case the Power Sales Contracts would terminate 30 years after notice is provided on the next occurring April 1<sup>st</sup>. If any Member provides notice on a Thirty-Year Contract prior to April 1, 2023, their contract would terminate on April 1, 2053.

IMPA is in the process of working with the Cities of Anderson, Frankfort and Scottsburg to extend their contracts to Thirty-Year Contracts. The current Power Sales Contracts with the Cities of Anderson, Frankfort and Scottsburg have a termination date of April 1, 2042. The Power Sales Contracts that terminate on April 1, 2042 provide for an automatic one-year extension of the term of such contracts beginning April 1, 2042 unless at anytime on or after April 1, 2032, a termination notice is provided by the Member to the Agency at least 10 years prior to the then current date of termination. The Cities of Anderson, Frankfort and Scottsburg represented approximately 15.0%, 5.7% and 2.2% of IMPA’s 2021 energy sales, respectively.

Each Power Sales Contract may be terminated earlier than the termination date if all Bonds issued under the Resolution have been paid or provision for such payment has been made pursuant to the Resolution and all contractual obligations entered into by IMPA for the generation, purchase, transmission or transformation of power and energy have been terminated and provision has been made for the payment of any residual costs.

The Power Sales Contracts require IMPA to set rates that will produce revenues sufficient, but only sufficient, together with other available funds, to provide for the payment of IMPA’s revenue requirements. Such revenue requirements include, without limitation, debt service on the Bonds, deposits required to be made into the Funds established under the Resolution and such additional amounts as are necessary to satisfy any debt service coverage requirement in the Resolution. Under the Power Sales Contracts, IMPA is required to give notice to the Members at least 60 days prior to the implementation of any change in rates. Each Member is required to make payments under its Power Sales Contract solely from the revenues of its municipal electric system, and such payments are treated as operating expenses of such system. Pursuant to its Power Sales Contract, each Member has agreed to establish and maintain rates for the sale of power and energy sufficient to enable it to pay all amounts owing to IMPA thereunder and all other amounts constituting a lien or charge upon the revenues of its electric system. Members under the jurisdiction of the Indiana Utility Regulatory Commission (the “IURC”) must obtain the approval of the IURC and their municipal legislative body of rates and charges for electric services. *See* “INDIANA MUNICIPAL POWER AGENCY, Regulation.”

*See* Appendix E, “Information Regarding the Power Sales Contracts.”

## **Rate Covenant and Coverage under the Resolution**

IMPA has agreed under the Resolution to establish and collect rates under the Power Sales Contracts and otherwise to charge and collect rents, rates, fees and charges, subject to the approval of any regulatory authority with jurisdiction over such rents, rates, fees and charges, for the sale of the output, capacity or service of its power supply system which, together with other available revenues and giving effect to payments into and from the Rate Stabilization Fund created under the Board Policy, are reasonably expected to yield Net Revenues, as defined in the Resolution, equal to at least 1.10 times the Aggregate Debt Service (as defined in the Resolution) for the forthcoming 12-month period (excluding principal payments intended to be paid from moneys other than Revenues) and which shall be sufficient, together with other available funds, to pay or discharge all other indebtedness, charges and liens payable out of Revenues.

## **Board Policy**

Certain funds are held and managed pursuant to the Board Policy. The Board Policy also sets forth the permitted investments for funds held under the Resolution and under the Board Policy. The provisions of the Board Policy may be changed from time to time by a resolution of the Board without consent of, or notice to, the holders of the Bonds.

The Board Policy establishes a Rate Stabilization Fund in which IMPA may deposit moneys. The Resolution does not permit moneys deposited into the Rate Stabilization Fund to be included for purposes of calculating IMPA's coverage for the year in which such deposits occur or accrue. The Resolution does permit, at the Agency's option, moneys withdrawn from the Rate Stabilization Fund to be considered part of Net Revenues when determining whether IMPA has complied with its rate covenant. As of December 31, 2021, IMPA's Rate Stabilization Fund balance was approximately \$28.6 million.

*See Appendix F, "Summary of Certain Provisions of the Resolution and Board Policy, Board Policy."*

## **Additional Bonds**

IMPA may issue additional Bonds and subordinated indebtedness upon compliance with certain conditions applicable to the issuance of such Bonds and such indebtedness as more fully described in the Resolution.

IMPA may issue additional Bonds to fund the Cost of Acquisition and Construction of the System and for the purpose of refunding outstanding Bonds. The issuance of additional Bonds (except for Refunding Bonds) is conditioned upon, among other things, delivery by IMPA of a certificate that no event of default exists under the Resolution, and either (i) (a) a certificate that, for any period of 12 consecutive months within the 24 months preceding the issuance of such Bonds, Net Revenues were at least equal to 1.10 times Aggregate Debt Service during such period (excluding principal of Bonds paid from sources other than Revenues) and (b) a certificate of an Authorized Officer of IMPA that, the Net Revenues, estimated as described below, shall at least be equal to 1.10 times the Adjusted Aggregate Debt Service for each of the Fiscal Years in the period beginning with the Fiscal Year in which such Bonds are to be issued and ending on the later of the fifth full Fiscal Year thereafter or the first full Fiscal Year in which less than 10% of the interest coming due on the Bonds expected to be outstanding is to be paid from the Bond proceeds; or (ii) a certificate of an Authorized Officer of IMPA that, for any period of twelve consecutive months within the twenty-four months preceding the issuance of such Bonds, the Net Revenues were at least equal to 1.10 times the Adjusted Aggregate Debt Service for such period with respect to all Prior Bonds and the Bonds then being issued (excluding principal of Bonds paid from sources

other than Revenues). For purposes of estimating future Net Revenues, an Authorized Officer of IMPA may base its estimate upon certain expected rate increases and assumed sales of power and energy.

*See* Appendix F, “Summary of Certain Provision of the Resolution and Board Policy, The Resolution, Additional Bonds; Conditions to Issuance.”

### **Subordinated Indebtedness**

The Resolution permits the Agency to issue Subordinated Indebtedness payable from, and secured by, a lien on the Subordinated Indebtedness Fund under the conditions described therein; provided such lien is subordinate in all respects to the lien of the Senior Trust Estate in favor of the holders of the Bonds. *See* Appendix F “Summary of Certain Provisions of the Resolution and Board Policy, The Resolution, Subordinated Indebtedness.”

PNC Bank, National Association (the “Bank”) provided the Agency a committed revolving line of credit pursuant to a letter agreement and a promissory note (the “Subordinated Note”) issued in accordance with the Resolution pursuant to the 2020 Supplemental Power Supply System Taxable Subordinated Indebtedness Resolution adopted on October 30, 2020 in an amount not to exceed \$100,000,000, with an expiration date of December 31, 2023.

Advances under the Subordinated Note are to be used: (1) for working capital to support power supply operations and to fund capital expenditures prior to long-term financing or routine capital expenditures expected to be funded from revenues to be collected and letters of credit (posted as collateral under power trading agreements or for general business purposes); and (2) for other general business purposes of the Agency. The Subordinated Note constitutes Subordinated Indebtedness under the Resolution, is payable solely from amounts in the Subordinated Indebtedness Fund, and is secured by a pledge and assignment of the Revenues deposited in the Subordinated Indebtedness Fund. The pledge and assignment of the Revenues on deposit in the Subordinated Indebtedness Fund to the Bank are subordinate in all respects to the pledge of the Senior Trust Estate for the benefit of the holders of the Bonds.

Pursuant to the Subordinated Note, as of June 30, 2022 IMPA had posted letters of credit issued by the Bank as collateral under certain power trading agreements totaling \$\_\_ million. *See* “THE POWER SUPPLY SYSTEM – Transmission.”

### **Subsidy Payments**

IMPA made an election to treat the 2010 A Bonds as “Build America Bonds” under Section 54AA(d) of the Code and “qualified bonds” under Section 54AA(g) of the Code, and, prior to each interest payment date for the 2010 A Bonds, to apply to the Secretary of the United States Treasury to receive a credit, equal to 35% of the interest payable on the 2010 A Bonds on such date, under Section 6431 of the Code (any such credit, a “Subsidy Payment”). Subsidy Payments received by IMPA are included in Revenues and applied in accordance with the provisions of the Resolution for the purposes and on the conditions provided therein.

Pursuant to the Balanced Budget and Emergency Deficit Control Act (the “Budget Control Act”), on March 1, 2013, the President of the United States (the “President”) issued a sequestration order which requires automatic spending cuts (“Sequestration”) to reduce the budget deficit. IMPA’s annual Subsidy Payment before Sequestration is approximately \$2.4 million. The current Sequestration rate is 5.7% which will result in a reduction of the Subsidy Payment by approximately \$137,000 annually. All Subsidy Payments, less the reductions for Sequestration, due to IMPA since the issuance of the 2010 A Bonds have been received in full in a timely manner.

## FINANCE PLAN

### General

The 2022 A Bonds are being issued to provide funds to: (i) finance capital improvements to the Power Supply System, (ii) refund the Refunded Bonds (as herein defined), and (iii) pay the cost of issuance of the 2022 A Bonds. In addition, as a result of the issuance of the 2022 A Bonds, the amount of the Common Bonds Reserve Requirement for the Common Bonds, which include the 2022 A Bonds, will be reduced. The Common Reserve Account is currently funded in an amount equal to the Common Bonds Reserve Requirement. Upon the issuance of the 2022 A Bonds, a portion of such reduction will be transferred from the Common Reserve Account and used to pay a portion of the interest on the 2022 A Bonds and the remainder thereof will be deposited in the Construction Fund.

### Authorization to Issue Bonds

IMPA is authorized to issue bonds under the IMPA Act to refund Bonds and to pay for all or any part of the costs of any of the projects or purposes authorized by the IMPA Act, including, without limitation, the provision of working capital and the payment of all other costs or expenses incident to and necessary or convenient to carry out the purposes and powers authorized by the IMPA Act.

### Power Supply System Capital Improvements

IMPA will use the proceeds of the 2022 A Bonds to pay for certain capital improvements to the Power Supply System. Power Supply System capital improvements include normal ongoing improvements, environmental controls and transmission investments. *See* “THE POWER SUPPLY SYSTEM.”

### Refunded Bonds\*

Upon the authentication and delivery of the 2022 A Bonds, a portion of the proceeds of the 2022 A Bonds, together with other funds held by the Trustee, will be deposited into an escrow fund (the “Escrow Fund”) to fully refund the 2012 A Bonds<sup>†</sup> (the “Refunded Bonds”). The Escrow Fund will be established under an Escrow Deposit Agreement between IMPA and The Bank of New York Mellon Trust Company, N.A., as escrow trustee (the “Escrow Trustee”) dated as of August 1, 2022 (the “Escrow Agreement”). The moneys in the escrow fund will be held as cash or invested in direct non-callable obligations of the United States of America and will be in amounts sufficient to pay the principal of, premium, if any, and interest on the Refunded Bonds through the redemption date of the Refunded Bonds. The aggregate principal of the Refunded Bonds is \$20,515,000. The following is a summary of the Refunded Bonds:

<u>Due<sup>‡</sup></u>	<u>Amount</u>	<u>Rate</u>	<u>CUSIP 454898</u>	<u>Due<sup>‡</sup></u>	<u>Amount</u>	<u>Rate</u>	<u>CUSIP 454898</u>
2024	\$ 3,715,000	5.00%	VX2	2027	\$ 4,300,000	5.00%	WA1
2025	3,900,000	5.00%	VY0	2028	4,510,000	5.00%	WB9
2026	4,090,000	5.00%	VZ7				

\* Preliminary, subject to change

† Based on economics at the time of the refunding

‡ January 1 of the respective year

## ESTIMATED SOURCES AND USES OF FUNDS

IMPA's estimates of the sources and uses of funds with respect to the 2022 A Bonds are as follows:

### Sources of Funds:

Principal Amount of the 2022 A Bonds

Original Issue Premium/Discount

Release from Common Reserve Account

Total Sources of Funds

\_\_\_\_\_  
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### Uses of Funds:

Deposit to Construction Fund

Deposit to the Capitalized Interest Subaccount

Deposit to the Escrow Fund for the Refunding of the Refunded Bonds

Costs of Issuance (including Underwriters' Discount)

Total Uses of Funds

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## DESCRIPTION OF THE 2022 A BONDS

### General

The 2022 A Bonds will be issued in the aggregate principal amount of \$97,295,000\*. The 2022 A Bonds will be dated the date of delivery, and will bear interest from that date payable semi-annually on January 1 and July 1 of each year, commencing January 1, 2023 at the rates per annum set forth on the inside cover page of this Official Statement. The 2022 A Bonds will be payable in the amounts and on the dates set forth on the inside cover page of this Official Statement.

Interest on any 2022 A Bond will be paid to the person in whose name such bond is registered as of the applicable Regular Record Date, which is December 15 for interest due on January 1, and June 15 for interest due on July 1. Interest on the 2022 A Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The 2022 A Bonds are being issued in fully registered form, and, when issued, will be registered in the name of Cede & Co., as nominee of DTC. So long as Cede & Co. is the Registered Owner of the 2022 A Bonds, references herein to the Registered Owner shall mean Cede & Co., and not the Beneficial Owners of the 2022 A Bonds. Beneficial ownership interests in the 2022 A Bonds will be in denominations of \$5,000 or any integral multiple thereof.

*See Appendix H, "DTC Book-Entry System."*

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\* Preliminary, subject to change

## Redemption of the 2022 A Bonds

### *Optional Redemption of the 2022 A Bonds\**

The Bonds maturing on or after January 1, 20\_\_ are subject to redemption prior to maturity at the election of IMPA in whole or in part in the principal amount per maturity designated by the Agency at any time on or after January 1, 20\_\_ at a redemption price of 100% of the principal amount of the 2022 A Bonds to be redeemed, plus accrued interest to the redemption date.

### *Sinking Fund Redemption of the 2022 A Bonds\**

The 2022 A Bonds maturing January 1, 2047 are subject to mandatory sinking fund redemption on January 1 in the years specified below. The redemption price will be 100% of the principal amount of the 2022 A Bonds to be redeemed plus accrued interest, if any, to the redemption date.

#### **2022 A Bonds Maturing January 1, 2047\***

<u>Year</u>	<u>Amount</u>
2043	\$ 2,240,000
2044	2,355,000
2045	2,470,000
2046	2,595,000
2047±	2,725,000

The 2022 A Bonds maturing January 1, 2053 are subject to mandatory sinking fund redemption on January 1 in the years specified below. The redemption price will be 100% of the principal amount of the 2022 A Bonds to be redeemed plus accrued interest, if any, to the redemption date.

#### **2022 A Bonds Maturing January 1, 2053\***

<u>Year</u>	<u>Amount</u>
2048	\$ 2,860,000
2049	3,005,000
2050	3,155,000
2051	3,310,000
2052	3,475,000
2053±	3,650,000

At its discretion, IMPA may reduce the principal amount of the 2022 A Bonds of a partial maturity required to be redeemed on any date pursuant to the applicable mandatory sinking fund redemption dates described above by the principal amount of the 2022 A Bonds of such maturity which have been purchased or redeemed and not previously applied as a credit against any such sinking fund installment.

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\* Preliminary, subject to change

± Final maturity

## **Notice of Redemption**

Notice of redemption of any 2022 A Bonds is to be mailed, by first class mail, postage prepaid, not less than 30 nor more than 60 days before the redemption date, to the Registered Owners of the 2022 A Bonds which are to be redeemed. A defect in the mailing of such notice with respect to any 2022 A Bond shall not affect the validity of the redemption of any other 2022 A Bond.

For so long as a book-entry-only system is in effect with respect to the 2022 A Bonds, the Trustee will mail such notice of redemption of the 2022 A Bonds only to DTC or its nominee, or its successor, as the Registered Owner thereof. Any failure of DTC or its successor or a Direct Participant or Indirect Participant to notify a Beneficial Owner (as defined in Appendix H) of a 2022 A Bond of such redemption will not affect the sufficiency or the validity of the redemption of such 2022 A Bond. Neither IMPA nor the Trustee, as applicable, nor the Underwriters (other than in their capacity, if any, as a Direct Participant) can make any assurance that DTC, the Direct Participants or the Indirect Participants will distribute such redemption notice to the Beneficial Owners of the 2022 A Bonds, or that they will do so on a timely basis.

*See Appendix H, "DTC Book-Entry System."*

## **Selection of 2022 A Bonds for Redemption**

If less than all of the outstanding 2022 A Bonds are to be redeemed, IMPA shall designate in writing to the Trustee the maturities and the principal amount per maturity of 2022 A Bonds to be redeemed. Within a maturity, the Trustee shall select 2022 A Bonds for redemption by lot and, if such 2022 A Bonds are registered in book-entry-only form, in accordance with DTC procedures. The portion of any 2022 A Bond to be redeemed in part shall be in the principal amount of \$5,000 or any integral multiple thereof.

## DEBT SERVICE REQUIREMENTS

The following table presents IMPA's annual debt service requirements (in thousands of dollars) for the Bonds upon the issuance and delivery of the 2022 A Bonds:

### DEBT SERVICE\*

January 1,†	Prior Bonds‡	2022 A Bonds	Total Debt Service
2023	\$ 90,769	\$	\$
2024	97,679		
2025	97,677		
2026	97,676		
2027	97,679		
2028	97,675		
2029	97,679		
2030	97,679		
2031	97,676		
2032	97,679		
2033	97,677		
2034	97,676		
2035	97,678		
2036	97,677		
2037	97,680		
2038	97,678		
2039	97,677		
2040	97,677		
2041	97,680		
2042	97,680		
2043	-		
2044	-		
2045	-		
2046	-		
2047	-		
2048	-		
2049	-		
2050	-		
2051	-		
2052	-		
2053	-		
Total	\$ 1,946,648	\$	\$

\* Includes principal and interest. Totals may not add due to rounding.

† Annual period ending.

‡ Interest assumed to be 4% per annum on the 2019 B Bonds..

## INDIANA MUNICIPAL POWER AGENCY

### General

IMPA, a body corporate and politic and a political subdivision of the State of Indiana, was created by contract by certain of its Members on June 12, 1980. Organized and existing under the provisions of the IMPA Act, IMPA was formed for the purpose of permitting its Members to secure, by joint action among themselves, or by contract with other utilities, an adequate, reliable and economical supply of electric power and energy. Under the IMPA Act, IMPA has the power, in addition to other powers, to jointly finance, develop, own and operate electric generation, transmission and related facilities; to generate, produce, transmit, transform, deliver, exchange, interchange, purchase or sell for resale electric power or energy and transmission and related services; to issue bonds for the purpose of paying all or any part of the costs of any projects or purposes authorized by the IMPA Act; and to refund bonds.

IMPA currently has 61 Members. New members or customers may be added in the future if the Board determines that there is a benefit to IMPA and the current membership. *See* “SECURITY AND SOURCE OF PAYMENT FOR THE 2022 A BONDS, Power Sales Contracts.”

### Organization and Management

The Board, consisting of one Commissioner appointed by each Member, directs the business and affairs of IMPA. IMPA’s by-laws provide that each Member, through its Commissioner, shall have one vote plus additional votes based on its electric requirements and number of years since the Member executed the Power Sales Contract.

*Jack F. Alvey* joined IMPA in 1992. He is currently President and Chief Executive Officer of IMPA and is responsible for the administration and development of IMPA and its strategies and programs pursuant to policies established by the Board. Mr. Alvey has previously held the positions of Executive Vice President and Chief Operating Officer, Senior Vice President Generation, Vice President Generation, Director of Generation Operations, Manager of Generation Operations, Senior Combustion Turbine Operator, and Combustion Turbine Operator at IMPA. Prior to joining IMPA, Mr. Alvey served as an electrical operator in the United States Navy’s nuclear power field. Mr. Alvey holds a Master of Business Administration degree from Indiana University as well as a Bachelor of Science degree from Purdue University.

*Frank J. Smardo* joined IMPA in 2001. He is currently Executive Vice President and Chief Operating Officer and is responsible for IMPA’s generation operations, generation electrical facilities, communication facilities, power purchase and sales agreements, rates, member billing, integrated resource planning, market operations, maintenance, environmental compliance and North American Electric Reliability Council Compliance. Mr. Smardo has previously held the positions of Executive Vice President Energy Solutions, Senior Vice President Engineering, Vice President Market Operations, Assistant Vice President Market Operations, Senior Planning Engineer and Planning Engineer. Prior to joining IMPA, Mr. Smardo was employed by the State Utility Forecasting Group at Purdue University. Mr. Smardo holds a Master of Business Administration degree from Indiana University, as well as a Masters and Bachelor of Science in Industrial Engineering from Purdue University.

*Jane M. Hemmerlein* joined IMPA in 1986. She is currently Vice President, Human Resources. She is responsible for all human resource functions including pensions, insurance and other benefits, casualty and liability insurance, information technology and other systems and IMPA’s administrative staff. Ms. Hemmerlein has previously held the position of Administrative

Manager, Office Manager and Secretary/Receptionist. Ms. Hemmerlein previously worked for the Farm Credit Association for 3 years. Ms. Hemmerlein holds a B.S. in Business from IU Kelley School of Business.

*Peter J. Prettyman* joined IMPA in 2014. He is currently Senior Vice President and General Counsel. He is responsible for supervising IMPA's Legal and Government Relations Departments, and manages all aspects of IMPA's legal affairs. Prior to joining IMPA, he was an attorney with the law firm of Taft, Stettinius & Hollister, LLP. Mr. Prettyman holds a Juris Doctor degree from Indiana University Robert H. McKinney School of Law and a Bachelor of Arts degree in Communications from Vanguard University of Southern California.

*J. Christian Rettig* joined IMPA in 2000. He is currently Senior Vice President and Chief Financial Officer. Prior to joining IMPA, Mr. Rettig worked for Roche Diagnostics Corporation for five years and the accounting firms of Baird, Kurtz & Dobson (formerly Geo. S. Olive & Co.) and Baden, Gage and Schroeder for eleven years. Mr. Rettig holds a Master of Business Administration degree from Butler University and a Bachelor of Science degree in Accounting and Economics from Ball State University. Mr. Rettig is a Certified Public Accountant in the State of Indiana.

*Joseph T. Schmidt* joined IMPA in 2005. He is currently Senior Vice President and IMPA Service Corp General Manager. He is responsible for supervising IMPA's Electrical Engineering department and IMPA Service Corp, which provides engineering and distribution services to IMPA members. Prior to joining IMPA, he worked for six years with Power Test LLC. Mr. Schmidt holds a Master of Business Administration degree from Butler University and a Bachelor of Science degree in Electrical Engineering from Messiah College. Mr. Schmidt is a Registered Professional Engineer in the State of Indiana.

## **Consolidated Financial Statements and Management's Discussion and Analysis**

IMPA's consolidated interim financial data as of May 31, 2022 and for the five months ended May 31, 2022 and 2021 (unaudited) are included as Appendix A hereto. IMPA's audited consolidated financial statements and management's discussion and analysis for the years ended December 31, 2021 and 2020 are included as Appendix B hereto. IMPA files annual consolidated financial statements and other information with the MSRB through the EMMA system. Documents filed by IMPA should be available from EMMA.

### **Rate Setting**

Since 1992, the Board has set rates to collect revenues in excess of the amount necessary to meet the 1.10-times-coverage requirement of the Resolution. There can be no assurance the Board will continue this practice. The Board also restricts discretionary expenditures from the Rate Stabilization Fund to items specifically approved by the Board.

IMPA utilizes an energy cost adjustment tracking mechanism ("ECA Tracker") to pass through any increase or decrease in power supply and transmission costs in the rates charged to the Members. The ECA Tracker provides a mechanism to collect or refund the difference between IMPA's actual power cost and the budgeted power cost included in base rates approved annually by the Board. IMPA adjusts the ECA Tracker every six months to reflect the difference between budgeted and actual costs incurred in the preceding six-month period and current power supply and transmission cost projections.

*See "INDIANA MUNICIPAL POWER AGENCY, Regulation."*

## **Regulation**

The IURC and the Federal Energy Regulatory Commission (“FERC”) do not regulate IMPA’s rates. Under Indiana law, the retail rates Members charge their customers are subject to the jurisdiction of the IURC, unless the Member has exercised a statutory option to remove itself from such jurisdiction. Six of the Members remain under the jurisdiction of the IURC and their rates and financing are subject to the IURC’s approval. However, Section 10(c) of the IMPA Act requires each Member to fix its rates and charges at a level sufficient to meet its obligations under its Power Sales Contract, and the IMPA Act further obligates the IURC, in any proceeding in which a Member seeks the approval of rates, to make specific findings of the revenue requirements needed to meet such Power Sales Contract obligations and to approve rates sufficient for such requirements.

All Members have tracking mechanisms, or “trackers,” that allow them to pass through any increase or decrease in power supply and transmission costs through rates charged to their retail customers. Members revise quarterly the trackers charged to their retail customers to reflect the estimated IMPA ECA Tracker for the succeeding three months and the difference between the estimated and actual IMPA ECA Tracker collection of revenues for a prior three-month period. Members subject to IURC jurisdiction must seek regulatory approval of the revised trackers in an expedited 30-day filing process.

## **Taxes**

Under Indiana law, property owned by IMPA in Indiana is exempt from property taxes. However, IMPA is required to make payments in lieu of property taxes to any Indiana governmental unit authorized to levy property taxes in amounts which would be assessed as taxes on real and personal property of a “project,” as that term is defined in the IMPA Act. Consequently, IMPA makes such payments to numerous Indiana taxing districts. IMPA also pays property taxes in Kentucky and Illinois, with respect to its ownership interests in Trimble County Units 1 and 2, and the Prairie State Energy Campus.

## **Cyber Security**

IMPA continually reviews and prepares for cyber security events. The Agency’s proactive countermeasures include cyber security insurance, controlled access using multifactor authorization, secured and tested backups, managed vulnerabilities, patched systems and applications, filtered emails and web content, protected privileged accounts, protected network, secured endpoints, logged and monitored network, a phishing-aware workforce, hardened device configuration and an incident response plan.

IMPA has adopted the Center for Internet Security (CIS) Critical Security Controls version 8 as our controlling security framework. The Agency also leverages resources and guidance from the US Department of Homeland Security (DHS), the US Cybersecurity & Infrastructure Security Agency (CISA), the US Department of Energy, The North American Electric Reliability Corporation (NERC), the Multi-State Information Sharing and Analysis Center (MS-ISAC) and other trusted third-party sources in our on-going efforts to keep IMPA, its systems, data and members, safe and secure.

## **THE MEMBERS**

### **Description of the Members**

The economic base of the Members is primarily commercial and industrial, with agriculture supplementing the economic base of their surrounding areas. Historically, the economy of several

Members was dependent on the automotive industry. However, over the years, those Members' industrial bases have become more diverse, with an influx of manufacturers and distributors of plastics, electronic components, and food processing products, among other items.

Based on the U.S. Census Bureau 2020 population estimates, the aggregate population within the corporate limits of the Members was approximately 350,000. Some Members also provide electricity to customers in areas outside their corporate limits; however, the total population within the Members' collective assigned service areas has not been determined.

Appendix C provides pertinent information for the Major Members, which are the Members of the Agency which contributed at least 5% of IMPA's revenues from Members for the most recent fiscal year. The Major Members, based on 2021 revenues from Members, are the Indiana cities of Anderson (15.0%), Richmond (14.1%), Crawfordsville (6.0%), Frankfort (5.7%), Greenfield (5.9%) and Jasper (5.4%). During the year ended December 31, 2021, the Major Members provided retail electric service to approximately 93,000 customers, sold an aggregate of 3 million megawatt hours\* ("MWh") of energy, experienced a non-coincident peak demand of 621 megawatts ("MW") and received approximately \$297 million in revenues from their customers. IMPA prepared the information contained in Appendix C from data provided to it by the Major Members.

### **Electric Systems and Management**

Each Member owns and operates an electric system for the distribution of electric power and energy. Richmond, owns electric generating facilities and dedicates the capacity of its generating facilities to IMPA through a Capacity Purchase Agreement, as amended (the "Capacity Purchase Agreement"). See "IMPA OPERATIONS, Capacity Dedicated by Rensselaer." Richmond has transferred the operation of and all rights to all capacity generated from its Whitewater Valley Station ("WWVS") to IMPA. See "IMPA OPERATIONS, Whitewater Valley Station."

Each Member, including Members who own electric generating facilities, must purchase all of its electric requirements from IMPA pursuant to the Power Sales Contract between the respective Member and IMPA.

Retail electric service in areas adjoining the service areas of the Members is provided by investor-owned utilities or rural electric cooperatives which, in some instances, also serve a limited number of customers within the corporate limits of the Members. Indiana law controls the boundaries of an electric utility's assigned service area, and changes to these boundaries must be approved by the IURC.

Two of IMPA's Major Members, Anderson and Frankfort, have financed capital additions to their respective electric utility systems with long-term bonds payable from net revenues. As of December 31, 2021, the aggregate principal amount of these obligations was approximately \$\_\_ million.

### **General Member Information**

General information for each Member including the year IMPA commenced service for the Member, the Members' estimated population, the Members' 2021 peak demand and the percent of IMPA's 2021 revenues that each Member represents is included in Appendix D.

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\* Unless otherwise specified, megawatts and megawatt hours are stated in alternating current (AC) units.

Certain information relating to the rates for residential electric service charged by IMPA’s Members and Indiana investor-owned utilities (“IOUs”) is also included in Appendix D.

### Members’ Historical and Projected Power and Energy Requirements

The following tables summarize the historical and projected aggregate coincident peak demands and aggregate energy requirements for IMPA’s Members. Peak Demand and Energy Requirements are presented in MW and MWh respectively.

Variations of summer temperatures resulted in fluctuations of historical power and energy requirements from year to year. The Projected Power and Energy Requirements table assumes normalized temperatures and load growth.

#### HISTORICAL POWER AND ENERGY REQUIREMENTS\*†

<u>Year</u>	<u>Peak Demand</u>	<u>Energy Requirements</u>
2017	1,128	6,098,395
2018	1,197	6,372,266
2019	1,198	6,244,149
2020	1,160	6,001,678
2021	1,212	6,146,069

#### PROJECTED POWER AND ENERGY REQUIREMENTS

<u>Year</u>	<u>Peak Demand</u>		<u>Energy Requirements</u>	
	<u>MW</u>	<u>% Change</u>	<u>MW</u>	<u>% Change</u>
2022	1,172	-3.4%	6,215,479	1.1%
2023	1,174	0.2%	6,201,208	-0.2%
2024	1,174	0.0%	6,217,103	0.3%
2025	1,172	-0.2%	6,179,571	-0.6%
2026	1,172	0.0%	6,181,791	0.0%

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\* Variations of summer temperatures resulted in fluctuations of peak demand and energy requirements from year to year.

† 2020 is additionally impacted by the COVID-19 Pandemic

## THE POWER SUPPLY SYSTEM

### General

IMPA's current power supply resources (the "Power Supply System") consist of IMPA's ownership of the Combustion Turbines, the IMPA Solar Parks and the JTS and IMPA's ownership interests in Gibson Unit 5, Trimble County Units 1 and 2, Prairie State Units 1 and 2.

### IMPA OWNED GENERATING FACILITIES

<u>Facility</u>	<u>Unit Type</u>	<u>Fuel Type</u>	<u>Capacity (MW)</u>
Richmond	Combustion Turbine	Natural Gas/Oil	82
Anderson	Combustion Turbine	Natural Gas/Oil	167
Georgetown	Combustion Turbine	Natural Gas	170
Gibson 5	Steam	Coal	156
Trimble County Units 1 & 2	Steam	Coal	162
Prairie State Units 1 & 2	Steam	Coal	206
IMPA Solar Parks *	Solar	Solar	156
			<u>1,099</u>

### Gibson Unit 5

Gibson Unit 5 is a 625 MW coal-fired generating facility located in southwestern Indiana. Gibson Unit 5 was placed in service in 1982. It is equipped with sulfur dioxide ("SO<sub>2</sub>") and nitrogen oxide ("NO<sub>x</sub>") removal facilities and burns high sulfur coal that is predominantly from southern Indiana. Gibson Unit 5 installed a selective catalytic reduction system ("SCR") for NO<sub>x</sub> control, upgraded its flue gas desulfurization system (the "FGD" system) to increase SO<sub>2</sub> removal efficiency. Gibson Unit 5 upgraded the unit's electrostatic precipitator, added calcium bromide injection equipment, made certain duct modifications and added additional monitoring equipment in order to comply with the Mercury and Air Toxics Standards. *See "FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY, Environmental, Safety and Health, The Mercury and Air Toxics Standards ("MATS")."*

Coal for Gibson Unit 5 is purchased from several suppliers under contracts with varying terms and delivered to the plant by rail and truck. Beginning in the 4<sup>th</sup> quarter of 2021, Gibson Unit 5 started experiencing delays in rail shipments of coal because of railroad labor shortages, which is impacting Gibson Unit 5's capacity factor. To the best of IMPA's knowledge, the railroads serving Gibson Unit 5 are working to alleviate these labor shortages; however, future labor-related delays in coal deliveries by rail could have an impact on Gibson Unit 5's capacity factor.

IMPA has a 24.95% undivided ownership interest in Gibson Unit 5, which it jointly owns with Duke Energy Indiana ("DEI") (50.05%) and Wabash Valley Power Association ("WVPA") (25%). DEI operates Gibson Unit 5 under an agreement which was executed by IMPA, Public Service Indiana (now known as DEI) and WVPA on August 27, 1982 (the "Gibson 5 Agreement"). During 2021, Gibson Unit 5 had an equivalent availability factor of approximately 58% and a net capacity factor of approximately 29%. The lower than historical availability factor during 2021 was due to maintenance and forced outages as well as reserve shutdowns. Gibson Unit 5 is

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\* Included in the 156 MW of capacity from the IMPA Solar Parks are 137 MW of certain IMPA Solar Parks that IMPA engineered, procured and constructed and are currently owned by other parties. IMPA entered into purchase power agreements to take substantially all of the output from the solar parks for 25 years. The agreements provide IMPA an option to buy the solar parks after a certain period of time, between 5.5 and 6 years after commercial operation of the solar parks.

generally backed down from full load at night due to market conditions resulting, in a lower capacity factor.

Based on future economics, IMPA, DEI and WVPA are considering closure of Gibson Unit 5 as early as 2025.

### **Trimble County Units 1 and 2**

Trimble County Unit 1 is a 491 MW coal-fired electric generating unit located in Kentucky on the Ohio River approximately 20 miles from Madison, Indiana. Trimble County Unit 1 was placed in service in 1990. Pursuant to a Participation Agreement dated February 1, 1993 (the “Trimble County 1 Agreement”), IMPA has a 12.88% undivided ownership interest in Trimble County Unit 1, which is jointly owned by Louisville Gas & Electric Company (“LG&E”) (75%) and the Illinois Municipal Electric Agency (“IMEA”) (12.12%). Trimble County Unit 1 is equipped with particulate, SO<sub>2</sub> and NO<sub>x</sub> removal facilities and burns high-sulfur coal. Installation of a SCR for NO<sub>x</sub> control was completed in 2003. The SO<sub>2</sub> removal facilities were upgraded to increase removal efficiency. The owners of Trimble County Unit 1 added a pulse jet fabric filter (“Baghouse”) on Unit 1 in order to comply with the Mercury and Air Toxics Standards. *See* “FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY, Environmental, Safety and Health, The Mercury and Air Toxics Standards (“MATS”).” For 2021, Trimble County Unit 1 had an equivalent availability factor of 76% and a net capacity factor of 68%. The lower than historical availability and capacity factors during 2021 were primarily due to maintenance and forced outages.

Trimble County Unit 2 is a nominal 740 MW, supercritical steam unit constructed at the same site as Trimble County Unit 1. Trimble County Unit 2 was placed in service in 2011. Pursuant to a Participation Agreement dated as of February 9, 2004 (the “Trimble County 2 Agreement”), IMPA has a 12.88% undivided ownership interest in Trimble County Unit 2, which is approximately 100 MW. LG&E, Kentucky Utilities, and IMEA, respectively, own 14.25%, 60.75%, and 12.12% undivided interests in Trimble County Unit 2. Trimble County Unit 2 includes state-of-the-art emissions controls. The air pollution control equipment consists of an SCR; a dry electrostatic precipitator; a bag house; wet flue gas desulfurization; and a wet electrostatic precipitator. The design of Trimble County Unit 2 provides for fuel flexibility enabling the use of lower-cost or lower SO<sub>2</sub> fuels in the unit’s operation. For 2021, Trimble County Unit 2 had an equivalent availability factor of approximately 88% and a net capacity factor of approximately 82%.

The Trimble County Unit 1 Agreement and the Trimble County Unit 2 Agreement provide for the operation and maintenance of both units by LG&E. Trimble County Unit 1 and Trimble County Unit 2 are adjacent to each other and share resources such as the exhaust stack; coal supply and the transportation and handling thereof; and electrical transmission inter-connection. Cooling for Trimble County Unit 1 is provided by a mechanical draft-cooling tower that was installed during the construction of Trimble County Unit 2. Trimble County Unit 2 uses the hyperbolic cooling tower previously used by Trimble County Unit 1. Coal is delivered to the site by barge on the Ohio River. The coal is purchased from a variety of suppliers in Kentucky and Indiana under contracts with varying terms.

### **The Prairie State Energy Campus**

The Prairie State Energy Campus (“PSEC”) includes a pulverized coal-fired generating station and associated mine, rail, water, coal combustion waste storage and ancillary support systems that are located in Washington and Randolph Counties in southwest Illinois. The Prairie State generating station (“Prairie State”) consists of two supercritical units (“PS Unit 1” and “PS

Unit 2”) with a nominal net output capacity of 815 MW each. PS Unit 1 commenced commercial operation on June 6, 2012, and PS Unit 2 commenced commercial operation on November 2, 2012. IMPA and other municipal and cooperative organizations including American Municipal Power, Inc.; IMEA; Kentucky Municipal Power Agency; Missouri Public Utility Alliance; Northern Illinois Municipal Power Agency; Prairie Power Inc.; Southern Illinois Power Cooperative and WVPA (collectively, the “Prairie State Participants”) have entered into a participation agreement that governs the operation of the Prairie State Energy Campus (the “Prairie State Participation Agreement”). IMPA’s 12.64% undivided ownership interest in the Prairie State Energy Campus is approximately 206 MW. The Prairie State Energy Campus generating station is situated adjacent to underground coal reserves owned by the Prairie State Participants. The Prairie State Energy Campus includes ownership and operation of a coal mine that is expected to supply all the fuel for the Prairie State Energy Campus for approximately 30 years. The generation station utilizes state-of-the-art control technologies, including low NO<sub>x</sub> burner controls, SCR for NO<sub>x</sub> removal, dry electrostatic precipitators, wet sulfur dioxide scrubbers and wet electrostatic precipitators. The Prairie State Energy Campus sells a portion of the gypsum and flyash generated by Units 1 and 2 for beneficial reuse. For 2021, PS Units 1 and 2 had equivalent availability factors of approximately 91% and net capacity factors of approximately 89%.

### **Combustion Turbines**

IMPA has seven wholly-owned combustion turbines and associated facilities aggregating 419 MW (the “Anderson Plant,” the “Richmond Plant” and the “Georgetown Plant,” collectively, the “Combustion Turbines”). The Anderson Plant is located in Anderson, Indiana and includes two 41 MW units, placed in service in 1992 and one 85 MW unit placed in service in 2004. The Richmond Plant is located in Richmond, Indiana and includes two 41 MW units, placed in service in 1992. The Georgetown Plant, which consists of four units placed in service in 2000, is located in Indianapolis, Indiana and includes two 85 MW units owned by IMPA (the “IMPA Georgetown Units”) and two 85 MW units owned by Indianapolis Power & Light Company. IMPA acquired the IMPA Georgetown Units in 2004 from DTE Energy. IMPA operates and maintains the combustion turbines located in Anderson and Richmond. The Georgetown Plant is currently operated and maintained by Indianapolis Power & Light Company.

The Anderson and Richmond Combustion Turbines operate primarily on natural gas, which is delivered under an interruptible transportation contract with Vectren. This contract gives IMPA the option to obtain its own gas supplies with local distribution supplied by Vectren. The Anderson and Richmond Combustion Turbines also maintain an inventory of No. 2 fuel oil as an alternative fuel in the event of interruptions in natural gas supply, or as an economic option. The Georgetown Plant operates solely on natural gas, which is purchased at market prices and delivered pursuant to a capacity reservation and gas transportation agreement with Citizens Gas.

The Combustion Turbines are in compliance with the existing requirements of the Clean Air Act and the regulations promulgated thereunder to date. The operating permits for the Combustion Turbines have fuel usage limitations which restrict the total annual generation available from these resources, however, the operating permit limitations have not materially impacted, nor does the Agency expect the limitations to materially impact, the operation of the Combustion Turbines.

### **Solar Parks**

IMPA has developed and takes power from 39 solar parks in IMPA Member communities with a total capacity of approximately 156 MW (the “IMPA Solar Parks”). Out of this total, IMPA owns and operates 12 of the IMPA Solar Parks with a total capacity of approximately 19 MW.

IMPA has entered into a power purchase agreement (“PPA”) for each of the remaining 27 IMPA Solar Parks (the “IMPA PPA Solar Parks”) whereby IMPA has agreed to purchase all of the output. All PPAs are for 25 years from when the respective IMPA PPA Solar Park went into commercial operation.

The PPA for one IMPA PPA Solar Park with a capacity of approximately 5 MW, is a prepaid PPA and provides IMPA an option to buy the solar park back at 5 ½ years after commercial operation. On May 5, 2022 IMPA exercised the option to purchase the solar park. IMPA is presently in the process of negotiating the purchase.

The PPAs for the remaining IMPA PPA Solar Parks provide IMPA an option to buy the solar parks after six years. As part of these agreements, IMPA loaned the respective purchaser a portion of the engineering, procurement and construction price.

IMPA’s current target is to build a total of 200 to 250 MW of solar generation. In addition to the 156 MW currently in operation, IMPA plans to construct an additional five solar parks during 2022 and five solar parks in 2023 with an expected additional capacity of approximately 18 MW and 23 MW, respectively. The balance of IMPA’s target solar generation would be developed thereafter as projects become viable.

### **Transmission**

IMPA, DEI, Duke Energy Ohio, and WVPA (the “JTS Owners”) have entered into a joint ownership agreement (as amended and restated, the “JTS Agreement”) whereby the JTS Owners jointly own the Joint Transmission System (“JTS”), which provides transmission access to approximately two-thirds of the State of Indiana.

The JTS includes approximately 1,259 miles of 345-kilovolt (“kV”) transmission line, 779 miles of 230 kV line, 2,188 miles of 138 kV line, and 3,263 miles of 69 kV line. The JTS also includes 110 transmission substations and 458 distribution substations, which are classified as local facilities. The JTS includes all rights to the use, output and capacity of these transmission and local facilities. IMPA owns approximately \$283 million of transmission and local facilities throughout Indiana. The JTS agreement calls for parity of ownership in comparison to usage but presently IMPA owns less of the JTS than it uses. Multi-year scheduled investment projects are expected to bring IMPA’s investment to parity with its usage of the JTS. In the meantime, IMPA is allowed to make annual cash deposits with DEI, which in turn allows IMPA to obtain ownership credit as if IMPA owned the additional amount of the JTS being used, reducing the amount IMPA pays to DEI for IMPA’s underinvestment in the JTS. Such deposited amounts are available to IMPA at all times from DEI upon demand. The JTS Owners are transmission-owning members of the Midcontinent Independent System Operator, Inc. (“MISO”). The JTS Owners retain ownership of the JTS, but MISO schedules, manages and oversees the use of the JTS.

In addition to its ownership of transmission facilities, IMPA receives transmission service provided by MISO and PJM Interconnection, LLC (“PJM”) under their open access transmission tariffs and under bilateral contracts with other utilities. The JTS Agreement, together with these open access transmission tariffs and bilateral contracts, provide IMPA sufficient access to transmission facilities to deliver power and energy under the Power Sales Contracts, to purchase and sell economic wholesale energy, to allow power exchanges with other utilities and to participate in the MISO and PJM energy markets.

### **Future Capital Expenditures**

IMPA anticipates its share of future capital expenditures for Gibson Unit 5, Trimble County Units 1 & 2, PS Units 1 & 2, the Combustion Turbines and other routine improvements to

the Power Supply System will total approximately \$81 million for the years 2022 through 2026. The projected capital expenditures are of a normal recurring nature. IMPA anticipates investing approximately \$80 million for the JTS and approximately \$128 million for construction of solar generation during 2022 through 2026. IMPA anticipates funding the foregoing projected capital improvements with a combination of internally generated funds and proceeds from future debt offerings.

IMPA continues to evaluate new generation and transmission projects to meet its Members' power and energy requirements. IMPA's participation in additional projects, which may include wind, solar or other renewable resources, will depend on IMPA's future requirements and portfolio needs. IMPA may sell additional bonds in the future in connection with the expansion of the Power Supply System.

## **IMPA OPERATIONS**

### **General**

IMPA's current Power Supply Resources include the Power Supply System, long- and short-term purchases of power and energy from a variety of suppliers and the WWVS. IMPA's Members are located in the MISO (approximately two-thirds) and PJM (approximately one-third) regional transmission organizations ("RTOs"). Nearly all of IMPA's Power Supply Resources are offered into the MISO and PJM energy and capacity markets. IMPA purchased 2,975,594 MWh of energy in 2021. In addition to its Members full requirements load obligations, IMPA provides operational and consulting services to its Members and other organizations.

### **Supplemental Power Purchases**

IMPA currently supplies a portion of its power requirements through a portfolio of power purchase agreements with investor-owned utilities and power marketers that are sourced from coal, gas, wind and nuclear facilities. IMPA's power purchase agreements include (i) a 190 MW, firm purchase power contract that expires in 2034 which can increase up to 10 MW per year at IMPA's election up to 300 MW with Indiana Michigan Power Company, an operating utility subsidiary of American Electric Power Co., Inc.; and (ii) short- and medium-term wholesale power purchased from various power marketers, utilities and the energy markets operated by MISO and PJM. These agreements enable IMPA to purchase capacity and energy to supplement the resources otherwise available to meet IMPA's obligations under the Power Sales Contracts. *See* Appendix B, page 29, "12. Commitments and Contingencies, Contracts and Capital Expenditures."

IMPA has also entered into solar and wind power purchase agreements (the "Renewable PPA") for future periods. The Renewable PPA include (i) 75 MW of wind power from the Alta Farms Wind Project II ("Alta Farms"), which is expected to be in commercial operation in December 2022 and the term of the agreement is 15 years; (ii) 150 MW of solar power from the Ratts 1 Solar Project ("Ratts"), which is expected to be in commercial operation at the end of 2024 and the term of the agreement is 20 years; and (iii) 200 MW of solar power from the Cold Spring Solar Project ("Cold Springs"), which is expected to be in commercial operation at the end of 2025 and the term of the agreement is 25 years;

### **Whitewater Valley Station**

On June 1, 2014, Richmond and IMPA entered into an Amended and Restated Capacity Purchase Agreement under which Richmond transferred the operation of, and the rights to all capacity generated from WWVS to IMPA. WWVS is composed of two sub-critical pulverized

coal fired generation units that burn low sulfur coal and share a common stack. The aggregate capacity of WWVS's generating facilities is 91 MW. WWVS uses electrostatic precipitators in series with a pulse air fabric filter baghouse for control of particulate matter emissions. WWVS utilizes carbon and lime injection at certain duct locations to comply with MATS and rotating opposed fired air and low NOx burners to reduce NOx emissions. Richmond retains ownership of WWVS, but IMPA is responsible for all operating costs and the costs of any capital improvements during the term of the agreement with Richmond. IMPA expects to spend approximately \$11.4 million for capital improvements from 2022 through 2026 on WWVS. The agreement with Richmond for WWVS extends through the expiration of Richmond's Power Sales Contract. However, IMPA may terminate the agreement with Richmond for WWVS after giving one year's written notice of IMPA's intent to terminate. Upon termination, all rights to the WWVS plant, including capital improvements to the plant paid for by IMPA revert back to Richmond.

### **Capacity Dedicated by Rensselaer**

IMPA and the City of Rensselaer terminated the Capacity Purchase Agreement between IMPA and the City of Rensselaer on May 31, 2020. *See* "THE MEMBERS, Electric Systems and Management."

### **Off - System Sales**

IMPA makes sales of power and energy from time to time in the spot market. However, IMPA is not obligated, except to the Members, to sell power and energy under long-term or forward contracts.

## **FACTORS AFFECTING IMPA AND THE ELECTRIC UTILITY INDUSTRY**

### **General**

The electric utility industry in general has become increasingly competitive due to regulatory changes and wholesale and retail market developments. Electric utilities are subject to changing federal, state and local statutory and regulatory requirements of licensing and siting of facilities, safety and security, air and water quality, land use and environmental factors. Moreover, the industry is affected by public concerns regarding potential health effects from electric and magnetic fields associated with power lines, home appliances and other sources, and pollution caused by the burning of fossil fuels.

Various factors can have a profound effect on the financial condition of electric utilities. Some of these factors include: (i) *legislative, regulatory and legal factors* – (a) national and state energy policies, including implementation of smart grid technologies, greater use of renewable energy resources and regulation of greenhouse gas emissions, (b) state energy policies, including retail choice, (c) compliance with environmental, reliability, safety, licensing, regulatory and statutory requirements, and (d) lawsuits and other legal proceedings; (ii) *operating factors* – (a) attracting and retaining key personnel, (b) changes in the price of energy, capacity, fuel, commodities, equipment and labor, (c) equipment and fuel supply shortages or transportation disruptions, (d) unanticipated generation maintenance and outages, (e) transmission congestion constraints or blackouts, (f) information system outages or damage to equipment or facilities from hacking or other cyber threats (g) decreases in generation capacity from power plant retirements, (h) energy efficiency, conservation and demand-side management programs, (i) self-generation by larger industrial and commercial customers and participation in demand response programs, (j) net metering, (k) the evolving nature and role of RTOs and changes to RTO tariffs, (l) compliance with and violations of reliability standards promulgated by the North American Electric Reliability Corporation ("NERC") and penalties for violations, and (m) physical and technological security

of generation and transmission assets, including from theft or terrorism; (iii) *economic factors* – (a) general local, regional and national economic conditions, which impact demand for energy and capacity, (b) inflation or deflation, (c) cost and availability of capital, (d) credit quality and ratings, (e) impacts on cash flows from the seasonal nature of demand for energy and capacity, (f) financial distress of wholesale and retail customers, (g) the ability to obtain approval for rate changes from appropriate regulatory authorities; and (iv) *other factors* – (a) increased industry competition resulting from utility mergers, acquisitions and other alliances of competing utilities, (b) technological advances in generation, energy storage, efficiency and emissions, (c) counterparty credit quality and ability to meet contractual obligations, (d) weather and climate conditions, and (e) natural disasters resulting in damage to generation and transmission facilities. Additional factors affecting public power entities, such as IMPA, include issues relating to the issuance of tax-exempt bonds for generation and transmission facilities and restrictions on the ability to sell electricity to other entities from projects that were financed with outstanding tax-exempt bonds.

IMPA is unable to predict the impact of the foregoing factors, and other factors, on the Members and their electric operations. However, the electricity supply and services to be provided by IMPA are intended to maintain and improve the competitive position of the Members by providing them with services and with competitive prices for all or a portion of their required electricity supply.

The following sections under this caption provide brief discussions of some of the factors that affect the operations of IMPA and the electric utility systems operated by the Members. These discussions do not purport to be comprehensive or definitive, however, and the matters discussed are subject to change subsequent to the date hereof.

### **Tax Exemption**

Bills have been, and in the future may be introduced that could impact the issuance of tax-exempt bonds for generation and transmission facilities. IMPA is unable to predict whether any of these bills or any similar federal or state bills proposed in the future will become law or, if they become law, what their final form or effect would be. Such effect, however, could be material to the Agency.

### **Deregulation**

Because of the number and diversity of prior and possible future proposed bills on deregulation, IMPA is not able to predict the final forms and possible effects of all such legislation which ultimately may be introduced in future sessions of Congress or the Indiana General Assembly. IMPA is also not able to predict whether any such legislation, after introduction, will be enacted into law, with or without amendment. Further, IMPA is unable to predict the extent to which any such electric utility restructuring legislation may have a material, adverse effect on the financial operations of the Agency.

### **Retail Energy Market**

Indiana law provides that retail electricity suppliers have exclusive assigned service areas in which the designated electricity supplier has the sole right to provide electric service. Although IMPA does not anticipate that the Indiana General Assembly will adopt legislation abolishing exclusive assigned service areas or allowing retail customers to choose their electric provider, such legislation is within the General Assembly's power. Such legislation, if adopted, could have a material effect on the Agency.

## **Transmission and Regional Transmission Organizations (“RTO”)**

As previously discussed, IMPA receives transmission service provided by MISO and PJM under their open access transmission tariffs and under bilateral contracts with other utilities. The JTS, together with these open access transmission tariffs and bilateral contracts, provide IMPA sufficient access to transmission facilities to deliver power and energy under the Power Sales Contracts, to purchase and sell economic wholesale energy, to allow power exchanges with other utilities and to participate in the MISO and PJM energy markets. See “THE POWER SUPPLY SYSTEM, Transmission.”

## **Environmental, Safety and Health**

IMPA’s operations are subject to continuing environmental, health and safety regulation. Federal, state and local standards and procedures that regulate the environmental impact of IMPA’s generation and transmission facilities are all subject to change through continuing legislative, regulatory and judicial action. Consequently, there is no assurance that the electric generating units and transmission facilities of IMPA and its Members will remain subject to the regulations currently in effect or will always be able to obtain all required operating permits. An inability to comply with environmental, health or safety standards could result in reduced operating levels or the complete shutdown of the electric generating units and transmission facilities that are not in compliance.

### *The Cross State Air Pollution Rule and the Cross State Air Pollution Update Rule*

The Cross State Air Pollution Rule (“CSAPR”) and Cross State Air Pollution Rule Update (“CSAPR Update”) aim to reduce emissions of SO<sub>2</sub> and NO<sub>x</sub> from electric generating units greater than 25 MW in the eastern half of the United States and to address the summertime transport of ozone for the 2008 Ozone National Ambient Air Quality Standard (“2008 NAAQS”).

On June 29, 2019 the Environmental Protection Agency (“EPA”) proposed a close-out of the interstate transport obligations for the 2008 NAAQS, indicating that the existing CSAPR Update fully addressed these “good neighbor” obligations and that no further control requirements with respect to those obligations were necessary. The EPA did not project any remaining nonattainment or maintenance receptors in the Eastern United States through 2023. EPA initiated a rulemaking revising the CSAPR Update on October 15, 2020. The 2020 rulemaking found that NO<sub>x</sub> emissions in 12 states—including Indiana, Kentucky, and Illinois—significantly contributed to downwind states’ nonattainment under the CSAPR Update. The final revised rule was published on March 15, 2021 and requires further NO<sub>x</sub> reductions from power plants in the relevant states (the “Revised CSAPR Update”). The Revised CSAPR Update is the subject of litigation and is currently pending before the D.C. Circuit Court of Appeals. IMPA does not currently anticipate that this rulemaking will materially impact its generation resources.

### *The Mercury and Air Toxics Standards*

The EPA issued in March 2011 the final Mercury and Air Toxics Standards (“MATS”) rule, which is intended to set emission limits for hazardous air pollutants (“HAPS”), including mercury, particulate matter, and hydrochloric acid for coal and oil-fired generating units greater than 25 MW. On December 27, 2018, the EPA issued proposed revisions to the Supplemental Cost Finding for MATS. In this proposed rule, the EPA has determined that it is not “appropriate and necessary” to regulate HAP emissions from power plants under Section 112 of the Clean Air Act. It will, however, maintain existing standards and regulations relating to coal- and oil-fired electric generating units (“EGUs”). On May 20, 2020, EPA found that it is not appropriate and necessary to regulate coal- and oil-fired electric utility steam generating units (EGUs) under Clean Air Act (CAA) section 112.

In February 2022, EPA proposed to revoke its May 2020 finding, and initiated a notice and comment rulemaking to determine whether to reaffirm its 2016 finding that such regulations are, in fact, appropriate and necessary.

As the rule stood prior to June 29, 2015, it required capital additions to Gibson 5, Trimble County Unit 1 and WWVS. Gibson 5 upgraded its electrostatic precipitator, rebuilt its duct work, refurbished its flue gas desulfurization equipment, conducted stack liner work and added calcium bromide injection. Trimble County Unit 1 added a new pulse jet fabric filter (baghouse) and induced draft fans. WWVS added systems for hydrated lime and powdered activated carbon injection. Prairie State and Trimble County Unit 2 were constructed in compliance with the rule. IMPA does not expect there to be any material changes to the rule that would cause more capital additions than that already mentioned. This rulemaking is currently pending, and IMPA anticipates monitoring any forthcoming regulations that could impact its facilities.

### *Coal Combustion Residuals Rule*

On October 19, 2015, the Coal Combustion Residuals (“CCR”) rule to regulate the disposal of coal ash as nonhazardous waste from coal-fired power plants under subtitle D of the Resource Conservation and Recovery Act (“RCRA”) came into effect. The rule establishes nationally applicable minimum criteria for the safe disposal of coal combustion residuals in CCR landfills, CCR surface impoundments and all lateral expansions of CCR units. It applies to new and existing facilities.

Under RCRA’s framework, the CCR rule had to be self-implementing in nature and therefore could only be enforced via citizen suits. However, Congress passed the Water Infrastructure Improvements for the Nation Act (“WIIN Act”) in December 2016, which allows states to create a CCR permitting program that will take the place of the federal program, as long as it is “at least as protective.” Once implemented through a state permit program, the CCR regulations are no longer primarily enforceable through citizen suits.

An administrative petition for reconsideration of certain provisions of the CCR rule was filed on May 12, 2017, requesting among other things that the rule’s compliance deadlines be postponed because the WIIN Act fundamentally changed the self-implementing nature of the CCR rule. In July 2019, the EPA proposed a rule to amend the regulations governing the disposal of CCR, also known as the CCR Phase Two Rule, however, the final rule did not contain changes that substantially affected IMPA’s generation resources.

The Gibson generating plant has completed a landfill compliant with the CCR rule, rerouted its process water and stormwater, and converted its bottom ash to dry handling. Gibson is also closing its ash ponds, pending review of its closure plan by the Indiana Department of Environmental Management and the conversion of the unit to dry bottom ash handling. The Trimble County generating plant converted Unit 1 to dry bottom ash handling while Unit 2 was built with a dry bottom ash handling system, and the plant is close to completing construction of its new dry storage landfill. WWVS has not used the adjacent ash impoundment since 2015 when the installation and operation of its new onsite geotube filter system for the decant water from the bottom ash dewatering bin was completed. CCR from WWVS is disposed in a third party offsite disposal facility. Prairie State’s facilities were constructed as lined landfills for dry disposal. IMPA continues to monitor EPA’s activity on this rule, including permit approvals for Gibson, but does not anticipate any changes that would impact its generation facilities.

## *New Source Performance Standards*

On October 23, 2015, the EPA published in the Federal Register its new source performance standards (“NSPS”) for CO<sub>2</sub> emissions from new, modified and reconstructed fossil fuel-fired EGUs under section 111(b) of the Clean Air Act. The rule would apply to new units that commenced construction on or after January 8, 2014 and modified or reconstructed units that commenced construction after January 18, 2014. Under the NSPS, new coal-fired EGUs would be subject to a maximum CO<sub>2</sub> emission rate of 1,400 pounds of CO<sub>2</sub> per MWh gross (“lbs CO<sub>2</sub>/MWh”) – a rate that a new coal-fired electric generating unit (“EGU”) would not be able to meet without installing partial carbon capture and sequestration technology. The NSPS also sets two emission limit standards for new natural gas-fired stationary combustion turbines depending on the unit’s load duty and fuel type. Baseload units (those that burn over 90 percent natural gas and are constructed for the purpose of supplying to the grid one-third or more of its potential electric output) could not exceed an emissions rate of 1,000 lb CO<sub>2</sub>/MWh gross. Non-baseload units could not exceed an emission rate of 120 lbs CO<sub>2</sub>/MMBtu heat input. Both standards are based on the performance of modern natural gas combined cycle units and would not require partial carbon capture and sequestration technology.

Litigation against the NSPS commenced on November 3, 2015 at the D.C. Circuit. On March 30, 2017, the D.C. Circuit issued an order, granting EPA’s motion to hold the case in abeyance indefinitely as the EPA reviews the rule. On August 10, 2017, the court issued another order to continue holding the case in abeyance pending further action from the court. The NSPS was not repealed with the CPP (as hereafter defined), but the EPA has stated that it intends to examine New Source Review reform at a later date.

While IMPA does not, at this time, have any units that fall within the scope of this rule, any future modification or expansion of the rule could have an impact on new facilities.

## *CO<sub>2</sub> Emissions from Existing Power Plants*

On October 23, 2015, the EPA promulgated its final rule for regulating CO<sub>2</sub> from existing EGUs under section 111(d) of the Clean Air Act. This rule, commonly known as the Clean Power Plan (the “CPP”), sought to reduce CO<sub>2</sub> emissions from EGUs by 32 percent below 2005 levels by 2030. While the CPP was never fully implemented, the EGU sector is on track to meet or exceed targeted CO<sub>2</sub> reductions contained in the rule.

On February 9, 2016, the U.S. Supreme Court issued a stay of the CPP and on June 19, 2019, the EPA issued a final rule repealing the CPP and implementing a replacement final rule for regulating CO<sub>2</sub> emissions under section 111(d), commonly known as the Affordable Clean Energy Rule (“ACE Rule”). The ACE Rule delegated standard setting responsibility to the states, and established guidelines designating heat rate improvements as the Best System of Emissions Reduction (“BSER”) for affected EGUs. The EPA directed state regulatory agencies to evaluate each EGU which falls within the scope of the rule using an “inside the fenceline” framework. This approach directs the states to consider the unique circumstances of each EGU and promotes decreased emissions—where possible—through the use of candidate technologies that are primarily geared toward promoting efficiency gains rather than extraordinary expenditures or plant closure.

Environmental groups and certain states challenged the ACE Rule at the D.C. Circuit Court of Appeals and the rule was vacated by the D.C. Circuit in January 2021. The Court, however, vacated the ACE Rule without reinstating the CPP, so there are currently no EPA regulations governing CO<sub>2</sub> emissions under the CAA. Several states appealed the circuit court’s decision to the Supreme Court of the United States, and the Court found that the CPP exceeded the EPA’s

authority under the Clean Air Act. EPA is expected to initiate a replacement rulemaking in accordance with the Court's findings in early 2023. IMPA does not currently know to what extent a future rule will impact its generation resources, but it will continue to monitor future developments in this area.

### *Effluent Limitation Guidelines*

In September 2015, the EPA finalized the Effluent Limitation Guidelines (the "ELGs"), which impact steam generating units that discharge to surface waters and publicly owned treatment works. On September 13, 2017, the EPA finalized a rule postponing the compliance dates for the best available technology effluent limitations, pretreatment standards for bottom ash transport water, and flue gas desulfurization wastewater set forth in the ELGs, from November 1, 2018 to November 1, 2020. The EPA finalized the 2020 Steam Electric Reconsideration Rule ("2020 ELG Rule") in August 2020, establishing new deadlines and implementing subcategories for low utilization units and units ceasing coal combustion by 2028.

WWVS has provided proper notice that it will be applying the low utilization subcategory to its units, and is expecting minimal or no changes to comply with the 2020 ELG Rule. These measures may be subject to change, however, as EPA announced in August 2021 that it will be initiating a supplemental rulemaking to the 2020 ELG Rule. IMPA anticipates that EPA will publish its proposed rule by the end of 2022. Whether the new rulemaking will impact WWVS is unknown at this time, but ELGs will have minimal to no effect on Gibson 5, and Prairie State as they currently have no discharges subject thereto.

### *Final Ozone National Ambient Air Quality Standard*

In October 2015, the EPA revised its national ambient air quality standards ("NAAQS") for ground-level ozone to 70 parts per million ("ppm"), down from the 2008 standard of 75ppm. Under this 2015 ozone NAAQS, states will be required to develop and put in place pollution control plans for counties found to be in "non-attainment" with the limit. States were asked to prepare State Implementation Plans that would help resolve "good neighbor" obligations under the Clean Air Act. On February 22, 2022, EPA rejected the State Implementation Plans ("SIPs") for 26 upwind states and began drafting a Federal Implementation Plan ("FIP") to take their place. The FIP would establish an allowance-based trading program for fossil-fuel powered plants in 25 states and impose certain post-combustion control measures.

The proposed FIP reduces emissions budgets for EGUs starting in the 2023 ozone season compared to the CSAPR Update and impose more stringent emissions controls as well. While post-combustion reduction systems compliant with the proposed FIP have been installed at Prairie State, Trimble County, Gibson 5, and WWVS, the system at WWVS would require significant investment to meet the FIP's currently proposed operating standards. EPA proposes to finalize its FIP by the end of the year and intends to implement changes by the 2023 ozone season. Because the FIP is not yet final, it is difficult to know the extent to which these changes will impact WWVS, but IMPA does not anticipate a material impact on Prairie State, Trimble County, Gibson, or IMPA's combustion turbines. IMPA will continue monitoring this rulemaking for any potential impact on its resources.

### *Waters of the United States*

The Army Corps of Engineers and EPA issued the final "Waters of the United States" ("WOTUS") rule on May 27, 2015, which redefined which streams, wetlands and other bodies of water are protected by the Clean Water Act ("CWA"). The rule went into effect on August 28,

2015, but on October 9, 2015 the U.S. Court of Appeals for the Sixth Circuit issued an order staying the rule nationwide.

In July of 2017, the EPA and the Department of the Army initiated the first step in a two-step process to review and revise the definition of “waters of the United States.” The first step proposes to rescind the 2015 WOTUS rule and recodify the regulatory text to define WOTUS as it was prior to the 2015 rule. In December 2018, regulators proposed a revised definition that clarifies federal authority under the CWA. On November 18, 2021, regulators issued a proposed rule to return to the 2015 definition with certain updates to reflect current Supreme Court precedent.

Because IMPA’s units are equipped with cooling towers and lakes, the units have minimal if any discharge into jurisdictional waters. Therefore, IMPA is not aware of any effect the WOTUS rule has on its units and will continue monitoring the rule for any future effect.

### **Enforceability of Contracts and Bankruptcy**

The enforceability of the various legal agreements relating to the Power Supply System, including the Power Sales Contracts, and the Series 2022 A Bonds may be limited by bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting the rights of creditors or secured parties generally and by the exercise of judicial discretion in accordance with general principles of equity. If IMPA or any of the parties with which IMPA has contracted under such agreements (including the Power Sales Contracts) is involved in a bankruptcy proceeding, the bankrupt party may attempt to characterize contracts like the Power Sales Contracts as executory contracts. The relevant agreement could then be discharged in return for a claim for damages against the party's estate with uncertain value. In such an event, the Revenues could be materially and adversely affected.

Chapter 9 of the Federal Bankruptcy Code (the "Bankruptcy Code") contains provisions relating to the adjustment of debts of a state's political subdivisions, public agencies and instrumentalities (each an "eligible entity"), such as IMPA and the Members. Pursuant to the Bankruptcy Code, political subdivisions, public agencies and instrumentalities must be specifically authorized under state law to file a petition under Chapter 9. States are free to pass, and amend, legislation granting or denying such entities the authority to file a petition under the Bankruptcy Code. Under the Bankruptcy Code and in certain circumstances described therein, an eligible entity may be authorized to initiate Chapter 9 proceedings without prior notice to or consent of its creditors, which proceedings may result in a material and adverse modification or alteration of the rights of its secured and unsecured creditors, including holders of its bonds and notes.

In almost all cases, political subdivisions, public agencies and instrumentalities must have specific statutory authorization under state law to constitute an eligible entity. Moreover, prior to initiating any Chapter 9 proceedings certain otherwise eligible entities must first participate in a state-sponsored rehabilitation process before filing a Chapter 9 petition.

There is no current statute authorizing IMPA to file for bankruptcy. However, no guaranty or assurance can be provided as to whether legislation that would permit IMPA to file for bankruptcy will be enacted into law, or whether any such legislation might be retroactive in character. In the event of a change in State law allowing IMPA to file for bankruptcy under the U.S. Bankruptcy Code, the holders of the Bonds may be considered unsecured creditors by a bankruptcy court with respect to revenues to be received by IMPA or held by IMPA. A party in interest might also take the position that the remittance to the Trustee by IMPA of the payments received from the Members pursuant to the Power Sales Contracts constitutes a preference under

bankruptcy law if such remittance were deemed to be paid on account of a preexisting debt. If a court were to hold that the remittance of funds constitutes a preference, any such remittance within 90 days of the bankruptcy petition's filing could be avoidable, and funds could be required to be returned to IMPA's bankruptcy estate. Because the payments by the Members will be commingled by IMPA with other Member payments pending the transfer of such payments to the Trustee, the risk that a court would hold that a remittance of those funds by IMPA to the Trustee was a preference is increased. If IMPA is considered an "insider" with the Members, any such remittance made within one year of the filing of the bankruptcy petition could be avoidable as well if the court were to hold that such remittance constitutes a preferential transfer. In either case, the Trustee would be merely an unsecured creditor of IMPA.

Municipalities like the Members cannot file for protection under the U.S. Bankruptcy Code unless specifically authorized to be a debtor by state law or by a governmental officer or organization empowered by state law to authorize such entity to be a debtor in a bankruptcy proceeding. State law does not currently specifically authorize municipalities in Indiana to file for bankruptcy. However, Indiana law has provided a framework for potential relief for distressed municipalities. The Distressed Unit Appeals Board ("DUAB") has been established under IC 6-1.1-20.3 (the "DUAB Act"). The Members are each political subdivisions under the DUAB Act and eligible for the protections of the DUAB Act.

The DUAB has the power under the DUAB Act to review petitions from political subdivisions (as defined in the DUAB Act) and designate a political subdivision as a "distressed political subdivision" under the DUAB Act. The DUAB may designate a political subdivision as "distressed" upon satisfaction of at least one of the conditions described in IC 6-1.1-20.3-6.5. The DUAB may appoint an emergency manager for a distressed political subdivision. The powers and duties of an emergency manager are set forth in IC 6-1.1-20.3-8.5. While the DUAB Act does not include an express authorization to recommend the appointment of a receiver or to petition for the appointment of a receiver, no guaranty can be made that any such power might not be inferred from powers expressly granted. Further, no guaranty or assurance can be provided as to whether legislation that would permit municipalities such as a Member to file for bankruptcy will be enacted into law, or whether any such legislation might be retroactive in character. Bankruptcy of a Member may impair the revenues that would otherwise be received by IMPA from that Member. Further there can be no guaranty or assurance that, in the event of a bankruptcy filing with respect to a Member or the appointment of a receiver for a Member's assets in the event of insolvency or otherwise, that revenues from that Member would be available, or be allowed to be used, for the payment of principal of and interest on the Bonds.

IMPA's Power Sales Contracts contain provisions requiring Members to pay for their electrical power and energy according to rates established by IMPA in the applicable rate schedule. In formulating those rates, IMPA may consider any anticipated member delinquencies or shortfalls. The effect is that any shortfalls caused by a defaulting Member would be spread to the remaining Members. *See* Appendix E, "Information Regarding The Power Sales Contracts, Remedies."

### **Novel Coronavirus ("COVID")**

Regional, national or global epidemics or pandemics, such as the outbreak of COVID, could have materially adverse local, regional, national or global economic and social impacts. The outbreak of COVID adversely impacted local, state, national and global economies, as governments, businesses and citizens reacted to, planned for, and tried to prevent or slow the further transmission of COVID. On March 6, 2020, Indiana Governor Eric Holcomb issued Executive Order 20-02 ("EO 20-02"), which declared the COVID outbreak in the State to be a

public health emergency (the “Disaster Declaration of a Public Health Emergency”). On March 11, 2020, the World Health Organization proclaimed the COVID outbreak to be a pandemic, and on March 13, 2020, the President of the United States declared a national emergency in connection with COVID.

The declaration of a public health emergency set forth in EO 20-02 had been renewed 23 times by separate Executive Orders, the most recent of which was Executive Order 22-01 (“EO 22-01”), which Governor Holcomb issued on February 1, 2022. On March 3, 2022, as a result, in part, of a rapid decline in confirmed daily cases, hospitalizations and deaths, Governor Holcomb issued Executive Order 22-09 (“EO 22-09”), which rescinded EO 22-01, thereby ending the Disaster Declaration of a Public Health Emergency. During that period, in order to take certain steps to increase containment of COVID, the Governor issued numerous Executive Orders, which included stay-at-home orders and face covering requirements, directed the closing of State government buildings and restricted retail establishments and in-person dining at restaurants, among other things.

As discussed on page 4, “Management’s Discussion and Analysis (Unaudited)” of the Audited Financial Statements, IMPA experienced an approximate 3.9% decrease in 2020 sales compared to 2019 as a result of COVID. Energy sales in 2021 and 2022 are returning to normal levels. *See* Appendix B, “IMPA CONSOLIDATED YEAR END FINANCIAL STATEMENTS”. Also *See* “THE MEMBERS, Members’ Historical and Projected Power and Energy Requirements.”

## **LITIGATION**

No litigation is pending or, to the knowledge of IMPA, threatened in any court (i) to restrain or enjoin the issuance or delivery of the 2022 A Bonds, or the collection of revenues pledged or to be pledged to pay the principal of and interest on the 2022 A Bonds or (ii) in any way contesting or affecting the validity of the 2022 A Bonds or the Resolution, or the power to collect and pledge the revenues to pay the 2022 A Bonds, or contesting the power or authority of IMPA to issue the 2022 A Bonds, or to adopt the 2022 A Supplemental Resolution.

## **LEGAL OPINIONS AND ENFORCEABILITY OF REMEDIES**

The various legal opinions to be delivered concurrently with the delivery of the 2022 A Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to such transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

The legal opinions to be delivered will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the constitutional powers of the State of Indiana and the United States of America, and bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally, and by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law. These qualifications to the opinions would encompass any exercise of the State of Indiana’s or each Member’s police powers over the sale or purchase of power and energy, or the operation of electric utility facilities, in a manner consistent with the public health and welfare. Enforceability of the Resolution, the Power Sales Contracts, the Capacity Purchase Agreement, the Gibson 5 Agreement, the Trimble County 1 Agreement, the JTS Agreement, the Trimble County 2 Agreement, the Prairie State Participation Agreement and other agreements to which IMPA is a

party (collectively, the “IMPA Documents”) in a situation where such enforcement may adversely impact public health and welfare may be subject to the police powers of the State or the Members.

The remedies available upon an Event of Default under the Resolution or to IMPA under the IMPA Documents are in many respects dependent upon judicial actions, which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically the federal bankruptcy code, the remedies provided in the Resolution or in other IMPA Documents may not be readily available or may be limited.

### **TAX MATTERS RELATING TO THE 2022 A BONDS**

In the opinion of Bond Counsel, under existing federal statutes, decisions, regulations and rulings, interest on the 2022 A Bonds is excludable from gross income for purposes of federal income taxation pursuant to Section 103 of the Code, and is not an item of tax preference for purposes of the federal alternative minimum tax. This opinion relates only to the exclusion from gross income of interest on the 2022 A Bonds for federal income tax purposes under Section 103 of the Code and is conditioned on continuing compliance by IMPA and the Members with the Tax Covenants (as herein defined). Failure to comply with the Tax Covenants could cause interest on the 2022 A Bonds to lose the exclusion from gross income for federal income tax purposes retroactive to the date of issue. In the opinion of Bond Counsel, under existing laws, regulations, judicial decisions and rulings, interest on the 2022 A Bonds is exempt from income taxation in the State. This opinion relates only to the exemption from State income tax of interest on the 2022 A Bonds. *See* Appendix G, “Form of Opinion of Bond Counsel.”

The Code imposes certain requirements that must be met subsequent to the issuance of the 2022 A Bonds as a condition to the exclusion from gross income of interest on the 2022 A Bonds for federal income tax purposes. IMPA and the Members will covenant not to take any action within their power and control, nor fail to take any action within their respective power and control, with respect to the 2022 A Bonds that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the 2022 A Bonds pursuant to Section 103 of the Code (collectively, the “Tax Covenants”). The Resolution and certain certificates and agreements to be delivered on the date of delivery of the 2022 A Bonds establish procedures under which compliance with the requirements of the Code can be met. It is not an event of default under the Resolution if interest on the 2022 A Bonds is not excludable from gross income for federal tax purposes or otherwise pursuant to any provision of the Code which is not in effect on the issue date of the 2022 A Bonds.

Indiana Code Section 6-5.5 imposes a franchise tax (as defined in Indiana Code Section 6-5.5) on certain taxpayers which generally include all corporations that transact the business of a financial institution in Indiana. The franchise tax is measured in part by interest excluded from gross income under Section 103 of the Code minus associated expenses disallowed under Section 265 of the Code.

Although Bond Counsel has rendered the opinion on federal and State tax matters above, the accrual or receipt of interest on the 2022 A Bonds may otherwise affect a bondholder’s federal income tax or state tax liability with respect to the 2022 A Bonds. The nature and extent of these other tax consequences will depend upon the bondholder’s particular tax status and a bondholder’s other items of income or deduction. Taxpayers who may be affected by such other tax consequences include, without limitation, financial institutions, certain insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or railroad retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the 2022 A Bonds. Bond Counsel expresses no opinion regarding

any other tax consequences. Prospective purchasers of the 2022 A Bonds should consult their own tax advisors with regard to the other tax consequences of owning the 2022 A Bonds.

### **ORIGINAL ISSUE PREMIUM BONDS**

The initial offering prices of the 2022 A Bonds maturing on \_\_\_\_\_, (the “Premium Bonds”), are greater than the principal amount payable at maturity or any call date. As a result, the Premium Bonds will be considered to be issued with an amortizable bond premium (the “Bond Premium”). An owner who acquires a Premium Bond in the initial public offering of the 2022 A Bonds will be required to adjust the owner’s basis in the Premium Bond downward as a result of the Bond Premium, pursuant to Section 1016(a)(5) of the Code. Such adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Premium Bonds, including sale, redemption or payment at maturity. The amount of amortizable Bond Premium will be computed on the basis of the taxpayer’s yield to maturity with compounding at the end of each accrual period. Rules for determining (i) yield, (ii) the amount of amortizable Bond Premium and (iii) the amount amortizable in a particular year are set forth in Section 171(b) of the Code and the related regulations. No income tax deduction for the amount of amortizable Bond Premium will be allowed pursuant to Section 171(a)(2) of the Code, but amortization of Bond Premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining other tax consequences of owning Premium Bonds. Owners of the Premium Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the treatment of Bond Premium upon the sale or other disposition of such Premium Bonds and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

Special rules governing the treatment of Bond Premium, which are applicable to dealers in tax-exempt securities, are found in Section 75 of the Code. Dealers in tax-exempt securities are urged to consult their tax advisors concerning treatment of Bond Premium.

### **ORIGINAL ISSUE DISCOUNT BONDS**

The initial offering prices of the 2022 A Bonds maturing on \_\_\_\_\_, (the “Discount Bonds”) are less than the principal amount payable at maturity or any call date. As a result, the Discount Bonds will be considered to be issued with original issue discount. The difference between the initial public offering price of the Discount Bonds, as set forth on the inside cover page of this Official Statement (assuming it is the first price at which a substantial amount of that maturity is sold) (the “Issue Price for such maturity”), and the amount payable at maturity for the Discount Bonds will be treated as “original issue discount.” A taxpayer who purchases a Discount Bond in the initial public offering at the Issue Price for such maturity and holds such Discount Bond to maturity may treat the full amount of original issue discount as interest which is excludable from the gross income of the owner of that Discount Bond for federal income tax purposes and will not, under present federal income tax law, realize taxable capital gain upon payment of the Discount Bond at maturity.

The original issue discount on each of the Discount Bonds is treated as accruing daily over the term of such Discount Bond on the basis of the yield to maturity determined on the basis of compounding at the end of each six-month period ending on January 1 and July 1 (with straight line interpolation between compounding dates).

Section 1288 of the Code provides, with respect to tax-exempt obligations such as the Discount Bonds, that the amount of original issue discount accruing each period will be added to the owner’s tax basis for the Discount Bonds. Such adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale, redemption or payment at maturity). Owners of Discount Bonds who dispose of Discount Bonds prior to maturity should

consult their tax advisors concerning the amount of original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or other disposition of such Discount Bonds prior to maturity.

The original issue discount that accrues in each year to an owner of a Discount Bond may result in certain collateral federal income tax consequences. Owners of Discount Bonds should be aware that the accrual of original issue discount in each year may result in a tax liability from these collateral tax consequences even though the owners of such Discount Bonds will not receive a corresponding cash payment until a later date.

Owners who purchase Discount Bonds in the initial public offering but at a price different from the Issue Price for such maturity should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of subsequent purchasers of bonds such as the Discount Bonds. Owners who do not purchase Discount Bonds in the initial offering should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

Owners of Discount Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discount Bonds. It is possible under the applicable provisions governing the determination of state or local income taxes accrued interest on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year.

#### **FINANCIAL ADVISOR**

PFM Financial Advisors LLC (the “Financial Advisor”) has assisted the Agency with various matters relating to the planning, structuring and delivery of the 2022 A Bonds. The Financial Advisor is a financial advisory firm and is not engaged in the business of underwriting or distributing municipal securities or any other public securities. The Financial Advisor assumes no responsibility for the accuracy, completeness or fairness of this Official Statement.

#### **CREDIT RATINGS**

Fitch Ratings (“Fitch”), Moody’s Investors Service, Inc. (“Moody’s”) and Standard & Poor’s, a division of The McGraw-Hill Companies, Inc. (“S&P”) have assigned their municipal rating of A+, A1 and A+ to the 2022 A Bonds, respectively.

The ratings by Fitch, Moody’s and S&P of the 2022 A Bonds reflect only the view of such organizations and do not constitute a recommendation to buy, sell or hold the 2022 A Bonds. Any desired explanation of the significance of such ratings and any outlooks or other statements given by the ratings agencies with respect thereto should be obtained from the rating agency furnishing the same, at the following addresses: Fitch Ratings, 300 W 57<sup>th</sup> Street, New York, New York 10019, Moody’s Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007 and Standard and Poor’s Ratings Services, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating and outlook (if any) on the information and materials furnished to it and on investigations, studies and assumptions of its own. A rating is not a recommendation to buy, sell or hold securities. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by any of the rating agencies if, in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of IMPA’s outstanding indebtedness, including the 2022 A Bonds.

## **INDEPENDENT ACCOUNTANTS**

The financial statements as of 2021 and 2020 and for each of the two years in the period ended December 31, 2021, included in this Official Statement in Appendix B, have been audited by PricewaterhouseCoopers LLP, independent accountants, as stated in their report (which contains an explanatory paragraph related to the inclusion of required supplemental information) appearing herein.

## **APPROVAL OF LEGAL PROCEEDINGS**

Legal matters incident to the authorization, issuance and sale of the 2022 A Bonds are subject to the approval of Bond Counsel. The form of opinion Bond Counsel proposes to render on the date of delivery of the 2022 A Bonds is attached hereto as Appendix G. In addition, Bond Counsel will render an opinion that the Power Sales Contracts constitute valid and binding agreements of the Agency and the Members in accordance with the respective terms. Such opinion will be subject to the limitations set forth above under the caption “LEGAL OPINIONS AND ENFORCEABILITY OF REMEDIES.” In rendering such opinion, Bond Counsel will rely on a certificate of the Agency as to certain factual matters and on the certificates of the Members and the opinions of counsel for the Members rendered between 1989 and 2022. Bond Counsel will also make certain assumptions, including that there has been no change since the dates of such certificates and opinions in circumstances (including no litigation) affecting the Power Sales Contracts and that the certifications and opinions set forth in such certificates and opinions are true as to any amendments to the Power Sales Contracts. The Agency has not requested updated certificates or opinions be delivered by the Members in connection with the issuance of the 2022 A Bonds.

Certain legal matters will be passed upon for the Underwriters by Barnes & Thornburg LLP, Indianapolis, Indiana, Counsel to the Underwriters, and for IMPA by its General Counsel, Peter J. Prettyman, Carmel, Indiana.

## **CONTINUING DISCLOSURE**

IMPA will enter into a Second Supplement to the Second Amended and Restated Continuing Disclosure Undertaking dated as of \_\_\_\_\_, 2022, supplementing the Second Amended and Restated Continuing Disclosure Undertaking dated as of November 21, 2019, as heretofore supplemented and amended (collectively, the “Undertaking”) with respect to the 2022 A Bonds and the Prior Bonds to assist the Underwriters in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “Rule”) in connection with their purchase and offering of the 2022 A Bonds. The final form of the Undertaking, with Exhibit B thereto reflecting amendments including the Second Supplement, is included as Appendix I hereto. The Undertaking will be for the benefit of the holders and beneficial owners of the 2022 A Bonds and the Prior Bonds. Pursuant to the Undertaking, IMPA will be obligated to provide financial information and operating data, financial statements, and notice of certain events to the MSRB through the EMMA system and such obligations will be enforceable, all as described therein. Failure to comply with the terms of the Undertaking will not constitute an Event of Default under the Resolution.

The disclosures required by the Undertaking are in addition to and do not replace notices to be given to, or documents or information to be made available to or subject to the inspection of bondholders as required by the Resolution. *See* “Summary of Certain Provisions of the Resolution and Board Policy” in Appendix F hereto for a description of such notices, documents and information.

IMPA represents that during the previous five years, (1) it has complied, in all material respects, with all previous undertakings entered into pursuant to the Rule, and (2) to its knowledge, the current Major Members have failed to comply with previous undertakings in written contracts or agreements specified in paragraph (b)(5)(i) of the Rule, in each case, in the instances set forth in Appendix J hereto. IMPA makes no representation as to any potential materiality of such prior instances, as materiality is dependent upon individual facts and circumstances. See “COMPLIANCE WITH CONTINUING DISCLOSURE UNDERTAKINGS” in Appendix J hereto. IMPA has a written post-issuance compliance policy and has implemented additional procedures to assist in the ongoing compliance with its disclosure obligations in the future.

The agreements and commitments of IMPA described in the prior paragraphs to furnish the above-described documents and information are agreements and commitments solely of IMPA, and the Underwriters have no responsibility to ensure that IMPA complies with any such agreement or commitment. In addition, the Underwriters make no representation that any such documents or information will be furnished, or that any such documents or information so furnished will be accurate or complete, or sufficient for the purposes for which they may be used.

### **ESCROW VERIFICATION REPORT**

Concurrently with the issuance of the 2022 A Bonds, Causey, Demgen & Moore P.C., certified public accountants (the “Verifier”), will deliver to the Agency a verification report indicating that it has verified, in accordance with standards established by the American Institute of Certified Public Accountants, the arithmetical accuracy of certain computations of forecasted receipts of principal and interest on the obligations deposited in the Escrow Fund under the Escrow Deposit Agreement together with initial cash deposits therein and the forecasted payments of principal, interest and premium, if any, to pay and redeem the Refunded Bonds on the redemption date. The Verifier will restrict its procedures to verifying the arithmetical accuracy of certain computations and will not make any study or evaluation of the assumptions and information on which the computations are based, and the Verifier will not express any opinion on the data used, the reasonableness of the assumptions or the achievability of the forecasted outcomes. See “FINANCE PLAN, Refunded Bonds.”

### **UNDERWRITING**

Pursuant to the provisions of the Bond Purchase Agreement, Citigroup Global Markets Inc., J.P. Morgan Securities LLC and PNC Capital Markets LLC (the “Underwriters”) have jointly and severally agreed, subject to certain conditions, to purchase all of the 2022 A Bonds from IMPA at the purchase price of \$ \_\_\_\_\_ (representing the \$ \_\_\_\_\_,000.00 principal amount of the Bonds, [plus/less] a net original issue [premium/discount] of \$ \_\_\_\_\_, and less the Underwriters’ discount of \$ \_\_\_\_\_). The Underwriters will be obligated to purchase all of the 2022 A Bonds if any are purchased. The initial public offering prices may be changed, from time to time, by the Underwriters.

The execution of the Undertaking referred to under “CONTINUING DISCLOSURE” above is a condition precedent to the obligation of the Underwriters to purchase the 2022 A Bonds.

Citigroup Global Markets Inc., an underwriter of the Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, “Fidelity”). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts.

J.P. Morgan Securities LLC (“JPMS”), one of the Underwriters of the 2022 A Bonds, has entered into negotiated dealer agreements (each, a “Dealer Agreement”) with each of Charles Schwab & Co., Inc. (“CS&Co.”) and LPL Financial LLC (“LPL”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase 2022 A Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any 2022 A Bonds that such firm sells.

PNC Capital Markets LLC (“PNCCM”), one of the Underwriters of the 2022 A Bonds, may offer to sell to its affiliate, PNC Investments, LLC (“PNCI”), securities in PNCCM’s inventory for resale to PNCI’s customers, including securities such as those to be offered by IMPA. PNCCM may share with PNCI a portion of the fee or commission paid to PNCCM if any of the 2022 A Bonds are sold to customers of PNCI.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for IMPA and to persons and entities with relationships with IMPA, for which they received or will receive customary fees and expenses. In addition, the Bank, which is the lender under the Subordinated Note, is an affiliate of one of the Underwriters, PNCCM. *See* “SECURITY AND SOURCE OF PAYMENT FOR THE 2022 A BONDS, Subordinated Indebtedness.”

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may make, purchase, sell or hold a broad array of investments and actively trade commodities, currencies, debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve or relate to assets, securities and instruments of IMPA (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with IMPA.

The Underwriters and their respective affiliates also may communicate independent investment recommendations, market color, or trading ideas and/or publish or express independent research views in respect of such assets, securities or other financial instruments and at any time may hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and other financial instruments.

**MISCELLANEOUS**

The information contained in this Official Statement has been compiled or prepared from information obtained from IMPA and the Members and other sources considered reliable and, while IMPA cannot guarantee its completeness or accuracy, IMPA has no reason to believe it is incorrect as of this date. Any statements involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

The execution and delivery of this Official Statement has been duly authorized by IMPA.

INDIANA MUNICIPAL POWER AGENCY

By: \_\_\_\_\_  
Chair

By: \_\_\_\_\_  
President and CEO

## **APPENDIX A**

### **IMPA CONSOLIDATED INTERIM FINANCIAL DATA As of May 31, 2022 and for the Five Months Ended May 31, 2022 and 2021 (Unaudited)**

IMPA files annual and other information with the MSRB through the EMMA system. Documents filed by IMPA should be available through EMMA at <http://dataport.emma.msrb.org>.

IMPA's interim consolidated financial statements as of May 31, 2022 and for the five months ended May 31, 2022 and 2021 (the "Interim Financial Data") (Unaudited) are on the following pages.

PricewaterhouseCoopers LLP did not audit or review the Interim Financial Data and they do not express an opinion on the Interim Financial Data.

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# **Indiana Municipal Power Agency**

Consolidated Interim Financial Data as of May 31, 2022 and for  
the Five Months ended May 31, 2022 and 2021 (Unaudited)

**INDIANA MUNICIPAL POWER AGENCY**  
**CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES AND CHANGES**  
**IN NET POSITION (UNAUDITED)**  
(in thousands)

<b>For the Five Months Ended May 31,</b>	<b>2022</b>	<b>2021</b>
<b>Operating Revenues</b>		
Sales to municipalities	\$ 190,124	\$ 185,829
Other revenues	3,877	3,923
<b>Total Operating Revenues</b>	<b>194,001</b>	<b>189,752</b>
<b>Operating Expenses</b>		
Purchased power	61,491	60,610
Fuel	26,600	21,815
Production	13,171	12,683
Transmission and local facilities	21,873	20,923
Other operating	8,787	7,533
Maintenance	8,445	11,120
Depreciation	20,811	20,033
Future recoverable costs	7,228	9,669
<b>Total Operating Expenses</b>	<b>168,406</b>	<b>164,386</b>
<b>Operating Income</b>	<b>25,595</b>	<b>25,366</b>
<b>Non-Operating Expenses (Income)</b>		
Interest expense	24,205	24,792
Accretion of premiums received on debt	(3,490)	(3,565)
Interest income	(2,882)	(2,174)
Other non-operating income	(714)	(652)
<b>Total Non-Operating Expenses (Income)</b>	<b>17,119</b>	<b>18,401</b>
<b>Change in Net Position</b>	<b>8,476</b>	<b>6,965</b>
<b>Net Position at Beginning of Year</b>	<b>444,926</b>	<b>415,512</b>
<b>Net Position at End of Period</b>	<b>\$ 453,402</b>	<b>\$ 422,477</b>

**INDIANA MUNICIPAL POWER AGENCY**  
**CONSOLIDATED STATEMENTS OF NET POSITION (UNAUDITED)**  
(in thousands)

	May 31, 2022	May 31, 2021
<b>Assets</b>		
<b>Utility Plant</b>		
Utility plant in service	\$ 1,808,357	\$ 1,750,584
Less: accumulated depreciation	(664,750)	(620,815)
	1,143,607	1,129,769
Construction work in progress	161,938	170,804
Total Utility Plant, Net	<b>1,305,545</b>	<b>1,300,573</b>
<b>Long-Term Investments</b>	<b>2,975</b>	<b>20,599</b>
<b>Restricted Cash and Cash Equivalents</b>	<b>183,144</b>	<b>183,531</b>
<b>Current Assets</b>		
Unrestricted cash and cash equivalents	106,158	101,213
Short-term investments	17,029	25,255
Municipality accounts receivable	68,228	68,034
Fuel stock and material inventory	23,892	23,351
Other current assets	86,407	45,194
Total Current Assets	<b>301,714</b>	<b>263,047</b>
<b>Deferred Outflows</b>		
Regulatory assets	32,661	49,079
Other	204,209	174,925
Total Deferred Outflows	<b>236,870</b>	<b>224,004</b>
<b>Total Assets and Deferred Outflows</b>	<b>\$ 2,030,248</b>	<b>\$ 1,991,754</b>
<b>Net Position and Liabilities</b>		
<b>Net Position</b>		
Net investment in capital assets	\$ (5,666)	\$ (59,975)
Restricted	147,014	173,869
Unrestricted	312,054	308,583
Total Net Position	<b>453,402</b>	<b>422,477</b>
<b>Non-Current Liabilities</b>		
Long-term revenue bonds, net	1,302,296	1,344,032
Other non-current liabilities	82,339	47,361
Total Non-Current Liabilities	<b>1,384,635</b>	<b>1,391,393</b>
<b>Current Liabilities</b>		
Current maturities of revenue bonds	30,495	28,965
Accounts payable	37,989	31,792
Accrued interest on revenue bonds	24,144	24,762
Accrued liabilities	67,594	61,610
Total Current Liabilities	<b>160,222</b>	<b>147,129</b>
<b>Deferred Inflows of Resources</b>	<b>31,989</b>	<b>30,755</b>
<b>Total Net Position and Liabilities and Deferred Inflows of Resources</b>	<b>\$ 2,030,248</b>	<b>\$ 1,991,754</b>

**INDIANA MUNICIPAL POWER AGENCY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**  
(in thousands)

<b>For the Five Months Ended May 31,</b>	<b>2022</b>	<b>2021</b>
<b>Cash Flows From Operating Activities:</b>		
Receipts from municipalities	\$ 183,349	\$ 171,015
Other operating receipts	3,877	3,923
Payments for purchased power	(61,229)	(61,873)
Payments for fuel	(26,551)	(21,673)
Payments for production	(14,484)	(12,622)
Payments for transmission and local facilities	(22,286)	(21,434)
Net cash deposits as collateral	15,398	4,614
Payments for other operating expenses	(13,199)	(8,829)
Payments for maintenance	(9,163)	(11,567)
<b>Net cash provided by operating activities</b>	<b>55,712</b>	<b>41,554</b>
<b>Cash Flows From Noncapital Financing Activities:</b>		
Net proceeds from short-term borrowing	(22,600)	(15,000)
<b>Net cash provided by noncapital financing activities</b>	<b>(22,600)</b>	<b>(15,000)</b>
<b>Cash Flows From Capital And Related Financing Activities:</b>		
Net additions to utility plant	(38,077)	(51,111)
Proceeds from sale of capital assets	2,668	14,220
Refunding of long-term debt	-	(12,845)
Principal payments on long-term debt	(28,965)	(32,875)
Interest payments	(29,776)	(30,907)
<b>Net cash used in capital and related financing activities</b>	<b>(94,150)</b>	<b>(113,518)</b>
<b>Cash Flows From Investing Activities:</b>		
Maturities and called investments	11,000	10,000
Interest income and other	3,958	(7,600)
Joint Transmission System deposit	-	3,040
<b>Net cash provided by investing activities</b>	<b>14,958</b>	<b>5,440</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(46,080)</b>	<b>(81,524)</b>
<b>Restricted and Unrestricted Cash and Cash Equivalents:</b>		
Balances at Beginning of Year	<b>335,382</b>	<b>366,268</b>
<b>Balances at End of Period</b>	<b>\$ 289,302</b>	<b>\$ 284,744</b>

**INDIANA MUNICIPAL POWER AGENCY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) (continued)**  
(in thousands)

<b>For the Five Months Ended May 31,</b>	<b>2022</b>	<b>2021</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating Income	\$ 25,595	\$ 25,366
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>		
Depreciation	20,811	20,033
Future recoverable costs	7,228	9,669
Changes in current assets and liabilities:		
Municipality accounts receivable	(1,540)	(3,714)
Fuel stock and material inventory	(1,935)	(1,502)
Accounts payable	3,422	6,550
Other	2,131	(14,848)
<b>Net cash provided by operating activities</b>	<b>\$ 55,712</b>	<b>\$ 41,554</b>

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## **APPENDIX B**

### **IMPA CONSOLIDATED YEAR END FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2021 and 2020, Management's Discussion and Analysis and Report of Independent Auditors**

IMPA files annual and other information with the MSRB through the EMMA system. Documents filed by IMPA should be available through EMMA at <http://dataport.emma.msrb.org>.

IMPA's consolidated financial statements as of December 31, 2021 and 2020, management's discussion and analysis, and report of independent auditors are on the following pages.

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# **Indiana Municipal Power Agency**

Consolidated Financial Statements as of and for  
the years ended December 31, 2021 and 2020,  
Management's Discussion and Analysis, and  
Report of Independent Auditors

# Indiana Municipal Power Agency

Consolidated Financial Statements as of and for  
the years ended December 31, 2021 and 2020

Management's Discussion and Analysis and Report of Independent Auditors

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## REPORT OF INDEPENDENT AUDITORS

To the Board of Commissioners of Indiana Municipal Power Agency

### **Opinion**

We have audited the accompanying consolidated financial statements of Indiana Municipal Power Agency and its subsidiaries (the "Agency"), which comprise the consolidated statements of net position as of December 31, 2021 and 2020, and the related consolidated statements of revenues, expenses and changes in net position and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Agency as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplemental Information**

Accounting principles generally accepted in the United States of America require that the accompanying management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information is the responsibility of management, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP  
Chicago, Illinois  
April 1, 2022

## **INDIANA MUNICIPAL POWER AGENCY MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

This discussion and analysis of the Indiana Municipal Power Agency's (IMPA or the Agency) consolidated financial performance provides an overview of the Agency's activities for the fiscal year ended December 31, 2021 and 2020. It should be read in conjunction with the basic consolidated financial statements and the accompanying notes.

### **CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements presented herein include all of the activities of IMPA and its affiliate IMPA Service Corp. The Agency substantially follows the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission. These statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. IMPA has implemented all Financial Accounting Standards Board (FASB) pronouncements that do not conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements. IMPA Service Corp is a not-for-profit service corporation formed by IMPA to provide non-power supply services to IMPA members and other municipal entities. IMPA Service Corp's revenues and expenses are reported in IMPA's consolidated statements of revenues, expenses and changes in net position in other revenues and other non-operating expenses, respectively.

The consolidated statements of revenues, expenses and changes in net position and cash flows present information about IMPA's business activities. The consolidated statements of net position report year-end assets, liabilities and net position based on the original cost adjusted for any depreciation, amortization or unrealized gains/losses, as appropriate. Over time, increases in the Agency's net position are one indicator of its financial strength. Other factors to consider are the Agency's wholesale electric rates and its ability to maintain or exceed the debt service coverage levels required by its bond resolution.

## CONDENSED CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (\$ millions)

	2021	2020	2019
Sales to municipalities	\$ 480.6	\$ 454.8	\$ 451.9
Other revenues	8.1	8.4	7.8
<b>Total Operating Revenues</b>	<b>488.7</b>	<b>463.2</b>	<b>459.7</b>
Purchased power, fuel, and production expense	251.7	226.1	235.6
Transmission and local facilities	50.6	53.6	44.9
Other operating expenses	113.4	116.3	101.7
<b>Total Operating Expenses</b>	<b>415.7</b>	<b>396.0</b>	<b>382.2</b>
<b>Total Operating Income</b>	<b>73.0</b>	<b>67.2</b>	<b>77.5</b>
Interest expense	59.5	62.0	59.1
Interest income	(6.0)	(5.2)	(6.9)
Other non-operating income	(9.9)	(10.6)	(8.6)
<b>Total Non-Operating Expenses (Income)</b>	<b>43.6</b>	<b>46.2</b>	<b>43.6</b>
<b>Change in Net Position</b>	<b>29.4</b>	<b>21.0</b>	<b>33.9</b>
<b>Net Position at Beginning of Year</b>	<b>415.5</b>	<b>394.5</b>	<b>360.6</b>
<b>Net Position at End of Year</b>	<b>\$ 444.9</b>	<b>\$ 415.5</b>	<b>\$ 394.5</b>

### 2021 Discussion

Operating Revenues which are composed of sales to municipalities and other revenues, increased by approximately \$25.8 million (5.6%) compared to 2020. Due to higher than normal summer temperatures and post-COVID sales beginning to return to normal, 2021 energy sales increased by approximately 2.4% compared to 2020. The average accrued cost per kWh for 2021 was 7.82 cents, an approximate 3.2% increase compared to 2020.

Total operating expenses increased by approximately \$19.7 million (5.0%) compared to 2020. An increase in energy sales was the primary driver of higher operating expenses. Total non-operating expenses decreased by approximately \$2.6 million (5.6%) compared to 2020.

### 2020 Discussion

Operating revenues, which are composed of sales to municipalities and other revenues, increased by approximately \$3.5 million compared to 2019. Due to COVID-19, energy sales in kilowatt hours (kWh) to members decreased approximately 3.9% compared to 2019. The average accrued cost per kWh for 2020 was 7.58 cents, an approximate 4.7% increase compared to 2019.

Total operating expenses increased approximately \$13.8 million (3.6%) compared to 2019. Transmission costs were a primary driver of the increase. Transmission costs increased due to higher PJM transmission rates as compared to 2019. Total non-operating expenses increased approximately \$2.6 million (6.0%) compared to 2019.

## CONDENSED CONSOLIDATED STATEMENTS OF NET POSITION (\$ millions)

	2021	2020	2019
Utility plant, net	\$ 1,306.0	\$ 1,286.1	\$ 1,258.2
Cash and investments	366.7	422.5	472.9
Other current assets	140.7	128.0	124.9
Deferred outflows	233.7	203.1	195.6
<b>Total Assets and Deferred Outflows</b>	<b>\$ 2,047.1</b>	<b>\$ 2,039.7</b>	<b>\$ 2,051.6</b>
Net investment in capital assets	(60.4)	(124.4)	(199.0)
Restricted	162.8	195.0	244.7
Unrestricted	342.5	344.9	348.8
<b>Total Net Position</b>	<b>444.9</b>	<b>415.5</b>	<b>394.5</b>
Non-current liabilities	1,439.2	1,468.5	1,499.6
Current liabilities	163.0	155.7	157.5
<b>Total Liabilities</b>	<b>1,602.2</b>	<b>1,624.2</b>	<b>1,657.1</b>
<b>Total Net Position and Liabilities and Deferred Inflows of Resources</b>	<b>\$ 2,047.1</b>	<b>\$ 2,039.7</b>	<b>\$ 2,051.6</b>

Utility plant increased approximately \$19.9 million and \$27.9 million in 2021 and 2020, respectively. Capital additions were approximately \$113.5 million in 2021. Net retirements in 2021 were approximately \$45.8 million. Depreciation expense was approximately \$47.8 and \$44.6 million in 2021 and 2020, respectively.

During 2021 and 2020, total net position increased approximately \$29.4 million and \$21.0 million, reflecting IMPA's 2021 and 2020 net income, respectively.

Debt service coverage for 2021 and 2020 was 1.33 times and 1.22 times, respectively. The Agency's bond resolution requires debt service coverage to be at least 1.10 times.

In January 2021, IMPA refunded the remaining outstanding 2010 Series B Bonds totaling \$12,845,000. IMPA will save approximately \$950,000 of reduced interest expense as a result of the refunding. No new long-term debt was issued during 2021.

**INDIANA MUNICIPAL POWER AGENCY**  
**CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES AND CHANGES**  
**IN NET POSITION**  
(in thousands)

<b>For the Years Ended December 31,</b>	<b>2021</b>	<b>2020</b>
<b>Operating Revenues</b>		
Sales to municipalities	\$ 480,553	\$ 454,830
Other revenues	8,123	8,379
<b>Total Operating Revenues</b>	<b>488,676</b>	<b>463,209</b>
<b>Operating Expenses</b>		
Purchased power	158,283	135,967
Fuel	62,793	60,179
Production	30,578	29,977
Transmission and local facilities	50,643	53,553
Other operating	22,683	19,019
Maintenance	23,900	25,392
Depreciation	49,518	45,499
Future recoverable costs	17,255	26,438
<b>Total Operating Expenses</b>	<b>415,653</b>	<b>396,024</b>
<b>Operating Income</b>	<b>73,023</b>	<b>67,185</b>
<b>Non-Operating Expenses (Income)</b>		
Interest expense	59,464	62,020
Accretion of premiums received on debt	(8,556)	(9,107)
Interest income	(5,962)	(5,194)
Other non-operating income	(1,334)	(1,568)
<b>Total Non-Operating Expenses (Income)</b>	<b>43,612</b>	<b>46,151</b>
<b>Change in Net Position</b>	<b>29,411</b>	<b>21,034</b>
<b>Net Position at Beginning of Year</b>	<b>415,515</b>	<b>394,481</b>
<b>Net Position at End of Year</b>	<b>\$ 444,926</b>	<b>\$ 415,515</b>

The accompanying notes are an integral part of the above statements.

**INDIANA MUNICIPAL POWER AGENCY  
CONSOLIDATED STATEMENTS OF NET POSITION**

(in thousands)

<b>December 31,</b>	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
<b>Utility Plant</b>		
Utility plant in service	\$ 1,797,388	\$ 1,730,910
Less: accumulated depreciation	(644,601)	(601,260)
	1,152,787	1,129,650
Construction work in progress	153,193	156,448
Total Utility Plant, Net	<b>1,305,980</b>	<b>1,286,098</b>
<b>Long-Term Investments</b>	<b>12,221</b>	<b>32,007</b>
<b>Restricted Cash and Cash Equivalents</b>	<b>192,572</b>	<b>199,675</b>
<b>Current Assets</b>		
Unrestricted cash and cash equivalents	142,810	166,593
Short-term investments	19,139	24,187
Municipality accounts receivable	66,688	64,320
Fuel stock and material inventory	21,957	21,849
Other current assets	52,139	41,847
Total Current Assets	<b>302,733</b>	<b>318,796</b>
<b>Deferred Outflows</b>		
Regulatory assets	40,187	58,859
Other	193,493	144,276
Total Deferred Outflows	<b>233,680</b>	<b>203,135</b>
<b>Total Assets and Deferred Outflows</b>	<b>\$ 2,047,186</b>	<b>\$ 2,039,711</b>
<b>Net Position and Liabilities</b>		
<b>Net Position</b>		
Net investment in capital assets	\$ (60,405)	\$ (124,427)
Restricted	162,816	195,043
Unrestricted	342,515	344,899
Total Net Position	<b>444,926</b>	<b>415,515</b>
<b>Non-Current Liabilities</b>		
Long-term revenue bonds, net	1,337,420	1,390,566
Other non-current liabilities	70,422	48,000
Total Non-Current Liabilities	<b>1,407,842</b>	<b>1,438,566</b>
<b>Current Liabilities</b>		
Current maturities of revenue bonds	28,965	32,875
Short-term borrowing	22,600	15,000
Accounts payable	39,268	40,852
Accrued interest on revenue bonds	29,715	30,874
Accrued liabilities	42,469	36,077
Total Current Liabilities	<b>163,017</b>	<b>155,678</b>
<b>Deferred Inflows of Resources</b>	<b>31,401</b>	<b>29,952</b>
<b>Total Net Position and Liabilities and Deferred Inflows of Resources</b>	<b>\$ 2,047,186</b>	<b>\$ 2,039,711</b>

The accompanying notes are an integral part of the above statements.

**INDIANA MUNICIPAL POWER AGENCY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)

<b>For the Years Ended December 31,</b>	<b>2021</b>	<b>2020</b>
<b>Cash Flows From Operating Activities:</b>		
Receipts from municipalities	\$ 447,157	\$ 421,961
Other operating receipts	8,123	8,379
Payments for purchased power	(159,340)	(135,483)
Payments for fuel	(62,140)	(60,088)
Payments for production	(32,696)	(29,826)
Payments for transmission and local facilities	(47,865)	(51,377)
Cash deposits as collateral	27,797	10,670
Payments for other operating expenses	(16,837)	(15,837)
Payments for maintenance	(23,457)	(25,634)
<b>Net cash provided by operating activities</b>	<b>140,742</b>	<b>122,765</b>
<b>Cash Flows From Noncapital Financing Activities:</b>		
Net proceeds from short-term borrowing	7,600	15,000
<b>Net cash provided by noncapital financing activities</b>	<b>7,600</b>	<b>15,000</b>
<b>Cash Flows From Capital And Related Financing Activities:</b>		
Net additions to utility plant	(120,239)	(114,939)
Proceeds from sale of capital assets	24,232	22,300
Refunding of long-term debt	(12,845)	-
Principal payments on long-term debt	(32,875)	(27,750)
Interest payments	(60,623)	(60,521)
<b>Net cash used in capital and related financing activities</b>	<b>(202,350)</b>	<b>(180,910)</b>
<b>Cash Flows From Investing Activities:</b>		
Maturities and called investments	24,000	18,000
Interest income and other	6,722	6,740
Joint Transmission System Deposit	(7,600)	(15,000)
<b>Net cash provided by investing activities</b>	<b>23,122</b>	<b>9,740</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(30,886)</b>	<b>(33,405)</b>
<b>Restricted and Unrestricted Cash and Cash Equivalents:</b>		
Balances at Beginning of Year	<b>366,268</b>	<b>399,673</b>
Balances at End of Year	<b>\$ 335,382</b>	<b>\$ 366,268</b>

The accompanying notes are an integral part of the above statements.

**INDIANA MUNICIPAL POWER AGENCY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)**  
(in thousands)

<b>For the Years Ended December 31,</b>	<b>2021</b>	<b>2020</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating Income	\$ 73,023	\$ 67,185
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>		
Depreciation	49,518	45,499
Future recoverable costs	17,255	26,438
Changes in current assets and liabilities:		
Municipality accounts receivable	(2,368)	1,112
Fuel stock and material inventory	(108)	303
Accounts payable	5,449	(2,646)
Other	(2,027)	(15,126)
<b>Net cash provided by operating activities</b>	<b>\$ 140,742</b>	<b>\$ 122,765</b>

The accompanying notes are an integral part of the above statements.

# **INDIANA MUNICIPAL POWER AGENCY CONSOLIDATED FINANCIAL STATEMENTS' NOTES**

## **1. Organization and Significant Accounting Policies**

### **Organization and Operations**

Indiana Municipal Power Agency (IMPA or the Agency) is a body corporate and politic and a political subdivision of the State of Indiana. IMPA was created in June of 1980 by a group of municipalities for the purpose of jointly financing, developing, owning and operating electric generation and transmission facilities appropriate to the present and projected energy needs of its participating members. IMPA serves 60 Indiana cities and towns and one Ohio village. IMPA sells power to its members under long-term power sales contracts (the Power Sales Contracts). The members resell the power to retail customers within their respective municipal service territories. IMPA's owned nameplate generating capacity is 959 megawatts (MW) or 79% of IMPA's 2021 peak demand (IMPA's maximum annual hourly load). The remainder of IMPA's power is purchased from other utilities under long-term contracts with varying terms and expiration dates. Power is delivered to members through an integrated transmission system known as the Joint Transmission System (JTS), jointly-owned by IMPA, Duke Energy Indiana, Inc. (DEI), Duke Energy Ohio, Inc. (DEO), and Wabash Valley Power Association (WVPA); and, transmission service arrangements with other utilities and regional transmission organizations.

IMPA Service Corp was created by the Agency as a not-for-profit corporation to provide cost-effective services beyond power supply and transmission to members and other municipal utilities.

### **Principles of Consolidation**

The consolidated financial statements include the accounts of the Agency and its affiliate, IMPA Service Corp. All significant intercompany account balances and transactions have been eliminated in consolidation.

### **Basis of Presentation**

The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP). IMPA has chosen the option to implement all Financial Accounting Standards Board (FASB) pronouncements that do not conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements.

### **Utility Plant**

IMPA provides power to the communities it serves through ownership of utility plant, which includes: (1) an undivided 24.95% ownership in the 625 MW Gibson Unit 5 generating facility (Gibson Unit 5) placed in service in 1982; (2) an undivided 12.88% ownership in the 514 MW Trimble County Unit 1 generating facility (Trimble County Unit 1) placed in service in 1990; (3) an undivided 12.88% ownership in the 750 MW Trimble County Unit 2 generating facility (Trimble County Unit 2) constructed at the same site as Trimble County Unit 1 and placed in service in 2011; (4) an undivided

12.64% ownership in the 1600 MW Prairie State Generating Company, LLC (PSGC or Prairie State) placed in service in 2012; (5) seven wholly-owned combustion turbines and associated facilities aggregating 419 MW (two 41 MW units placed in service in 1992 and one 85 MW unit placed in service in 2004 located in Anderson, Indiana, two 41 MW units placed in service in 1992 located near Richmond, Indiana, and two 85 MW units located in Indianapolis, Indiana, placed in service in 2000; and (6) twelve wholly-owned solar generating facilities with a total generating capacity of approximately 19 MW in member communities.

Based on future economics, IMPA, DEI and WVPA, the joint owners of Gibson Unit 5, are considering closure of Gibson Unit 5 as early as 2025.

The Agency capitalizes fixed assets with an original cost greater than \$25,000, except for jointly-owned utility plant, which are capitalized based on the policies defined by DEI for Gibson Unit 5, by LG&E for Trimble County Unit 1 and Unit 2 and by PSGC for Prairie State Units 1 and 2, the coal mine and other Prairie State facilities. Utility plant is recorded at cost including capitalized interest during construction and a proportionate share of overhead costs. Construction overhead costs include salaries, payroll taxes, fringe benefits and other expenses. The original cost of property replaced or retired, less salvage, is charged to accumulated depreciation. Depreciation is recorded over the estimated useful lives of the utility plant by using the straight-line method. The effective composite depreciation rate on utility plant is approximately 2.7% and 2.6% in 2021 and 2020, respectively.

IMPA's ownership interest in Prairie State includes an interest in coal reserves with an original cost net of depletion of \$7.9 and \$8.2 million at December 31, 2021 and 2020, respectively.

At December 31, 2021 and 2020, construction work in progress (CWIP) included construction costs for ongoing utility plant capital improvements.

### **Sale of Solar Generation Facilities (Solar Parks)**

IMPA has entered into purchase power agreements whereby IMPA has agreed to purchase all of the output from certain solar generation facilities (Solar Parks) located in IMPA member communities with a total capacity of approximately 130 MW. The Solar Parks were all engineered, procured and constructed (EPC) by IMPA. All purchase power contracts are for 25 years from when the respective Solar Park went into commercial operation.

The purchase power contract for one solar park with a capacity of approximately 5 MW is a prepaid purchase power agreement and provides IMPA an option to buy the Solar Park. IMPA expects to exercise the option to buy the solar park during 2022.

The remaining Solar Park purchase power agreements, with a total capacity of approximately 125 MW, provide IMPA an option to buy the Solar Parks after six years. As part of these agreements, IMPA loaned the respective purchaser a portion of the EPC price.

IMPA records the difference between the EPC price and construction costs to a liability account. When the solar park is purchased back in the future, the difference will either be added to or subtracted from the basis of the reacquired solar park. The deferred liability is included in Other Non-Current Liabilities on the Consolidated Statements of Net Position.

The prepaid purchase power and the notes receivable are included in Other Deferred Outflows on the Consolidated Statements of Net Position.

## **Funds**

IMPA's Master Power Supply System Revenue Bond Resolution (the Bond Resolution) requires the creation and maintenance of certain funds and accounts. The Restricted Funds under the Bond Resolution are the Debt Service Fund and the Debt Service Reserve Fund. The Bond Resolution allows for the creation and maintenance of the Rate Stabilization Account, the Reserve and Contingency Fund, and the Asset Retirement Obligation Fund, the use of which is restricted by Board resolution. The Construction Fund includes restricted proceeds from bonds issued for specified capital projects. The Revenue Fund, the General Reserve Fund and the Operation and Maintenance Fund are all unrestricted and are to be used for the operating needs of the Agency.

## **Restricted and Unrestricted Cash and Cash Equivalents**

IMPA considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

## **Restricted and Unrestricted Investments**

IMPA classifies investments in U.S. government agencies and treasury securities as available for sale.

## **Fair Value Measurements**

IMPA uses fair value to measure certain financial instruments, with related unrealized gains or losses generally affecting regulatory assets and deferred inflows of resources (see Regulatory Assets and Deferred Inflows of Resources).

## **Hedging Derivative Instruments**

IMPA accounts for derivatives in accordance with GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments" (GASB 53). GASB 53 requires that hedging derivative instruments ("Hedging Transactions") be recorded at fair value and establishes certain requirements for revenue recognition, measurement and disclosure related to Hedging Transactions. IMPA's Hedging Transactions have been tested for effectiveness under the guidelines prescribed by GASB 53. IMPA utilized one of the three quantitative methods required by GASB 53, the regression analysis method. This method evaluates the effectiveness of a hedge transaction by comparing the statistical relationship between the cash flows of the potential hedging item and the hedgeable item. The effectiveness testing of IMPA's Hedging Transactions demonstrated that the hedges are effective as defined by GASB 53. See Note 5 for specific disclosures related to derivatives.

## Fuel Stock and Material Inventory

Fuel stock and materials and supplies are valued at average cost. The cost of fuel and materials used in production are expensed as recovered through revenues.

## Regulatory Assets and Deferred Inflows of Resources

In accordance with GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance" (GASB 62), IMPA's consolidated financial statements reflect the rate making actions of the Board of Commissioners that result in the recognition of revenues and expenses in different time periods than entities that are not rate regulated. Regulatory assets are expenditures incurred by the Agency that will be recovered in rates in future periods. Deferred inflows of resources are revenues collected in rates for expenses not yet incurred by the Agency.

Regulatory assets and deferred inflows of resources consist of the following (in thousands):

<b>Regulatory Assets</b>	<b>2021</b>	<b>2020</b>
Debt service net of related depreciation and amortization	\$ 28,375	\$ 45,114
Capital assets associated with asset retirement obligations	10,369	12,916
Net valuation of financial instruments	1,443	829
	<b>\$ 40,187</b>	<b>\$ 58,859</b>

<b>Deferred Inflows of Resources</b>	<b>2021</b>	<b>2020</b>
Reserve for contingencies	\$ 28,798	\$ 27,117
Valuation of inventories	2,603	2,835
	<b>\$ 31,401</b>	<b>\$ 29,952</b>

## Employee Benefit Plan

IMPA maintains a 401(k) and 457(b) plan on behalf of all employees meeting certain eligibility requirements regarding length of employment, age and employee contributions. Employer contributions to the plan were approximately \$1.2 million for 2021 and 2020.

## Committed Line of Credit

IMPA has entered into a \$100 million committed line of credit agreement (the Credit Agreement) with PNC Bank. Under the Credit Agreement, IMPA may draw funds and/or post standby letters of credit. The Credit Agreement expires on December 31, 2023. At December 31, 2021, IMPA had posted letters of credit totaling \$6.5 million and a line of credit draw of \$22.6 million. The interest rate on the line of credit draw at December 31, 2021 was 1.5%. At December 31, 2020, IMPA had posted letters of credit totaling \$5.0 million and a line of credit draw of \$15.0 million. The Credit Agreement is subordinated to IMPA's long-term revenue bonds, see Note 6, Long-Term Revenue Bonds. The Credit Agreement provides that PNC Bank may only require repayment prior to expiration if certain terms of default occur.

Certain interest rate provisions of the Credit Agreement reference the London Interbank Offered

Rate (LIBOR). LIBOR will be discontinued prior to the expiration of the Credit Agreement. The Credit Agreement provides that a similar reference rate to be determined will replace LIBOR if LIBOR is discontinued. IMPA does not believe that this will have a material impact on IMPA's consolidated financial statements.

### **Revenue Recognition and Rates**

IMPA sets rates in accordance with the Bond Resolution. The Bond Resolution requires the establishment of rates that, together with other revenues, are reasonably expected to pay IMPA's operating costs (excluding depreciation and amortization), and at least 110% of the Agency's aggregate debt service. IMPA's debt service requirements are designed to be relatively equal over the life of the bonds to help provide stable rates to the communities IMPA serves. Rates are not subject to state or federal regulation. The debt service included in rates provides for full cost recovery of the utility plant assets over a period not exceeding the utility plant useful lives.

Revenues are recognized on an accrual basis when energy is delivered, while the communities are billed using budget rates. Differences between the accrued rate and the billed rate are collected from or returned to the members via a tracker in subsequent periods. The amount to be paid to IMPA (a regulatory asset) at December 31, 2021 was \$13.4 million. The amount to be paid to members (a regulatory liability) at December 31, 2020 was \$17.6 million. The regulatory asset is included in other current assets and the regulatory liability is included in accrued liabilities in the consolidated statements of net position at December 31, 2021 and 2020, respectively.

### **Operating Revenues**

Operating revenues include sales to municipalities and other revenues. These descriptions of operating revenues reflect how economic factors affect the nature, amount, timing and uncertainty of revenues and cash flows. The Power Sales Contracts are the underlying agreements for IMPA's revenues from sales to members. Under the Power Sales Contracts, IMPA's performance obligation is to deliver electricity to member communities. Member communities consume electricity upon delivery and payment for electricity consumed is due within 30 days of receipt of invoice. There are no significant judgments in determining or allocating the transaction price. IMPA does not have any material contract assets or liabilities. IMPA does not incur any material costs to obtain or fulfill contracts with customers.

### **Operating Expenses**

IMPA's operating expenses are defined as purchased power and expenses directly related to, or incurred in support of, the production and transmission of electricity to the participating communities IMPA serves.

### **Non-Operating Expenses**

Non-operating expenses include interest income and expenses, costs related to the issuance of bonds, amortization of bond premiums, Build America Bond (BAB) subsidies and other non-operating revenues and expenses.

## **IMPA Service Corp**

IMPA Service Corp's revenues and expenses are reported as other revenues and other operating expenses, respectively.

## **Regional Transmission Organizations (RTOs)**

IMPA is a transmission owning member of the Midcontinent Independent System Operator (MISO) and a transmission dependent utility of the MISO and PJM Interconnection, LLC (PJM). The MISO schedules, manages and oversees operational control of the JTS.

The MISO and PJM are independent organizations whose purposes are to ensure the reliability of their respective integrated, regional electrical transmission systems, to facilitate a regional wholesale marketplace, to provide non-discriminatory access to the transmission system and to maintain and improve electric system reliability.

IMPA records all net sales through MISO and PJM to purchase power on the Consolidated Statements of Revenues, Expenses and Changes in Net Position.

## **Income Taxes**

IMPA, as a political subdivision of the State of Indiana, is exempt from federal and state income taxes. IMPA qualifies for federal income tax exclusion under Internal Revenue Code section 115. IMPA Service Corp is exempt from federal income tax under Internal Revenue Code section 501 (a) as a 501 (c) (3) organization.

## **Use of Estimates**

The preparation of the consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The reported results of operations are not indicative of results of operations for any future period.

## **Accounting Pronouncements Issued**

During 2018, the GASB issued Statement No. 89, *"Accounting for Interest Cost Incurred before the End of a Construction Period"* (GASB 89). GASB 89 establishes certain accounting requirements for interest cost incurred before the end of a construction period. IMPA adopted GASB 89 for the period beginning January 1, 2021. GASB 89 does not have a material impact on IMPA's consolidated financial statements.

In October 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2020-08 (ASU 2020-08), *"Codification Improvements to Subtopic 310-20, Receivables-Nonrefundable Fees and Other Costs."* ASU 2020-08 conflicts with GASB 31 – Accounting and Financial Reporting for Certain Investments and for External Investment pools. IMPA previously adopted and follows the guidance of GASB 31.

## 2. Capital Assets

Capital asset activity for the years ended December 31, 2021 and 2020, was as follows (in thousands):

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Transfers</b>	<b>Retirements</b>	<b>Ending Balance</b>
<b>2021</b>					
Utility plant in service	\$ 1,730,910	5,833	70,579	(9,934)	1,797,388
Construction work in progress	156,448	107,691	(70,579)	(40,367)	153,193
Total Utility Plant (Gross)	1,887,358	113,524	-	(50,301)	1,950,581
Less accumulated depreciation for utility plant in service	(601,260)	(47,833)	-	4,492	(644,601)
	<b>\$ 1,286,098</b>	<b>65,691</b>	<b>-</b>	<b>(45,809)</b>	<b>1,305,980</b>
<b>2020</b>					
Utility plant in service	\$ 1,690,503	\$ 1,741	\$ 44,414	\$ (5,748)	\$ 1,730,910
Construction work in progress	127,941	121,480	(44,414)	(48,559)	156,448
Total Utility Plant (Gross)	1,818,444	123,221	-	(54,307)	1,887,358
Less accumulated depreciation for utility plant in service	(560,234)	(44,572)	-	3,546	(601,260)
	<b>\$ 1,258,210</b>	<b>\$ 78,649</b>	<b>\$ -</b>	<b>\$ (50,761)</b>	<b>\$ 1,286,098</b>

Accumulated depreciation additions for the years ended December 31, 2021 and 2020 do not include depreciation of asset retirement obligation assets of \$1.7 million and \$0.9 million, respectively.

## 3. Cash, Cash Equivalents and Investments

A Board policy governs IMPA's investments and deposits. IMPA's authorized investments include money market funds, federal agencies, investment contracts, US treasuries, commercial paper and repurchase agreements if the instruments meet certain minimum rating requirements.

During the years ended December 31, 2021 and 2020, IMPA recorded a net decrease in the fair value of investments of \$0.8 million and an increase of \$0.9 million, respectively. To the extent any unrealized gains or losses are realized in the future, those realized gains or losses are refundable or recoverable through IMPA's rate-making methodology. Accordingly, any unrealized gains or losses at December 31, 2021 and 2020 have been included in regulatory assets on IMPA's consolidated statements of net position (see Note 1).

The carrying amount of cash and cash equivalents approximates fair value due to the short maturity of the instruments.

At December 31, 2021 and 2020, the original cost and the estimated fair values of the Agency's cash, cash equivalents and investments were as follows (in thousands):

INVESTMENT TYPE	2021		2020	
	Cost	Estimated Fair Value	Cost	Estimated Fair Value
<b>Long-Term Investments:</b>				
Restricted:				
U.S. Government Agencies	\$ -	\$ -	\$ 16,021	\$ 16,433
U.S. Treasuries	11,572	12,221	14,459	15,574
<b>Total Long-Term Investments</b>	<b>11,572</b>	<b>12,221</b>	<b>30,480</b>	<b>32,007</b>
<b>Restricted and Unrestricted Cash and Cash Equivalents:</b>				
Restricted	192,572	192,572	199,675	199,675
Unrestricted	142,810	142,810	166,593	166,593
<b>Total Restricted and Unrestricted Cash and Cash Equivalents</b>	<b>335,382</b>	<b>335,382</b>	<b>366,268</b>	<b>366,268</b>
<b>Short-Term Investments:</b>				
Restricted:				
U.S. Government Agencies	16,021	16,117	15,956	16,115
U.S. Treasuries	2,887	3,022	7,748	8,072
<b>Total Short-Term Investments</b>	<b>18,908</b>	<b>19,139</b>	<b>23,704</b>	<b>24,187</b>
<b>Total</b>	<b>\$ 365,862</b>	<b>\$ 366,742</b>	<b>\$ 420,452</b>	<b>\$ 422,462</b>

The debt service account is comprised of current principal payments and interest due on long-term debt payable on the first business day of the subsequent year. The Bond Resolution restricts the debt service account, the debt service reserve fund and the construction fund. Additionally, certain accounts are restricted by Board resolution, including the rate stabilization account. For further discussion of accounts restricted by Board resolution, see Note 1.

U.S. Government agencies consist solely of mortgage-backed securities which are backed by the full faith and credit guaranty of the United States' government. All long-term investments mature in less than five years.

At December 31, 2021 and 2020, the Agency's cash, cash equivalents and investments were restricted as follows (in thousands):

FUND	2021		2020	
	Cost	Estimated Fair Value	Cost	Estimated Fair Value
<b>Unrestricted:</b>	\$ 142,810	\$ 142,810	\$ 166,593	\$ 166,593
<b>Restricted by Board:</b>				
Rate Stabilization Fund	28,524	28,663	28,421	28,844
Other Board Restricted Accounts	42,446	42,564	40,499	40,779
<b>Restricted by Bond Resolution:</b>				
Debt Service Reserve Fund	91,963	92,586	93,876	95,183
Debt Service Account	59,204	59,204	64,273	64,273
Construction Fund	915	915	26,790	26,790
<b>Total</b>	<b>\$ 365,862</b>	<b>\$ 366,742</b>	<b>\$ 420,452</b>	<b>\$ 422,462</b>

#### 4. Net Position

At December 31, 2021 and 2020, the Agency's net position included the following components (in thousands):

	2021	2020
Net investment in capital assets	\$ (60,404)	\$ (124,427)
Restricted for debt service	29,489	33,399
Restricted for debt service reserve	92,586	95,183
Restricted for bond financed construction projects	915	26,790
Restricted by Board resolution	39,826	39,671
Unrestricted	342,514	344,899
	<b>\$ 444,926</b>	<b>\$ 415,515</b>

## 5. Hedging Transactions

IMPA purchases forward power contracts to minimize the cost volatility of purchased power in the energy markets. IMPA does not purchase derivatives for speculative purposes. The acquisition of forward power contracts allows IMPA to effectively plan and set stable rates from period to period for IMPA's Members. Certain of IMPA's forward power contracts are settled by a cash payment that is equal to the differential between the contract price and the settlement price (financially settled). Financially settled forward power contracts are hedging derivative instruments as defined by GASB 53. IMPA has entered into hedging transactions in the MISO and PJM energy markets.

IMPA is required to test its hedging transactions for effectiveness as of the reporting date as defined by GASB 53. IMPA's outstanding hedging transactions at December 31, 2021 and 2020 have been determined by management to be effective. Accordingly, IMPA's outstanding hedging transactions are reported in the Agency's December 31, 2021 and 2020 consolidated statements of net position at fair value. The fair market value for each of IMPA's hedging transactions have been determined by computing the difference between the contractual forward price and the published forward price at the respective energy market's settlement point(s) at market closing as of December 31, 2021 and 2020. All of IMPA's hedging transactions settle and are valued at either the Indiana Hub or the AEP Dayton Hub, which are settlement hubs in the MISO and PJM energy markets, respectively.

As of December 31, 2021, the Agency has recorded unrealized gains and losses in other current assets of approximately \$0.3 million, other non-current liabilities of approximately \$13.8 million, and accrued liabilities of approximately \$5.1 million. As of December 31, 2020, the Agency has recorded unrealized gains and losses in other current assets of approximately \$4.0 million, deferred outflows of approximately \$6.0 million, other non-current liabilities of approximately \$1.0 million, and accrued liabilities of approximately \$16 thousand.

The following tables provide information related to IMPA's outstanding derivative instruments as of December 31, 2021 and 2020 (in thousands):

**December 31, 2021**

Trade Date Range	Duration	Notional Amount (MWhs)	Ending Fair Value	
			Classification	Amount
Nov 2021 thru Dec 2021	Jan 2022 thru Feb 2022	75	Accrued liabilities	\$ (299)
Mar 2017	Jan 2022 thru Dec 2022	1200	Other current assets	5,067
Mar 2017	Jan 2023 thru Dec 2026	4,450	Deferred outflows	13,810
		5,725		<b>\$ 18,578</b>

**December 31, 2020**

Trade Date Range	Duration	Notional Amount (MWhs)	Ending Fair Value	
			Classification	Amount
Dec 2014 thru Nov 2020	Jan 2021 thru Dec 2021	1,025	Accrued liabilities	\$ (4,045)
Mar 2017 thru Nov 2020	Jul 2021	100	Other current assets	16
Mar 2017	Mar 2022 thru Dec 2026	4,500	Other non-current liabilities	(5,964)
Mar 2017	Jan 2022 thru Jul 2026	1,150	Deferred outflows	982
		6,775		<b>\$ (9,011)</b>

**Credit Risk**

All of IMPA's hedging transactions were transacted on exchanges. Exchanges are designed to avoid contract defaults and credit risk. Exchanges utilize clearing houses to guarantee the performance of each market participant for each transaction. The clearing house requires every market participant to deposit funds into a margin account. There is a required deposit for a percent of the nominal value of outstanding contracts and a deposit to reflect each market participant's daily gain or loss in the market. These funds are held by the clearing house and available to settle any defaults by market participants, thus mitigating credit risk related to IMPA's outstanding financially settled forward power contracts.

**Basis Risk**

IMPA is exposed to basis risk on its hedging transactions because the pricing point of the hedged commodity may settle at a different pricing point than the hedge transaction (Indiana Hub or AEP-Dayton Hub). At December 31, 2021 and 2020, the Indiana Hub price was \$43.31 and \$24.39 per MWh and the AEP-Dayton Hub price was \$36.86 and \$24.56 per MWh, respectively.

**Termination Risk**

IMPA is exposed to termination risk on its hedging transactions because a counterparty may fail to perform under the terms of one or more contracts resulting in the termination of the contract with that counterparty. IMPA's termination risk is mitigated for those forward power contracts transacted on the Exchanges.

**Commitments**

IMPA and its counterparties post collateral to support certain purchase power futures agreements. At December 31, 2021, IMPA's counterparties had net collateral posted to IMPA of \$14.8 million which is included in accrued liabilities on the consolidated statement of net position. At December 31, 2020, IMPA had net collateral posted of \$13.0 million which is included in other current assets on the consolidated statement of net position.

## 6. Long-Term Revenue Bonds

IMPA issues Power Supply System Revenue Bonds to finance its acquisition and construction of utility plant. Long-term revenue bonds issued and outstanding at December 31, 2021 and 2020, consist of the following (in thousands):

Bond Series	Interest Rates	Due Date January 1,	Optional Redemption Year	2021	2020
2007 Series B	5.800%	2022	-	\$ 5,465	\$ 10,630
2009 Series C	7.350%	2022 to 2024	-	10,795	12,665
2010 Series A	5.594%	2031 to 2042	-	123,640	123,640
2010 Series B	-	-	-	-	18,815
2011 Series A	-	-	-	-	7,130
2012 Series A	5.000%	2024 to 2028	2022	20,515	20,515
2013 Series A	4.750% - 5.250%	2022 to 2042	2023	24,380	25,465
2014 Series A	5.000%	2022 to 2032	2025	153,215	158,005
2016 Series A	4.000% - 5.000%	2033 to 2042	2026	366,350	366,350
2016 Series C	3.000% - 5.000%	2022 to 2039	2027	142,610	144,135
2017 Series A	5.000%	2022 to 2042	2028	218,645	220,280
2019 Series A	4.000% - 5.000%	2022 to 2042	2029	120,455	123,100
2019 Series B	Variable	2022 to 2042	-	59,320	60,380
				1,245,390	1,291,110
Less current maturities				(28,965)	(32,875)
Long-term revenue bonds				1,216,425	1,258,235
Unamortized premium, net				120,995	132,331
				<b>\$1,337,420</b>	<b>\$ 1,390,566</b>

The 2007 Series B and 2009 Series C Bonds are non-callable. The 2010 Series A Bonds are designated as direct payment Build America Bonds and have make-whole optional redemption and extraordinary optional redemption provisions. The 2019 Series B Bonds are currently callable at a redemption prices of 100%.

All other bonds are callable on or after January 1 of the optional redemption year at a redemption price of 100%, with the exception of the 2012 Series A Bonds. The 2012 Series A Bonds maturing on or after January 1, 2024 are callable on or after July 1, 2022 at a redemption price of 100%.

In January 2021, IMPA called the 2010 Series B bonds maturing on January 1, 2022 and 2023 with a total par value of \$12.845 million.

Debt service requirements based on contractual maturities at December 31, 2021 were as follows (in thousands):

	<b>Principal</b>	<b>Interest</b>
2022	\$ 28,965	\$ 61,803
2023	30,495	60,274
2024	39,090	58,589
2025	41,065	56,612
2026	43,105	54,571
2027 - 2031	249,700	238,687
2032 - 2036	317,235	171,152
2037 - 2041	402,790	85,601
2042	92,945	4,735
	<b>\$ 1,245,390</b>	<b>\$ 792,024</b>

Long-term revenue bond activity for the periods ended December 31, 2021 and 2020, was as follows (in thousands):

<b>December 31, 2021</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
Long-term revenue bonds	\$ 1,291,110	\$ -	\$ (45,720)	\$ 1,245,390
Less:				
Current maturities	(32,875)	32,875	(28,965)	(28,965)
Unamortized premium, net	132,331	-	(11,336)	120,995
	<b>\$ 1,390,566</b>	<b>\$ 32,875</b>	<b>\$ (86,021)</b>	<b>\$ 1,337,420</b>

<b>December 31, 2020</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
Long-term revenue bonds	\$ 1,318,860	\$ -	\$ (27,750)	\$ 1,291,110
Less:				
Current maturities	(27,750)	27,750	(32,875)	(32,875)
Unamortized premium, net	144,261	-	(11,930)	132,331
	<b>\$ 1,435,371</b>	<b>\$ 27,750</b>	<b>\$ (72,555)</b>	<b>\$ 1,390,566</b>

### Certain Debt Covenants

IMPA's long-term revenue bonds are payable from and secured by a pledge of and security interest in all revenues, income, rents and receipts attributable to the Agency's ownership and operation of IMPA's power supply system and certain funds established by the Bond Resolution including IMPA's Unrestricted and Restricted by Bond Resolution funds, see Note 3. IMPA's Members, the State of Indiana nor any political subdivision of Indiana are obligated to pay the debt service on IMPA's long-term revenue bonds.

The Bond Resolution has no subjective acceleration provisions or events of default that change the timing of repayment.

### **Debt Service Coverage**

The IMPA Power Supply System Revenue Bond Resolution (Resolution) contains covenants that require IMPA to collect through rates 1.1 times the current year's accrued aggregate debt service. Debt service coverage was 1.33 times and 1.22 times for the years ended December 31, 2021 and 2020, respectively. Debt service coverage for 2021 was calculated based on approximately \$29.0 million of principal and approximately \$59.5 million of 2021 interest expense payable during 2021 and in January 2022. Management believes that IMPA is in compliance with all financial debt covenants and restrictions as of December 31, 2021.

### **2010 Series A Build America Bonds (BAB)**

BAB subsidies are included in other non-operating income on the consolidated statements of revenues, expense and changes in net position. BABs subsidies (in \$ thousands):

	<b>2021</b>	<b>2020</b>
BAB subsidies	\$ 2,283	\$ 2,298

### **2010 Series B Bonds**

On January 14, 2021, IMPA refunded the remaining outstanding 2010 Series B Bonds (the "Refunded Bonds") totaling \$12,845,000. The Refunded Bonds were scheduled to mature on January 1, 2022 and January 1, 2023. The interest rate on the Refunded Bonds was 5%. IMPA will save approximately \$950,000 of reduced interest expense as a result of the refunding.

### **2019 Series B Variable Rate Bonds**

The 2019 Series B Variable Rate Bonds (2019 B Bonds) are secured by an irrevocable transferable direct pay letter of credit (Letter of Credit) issued for the benefit of the owners of the 2019 B Bonds. The interest rates on the 2019 B Bonds is adjusted daily, and bondholders may require repurchase of the 2019 B bonds at the time of such interest rate adjustments. Through the Letter of Credit, the Agency has the right of direct offset with its lender for any repurchases. These bonds have a contractual maturity of January 1, 2042. The Letter of Credit has a contractual maturity of December 19, 2024. The interest rate at December 31, 2021 on the 2019 B Bonds was .07%.

## **7. Fair Value of Financial Instruments**

As defined in the fair value measurements standard, fair value is the price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between willing market participants on the measurement date. This standard establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy defined by the fair value measurement standard are as follows:

### **Level 1**

Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those where transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. IMPA's Level 1 assets primarily consist of money market funds that are listed on active exchanges which are included in unrestricted cash and cash equivalents and restricted cash and cash equivalents on the consolidated statements of net position. IMPA does not have any liabilities that meet the definition of Level 1.

### **Level 2**

Pricing inputs are either directly or indirectly observable in the market as of the reporting date, other than quoted prices in active markets included in Level 1. Level 2 includes those financial instruments that are valued using models or other valuation methodologies based on assumptions that are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace. These models are primarily industry-standard models that consider various assumptions, including time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. IMPA's Level 2 assets and liabilities consist primarily of debt securities and financially settled forward power contracts, which are included in long-term investments, short-term investments, other current assets, other deferred outflows, accrued liabilities, and other non-current liabilities.

### **Level 3**

Pricing inputs that are unobservable. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. IMPA does not have any assets or liabilities that meet the definition of Level 3.

IMPA utilizes market data and assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable.

IMPA primarily applies the market approach for recurring fair value measurements using the best information available. Accordingly, IMPA maximizes the use of observable inputs and minimizes the use of unobservable inputs.

The carrying amounts of cash, accounts receivable and accounts payable approximate their fair value due to their short-term nature.

The following tables set forth IMPA's financial assets and financial liabilities that are accounted for on a recurring basis at fair value by level within the fair value hierarchy. As required by the fair value measurement standard, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. IMPA's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

Recurring fair value measures at December 31, 2021 and 2020 were as follows (in thousands):

<b>December 31, 2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
Assets:			
Money market funds	\$ 267,705	\$ -	\$ 267,705
Debt securities	-	31,360	31,360
Purchase power futures	-	18,877	18,877
	<b>\$ 267,705</b>	<b>\$ 50,237</b>	<b>\$ 317,942</b>
Liabilities:			
Purchase power futures	\$ -	\$ 299	\$ 299

<b>December 31, 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
Assets:			
Money market funds	\$ 312,825	\$ -	\$ 312,825
Debt securities	-	56,194	56,194
Purchase power futures	-	998	998
	<b>\$ 312,825</b>	<b>\$ 57,192</b>	<b>\$ 370,017</b>
Liabilities:			
Purchase power futures	\$ -	\$ 10,009	\$ 10,009

## 8. Asset Retirement Obligations

Asset retirement obligations represent legal obligations associated with the retirement of tangible long-lived assets that are incurred upon the acquisition, construction, development or normal operation of the assets. IMPA's asset retirement obligations consist primarily of costs associated with the future cost of mine reclamation and closure at Prairie State and with the future closure of waste disposal facilities at IMPA's jointly-owned plants.

Asset retirement obligations are estimated annually during the fourth quarter of the year and recognized in the period in which they are incurred, if a reasonable estimate of fair value can be made. The asset retirement obligations are accreted to their present value at the end of each reporting period. The associated estimated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset and depreciated over their useful lives. The Agency uses an expected cash flow approach to measure the obligations. IMPA's asset retirement obligations have no impact on change in net position due to the Agency applying the provisions of GASB 62.

The following table presents the details of the Agency's asset retirement obligations for the periods ended December 31, 2021 and 2020 (in thousands):

	<b>Beginning Balance</b>	<b>Liabilities Settled</b>	<b>Accretion</b>	<b>Cash Flow Revisions</b>	<b>Ending Balance</b>
2021	\$ 20,716	(2,350)	667	(1,118)	\$ 17,915
2020	\$ 12,557	(341)	488	8,012	\$ 20,716

The cash flow revisions in 2020 were primarily the result of changes in the estimates of future costs of closure of coal ash storage systems at Gibson Unit 5 and Trimble County Units 1 and 2.

IMPA's share of the asset retirement obligations for the Agency's jointly-owned generation at December 31, 2021 and 2020 was as follows (in thousands):

	<b>2021</b>	<b>2020</b>
Gibson Unit 5	\$ 4,952	\$ 8,714
Prairie State Units 1 & 2	3,269	3,240
Trimble County Units 1 & 2	9,694	8,762
	<b>\$ 17,915</b>	<b>\$ 20,716</b>

IMPA's percentage share of the total asset retirement obligations approximates the Agency's percentage ownership share of each of the respective jointly owned production facilities, see Note 11, Jointly-Owned Plant.

The Agency had restricted assets for the payment of IMPA's share of the asset retirement obligations totaling approximately \$15.5 million and \$14.0 million at December 31, 2021 and 2020, respectively.

## 9. Arbitrage

A rebate payable to the Internal Revenue Service (IRS) generally results from the investment of bond proceeds at a higher rate of interest than the cost of borrowing. The excess of interest income over cost of borrowing is payable to the IRS within five years of the date of the bond offering and every five years thereafter. At December 31, 2021 and 2020, the Agency did not have a rebate payable. The estimated arbitrage expense is recorded as a reduction of interest income.

## 10. Concentration of Risk

Credit risk represents the risk of loss that would occur if suppliers or customers did not meet their contractual obligations to IMPA. Concentration of credit risk occurs when significant suppliers or customers possess similar characteristics that would cause their ability to meet contractual obligations to be affected by the same events.

Approximately 29% of the Agency's sales to municipalities were provided to two communities for the periods ended December 31, 2021 and 2020. Accounts receivable balances for the two communities account for 33% and 30% of the total municipality accounts receivable balances as of December 31, 2021 and 2020, respectively. IMPA has long-term energy purchase contracts with two suppliers that account for approximately 27% and 33% of IMPA's total energy for the years ended December 31, 2021 and 2020, respectively.

## 11. Jointly-Owned Plant

IMPA is a joint owner of Gibson Unit 5, Trimble County Units 1 and 2, Prairie State Units 1 and 2 and co-owns certain transmission property and local facilities. IMPA's portion of all operating costs associated with the commonly-owned facilities is reflected in the consolidated financial statements. For further discussion of Jointly-Owned Plant, see Note 1, Utility Plant.

IMPA's investments in jointly-owned plant at December 31, 2021 were as follows (in thousands):

	Share	Utility Plant In Service	Accumulated Depreciation
Production			
Gibson Unit 5	24.95%	\$ 199,006	\$ 103,813
Prairie State Units 1 & 2	12.64%	762,765	188,210
Trimble County Units 1 & 2	12.88%	331,710	133,823
Transmission and local facilities	5.30%	255,447	68,347

## **12. Commitments and Contingencies**

### **Contracts and Capital Expenditures**

IMPA has purchased power contracts with several power producers. IMPA has firm commitments under take-or-pay contracts which expire on or before April 1, 2042. The total amount of these future purchase obligations at December 31, 2021 was approximately \$131.9 million for 2021 and \$2.6 billion through 2052.

IMPA anticipates its share of future capital expenditures for Gibson Unit 5, Prairie State Units 1 and 2, Trimble County Units 1 and 2, the combustion turbines, the JTS, Solar Parks, and other ongoing system projects to total approximately \$290 million for the years 2022 through 2026. The projected capital expenditures include both environmental improvements and expenditures of a normal and recurring nature. IMPA anticipates funding the foregoing projected capital improvements with a combination of internally generated funds and proceeds from future debt offerings.

### **Emissions Regulations**

Under the Trump administration, the EPA implemented the Affordable Clean Energy Rule (ACE Rule), which repealed the Clean Power Plan and endeavored to reduce emissions through efficiency increases using an inside-the-fenceline framework. The ACE Rule was struck down by the United States Court of Appeals for the D.C. Circuit in 2021, and the EPA has not yet initiated a replacement rulemaking. Litigation concerning the scope of EPA's authority to regulate Greenhouse Gas (GHG) Emissions is currently pending before the Supreme Court of the United States, and an opinion is expected in the Summer of 2022. Subsequently, IMPA expects that the EPA will initiate a new rulemaking related to powerplant GHG. IMPA will closely monitor any actions on the part of the EPA or any other regulatory body.

### **Contract Disputes**

In the normal course of business, IMPA may be involved in various disputes with other parties. While management cannot predict the ultimate outcome of these disputes, total exposure as of the report issuance date is not material to IMPA's financial position or results of operations.

### **13. Illinois Senate Bill (“SB”) 2408**

In 2021, Illinois passed SB 2408, the Climate and Equitable Jobs Act (CEJA). The CEJA requires a 45% reduction in existing publicly owned Illinois power plant carbon dioxide emissions by June 30, 2038. The CEJA further requires all publicly owned coal-fired generating units to permanently reduce carbon dioxide emission to zero by December 31, 2045.

The CEJA does, however, provide that if the reduction of output from or the closing of any plant creates a resource adequacy shortfall in the State of Illinois the plant can continue to operate until the reliability can otherwise be addressed. During the 2021/2022 planning year, Illinois was a net capacity importer. With the announced and required retirements, there is potential that Illinois will need to import even more capacity into the future.

The CEJA has a potential material future impact on IMPA's ownership share of the Prairie State Generating Company, LLC (Prairie State). IMPA and the other owners of Prairie State have and continue to develop plans to manage the potential impacts of the CEJA. Potential impacts cannot be gauged with certainty at this time.

## PROFILE OF THE MAJOR MEMBERS' ELECTRIC SYSTEMS

### Selected Historical Information

Tables 1, 2 and 3 summarize certain statistical and financial information for each of the Major Members.

The Tables were prepared by IMPA from (i) both audited and unaudited financial information for the Major Members and (ii) other information provided by the Major Members. Neither IMPA nor the Underwriters make any representations as to the accuracy or completeness of the information presented. The aggregations used in preparing these summaries do not allow a direct comparison among Major Members. The information in Tables 2 and 3 marked as audited was audited by either an independent CPA firm or the Indiana State Board of Accounts. PricewaterhouseCoopers LLP has not audited, reviewed, compiled, or applied agreed-upon procedures with respect to the financial information. Accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto.

*The delivery of this Official Statement does not create any implication that there has been no change in the operations and financial condition of the Major Members since the date hereof or that the information presented in this Appendix C is correct as of any time subsequent to its date.*

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**Table 1**  
**INDIANA MUNICIPAL POWER AGENCY**  
**Profile of Major Members' Electric Systems**  
**(UNAUDITED)**

	<u>Anderson</u>	<u>Crawfordsville</u>	<u>Frankfort</u>	<u>Greenfield</u>	<u>Jasper</u>	<u>Richmond</u>
Year Established	1897	1890	1902	1892	1904	1902
Miles Of Lines	622	283	375	430	121	1071
Service Area (Square miles)	70	27	124	14	13	54
<b>Number of Customers</b>						
	<u>2021</u>	<u>2021</u>	<u>2021</u>	<u>2021</u>	<u>2021</u>	<u>2021</u>
Residential	29,471	8,659	7,742	10,704	6,155	16,252
Industrial	59	75	56	13	86	132
Commercial	3,879	1,524	1,578	1,039	1,211	4,908
Total	<u>33,409</u>	<u>10,258</u>	<u>9,376</u>	<u>11,756</u>	<u>7,452</u>	<u>21,292</u>
	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>
Residential	30,741	8,543	7,723	10,402	6,025	16,022
Industrial	60	78	57	15	86	130
Commercial	4,255	1,514	1,564	1,036	1,200	4,924
Total	<u>35,056</u>	<u>10,135</u>	<u>9,344</u>	<u>11,453</u>	<u>7,311</u>	<u>21,076</u>
	<u>2019</u>	<u>2019</u>	<u>2019</u>	<u>2019</u>	<u>2019</u>	<u>2019</u>
Residential	31,421	8,292	7,695	10,091	6,025	15,924
Industrial	61	68	57	15	86	133
Commercial	4,264	1,516	1,553	1,155	1,200	5,021
Total	<u>35,746</u>	<u>9,876</u>	<u>9,305</u>	<u>11,261</u>	<u>7,311</u>	<u>21,078</u>
<b>Megawatt-Hour Sales (000's)</b>						
	<u>2021</u>	<u>2021</u>	<u>2021</u>	<u>2021</u>	<u>2021</u>	<u>2021</u>
Residential	314	88	77	106	73	186
Industrial	273	241	221	159	106	515
Commercial	275	48	61	87	108	174
Total	<u>862</u>	<u>377</u>	<u>359</u>	<u>352</u>	<u>287</u>	<u>875</u>
	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>
Residential	305	84	76	101	71	182
Industrial	259	240	217	152	103	512
Commercial	270	49	56	84	105	172
Total	<u>834</u>	<u>373</u>	<u>349</u>	<u>337</u>	<u>279</u>	<u>866</u>
	<u>2019</u>	<u>2019</u>	<u>2019</u>	<u>2019</u>	<u>2019</u>	<u>2019</u>
Residential	309	85	77	101	73	186
Industrial	248	254	224	163	113	520
Commercial	297	55	58	90	115	188
Total	<u>854</u>	<u>394</u>	<u>359</u>	<u>354</u>	<u>301</u>	<u>894</u>
<b>Revenue from Power Sales (\$000's)</b>						
	<u>2021</u>	<u>2021</u>	<u>2021</u>	<u>2021</u>	<u>2021</u>	<u>2021</u>
Residential	\$ 36,441	\$ 10,294	\$ 8,264	\$ 11,748	\$ 7,098	\$ 20,012
Industrial	20,409	20,296	16,833	13,344	10,347	42,703
Commercial	28,588	5,600	6,249	8,571	9,718	21,306
Total	<u>\$ 85,438</u>	<u>\$ 36,190</u>	<u>\$ 31,346</u>	<u>\$ 33,663</u>	<u>\$ 27,163</u>	<u>\$ 84,021</u>
	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>
Residential	\$ 35,346	\$ 9,123	\$ 7,868	\$ 11,020	\$ 6,709	\$ 18,532
Industrial	19,038	19,064	15,918	14,511	10,027	40,757
Commercial	27,605	5,364	5,664	6,337	9,329	19,854
Total	<u>\$ 81,989</u>	<u>\$ 33,551</u>	<u>\$ 29,450</u>	<u>\$ 31,868</u>	<u>\$ 26,065</u>	<u>\$ 79,143</u>
	<u>2019</u>	<u>2019</u>	<u>2019</u>	<u>2019</u>	<u>2019</u>	<u>2019</u>
Residential	\$ 35,097	\$ 9,189	\$ 7,844	\$ 10,920	\$ 6,818	\$ 18,967
Industrial	17,832	19,626	16,403	13,444	10,502	41,032
Commercial	28,703	5,885	5,759	8,642	9,965	21,596
Total	<u>\$ 81,632</u>	<u>\$ 34,700</u>	<u>\$ 30,006</u>	<u>\$ 33,006</u>	<u>\$ 27,285</u>	<u>\$ 81,595</u>

**Table 2**  
**INDIANA MUNICIPAL POWER AGENCY**  
**Summary of Major Members' Operating Results**  
(\$'s in 1,000's)

	Anderson	Crawfordsville	Frankfort	Greenfield	Jasper	Richmond
	2021	2021	2021	2021	2021	2021
	Audited±	Audited†	Unaudited	Audited†	Unaudited	Audited†
Sales Of Electricity	\$ 85,438	\$ 36,190	\$ 31,346	\$ 33,663	\$ 27,163	\$ 84,021
Other Operating Revenues	867	455	642	265	185	657
Total Operating Revenues	86,305	36,645	31,988	33,928	27,348	84,678
Net Purchased Power Expense	67,966	27,021	25,341	26,770	24,272	63,287
Other Operating Expenses	15,236	6,624	4,921	5,722	3,022	18,013
Subtotal-Operating Expenses	83,202	33,645	30,262	32,492	27,294	81,300
Net Operating Income	3,103	3,000	1,726	1,436	54	3,378
Depreciation	2,880	1,042	716	1,255	701	4,557
Other Revenues (Expenses)	(544)	131	(485)	1,298	(262)	(3,682)
Transfer to City	930	425	75	500	95	2,140
<b>Net Income</b>	<b>\$ (1,251)</b>	<b>\$ 1,664</b>	<b>\$ 450</b>	<b>\$ 979</b>	<b>\$ (1,004)</b>	<b>\$ (7,001)</b>
Beginning Retained Earnings, Jan 1	\$ 49,523	\$ 13,693	\$ 10,290	\$ 30,914	\$ 26,708	\$ 46,582
Net Income	(1,251)	1,664	450	979	(1,004)	(7,001)
Capital Contributions and Other Adjustments	-	-	-	-	-	-
<b>Ending Equity, Dec 31</b>	<b>\$ 48,272</b>	<b>\$ 15,357</b>	<b>\$ 10,740</b>	<b>\$ 31,893</b>	<b>\$ 25,704</b>	<b>\$ 39,581</b>
<b>Net Cash from Operations*</b>	<b>\$ 2,559</b>	<b>\$ 3,131</b>	<b>\$ 1,241</b>	<b>\$ 2,734</b>	<b>\$ (208)</b>	<b>\$ (304)</b>
	2020	2020	2020	2020	2020	2020
	Audited±	Audited†	Audited±	Audited†	Audited±	Audited†
Sales Of Electricity	\$ 81,989	\$ 33,551	\$ 29,450	\$ 31,868	\$ 26,065	\$ 79,143
Other Operating Revenues	838	368	673	136	77	490
Total Operating Revenues	82,827	33,919	30,123	32,004	26,142	79,633
Net Purchased Power Expense	63,438	25,993	23,787	24,698	22,943	60,243
Other Operating Expenses	15,057	7,042	4,574	6,190	2,920	17,537
Subtotal-Operating Expenses	78,495	33,035	28,361	30,888	25,863	77,780
Net Operating Income	4,332	884	1,762	1,116	279	1,853
Depreciation	2,873	1,158	597	1,194	712	4,251
Other Revenues (Expenses)	(1,040)	104	(571)	876	85	(432)
Transfer to City	942	425	75	500	95	2,140
<b>Net Income</b>	<b>\$ (523)</b>	<b>\$ (595)</b>	<b>\$ 519</b>	<b>\$ 298</b>	<b>\$ (443)</b>	<b>\$ (4,970)</b>
Beginning Retained Earnings, Jan 1	\$ 50,046	\$ 14,288	\$ 9,771	\$ 30,616	\$ 27,151	\$ 51,552
Net Income	(523)	(595)	519	298	(443)	(4,970)
Capital Contributions and Other Adjustments	-	-	-	-	-	-
<b>Ending Equity, Dec 31</b>	<b>\$ 49,523</b>	<b>\$ 13,693</b>	<b>\$ 10,290</b>	<b>\$ 30,914</b>	<b>\$ 26,708</b>	<b>\$ 46,582</b>
<b>Net Cash from Operations*</b>	<b>\$ 3,292</b>	<b>\$ 988</b>	<b>\$ 1,191</b>	<b>\$ 1,992</b>	<b>\$ 364</b>	<b>\$ 1,421</b>
	2019	2019	2019	2019	2019	2019
	Audited±	Audited†	Audited±	Audited†	Audited±	Audited†
Sales Of Electricity	\$ 81,632	\$ 34,700	\$ 30,006	\$ 33,006	\$ 27,285	\$ 81,595
Other Operating Revenues	2,932	383	589	248	153	1,013
Total Operating Revenues	84,564	35,083	30,595	33,254	27,438	82,608
Net Purchased Power Expense	63,710	27,574	24,911	26,297	24,707	62,949
Other Operating Expenses	15,196	6,215	4,272	5,226	2,951	15,320
Subtotal-Operating Expenses	78,906	33,789	29,183	31,523	27,658	78,269
Net Operating Income	5,658	1,294	1,412	1,731	(220)	4,339
Depreciation	2,679	1,107	551	1,078	730	4,543
Other Revenues (Expenses)	2,126	91	(317)	1,001	414	108
Transfer to City	942	425	100	480	105	2,140
<b>Net Income</b>	<b>\$ 4,163</b>	<b>\$ (147)</b>	<b>\$ 444</b>	<b>\$ 1,174</b>	<b>\$ (641)</b>	<b>\$ (2,236)</b>
Beginning Retained Earnings, Jan 1	\$ 45,883	\$ 14,435	\$ 9,327	\$ 29,442	\$ 27,792	\$ 53,788
Net Income	4,163	(147)	444	1,174	(641)	(2,236)
Capital Contributions and Other Adjustments	-	-	-	-	-	-
<b>Ending Equity, Dec 31</b>	<b>\$ 50,046</b>	<b>\$ 14,288</b>	<b>\$ 9,771</b>	<b>\$ 30,616</b>	<b>\$ 27,151</b>	<b>\$ 51,552</b>
<b>Net Cash from Operations*</b>	<b>\$ 7,784</b>	<b>\$ 1,385</b>	<b>\$ 1,095</b>	<b>\$ 2,732</b>	<b>\$ 194</b>	<b>\$ 4,447</b>
<b>Basis of Accounting</b>	<b>Accrual</b>	<b>Accrual</b>	<b>Accrual</b>	<b>Accrual</b>	<b>Accrual</b>	<b>Accrual</b>

\* Net Cashflows from Operations equals Net Income excluding Depreciation and Transfer to City.

± Annual Audit performed but no financial statements were issued. Financial statements are the representation of the member utility.

† Annual Audit performed but no financial statements were issued. Financial statements are a summary of the audited financial statements.

**Table 3**  
**INDIANA MUNICIPAL POWER AGENCY**  
**Summary of Major Members' Condensed Balance Sheets**  
**(\$'s in 1000's)**  
**As of December 31,**

	<u>Anderson</u>	<u>Crawfordsville</u>	<u>Frankfort</u>	<u>Greenfield</u>	<u>Jasper</u>	<u>Richmond</u>
	<u>2021</u>	<u>2021</u>	<u>2021</u>	<u>2021</u>	<u>2021</u>	<u>2021</u>
	<u>Audited±</u>	<u>Audited†</u>	<u>Unaudited</u>	<u>Audited†</u>	<u>Unaudited</u>	<u>Audited†</u>
<b>Assets:</b>						
Utility Plant, Net	\$ 43,415	\$ 15,852	\$ 4,848	\$ 23,790	\$ 9,312	\$ 60,255
Cash and Investments	12,198	4,522	15,592	10,348	16,028	27,768
Other Assets	8,899	1,678	3,324	3,489	5,958	25,899
<b>Total Assets</b>	<b>\$ 64,512</b>	<b>\$ 22,052</b>	<b>\$ 23,764</b>	<b>\$ 37,627</b>	<b>\$ 31,298</b>	<b>\$ 113,922</b>
<b>Liabilities and Equity :</b>						
Equity	\$ 48,272	\$ 15,357	\$ 10,740	\$ 31,893	\$ 25,704	\$ 39,581
Revenue Bonds Payable, Noncurrent	2,607	-	10,424	-	-	-
Other Liabilities	13,633	6,695	2,600	5,734	5,594	74,341
<b>Total Liabilities and Equity</b>	<b>\$ 64,512</b>	<b>\$ 22,052</b>	<b>\$ 23,764</b>	<b>\$ 37,627</b>	<b>\$ 31,298</b>	<b>\$ 113,922</b>
	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>
	<u>Audited±</u>	<u>Audited†</u>	<u>Audited±</u>	<u>Audited†</u>	<u>Audited±</u>	<u>Audited†</u>
<b>Assets:</b>						
Utility Plant, Net	\$ 44,793	\$ 15,274	\$ 6,828	\$ 23,625	\$ 9,849	\$ 61,669
Cash and Investments	12,760	3,835	13,233	9,367	15,950	25,365
Other Assets	9,791	1,195	3,432	3,303	6,407	28,966
<b>Total Assets</b>	<b>\$ 67,344</b>	<b>\$ 20,304</b>	<b>\$ 23,493</b>	<b>\$ 36,295</b>	<b>\$ 32,206</b>	<b>\$ 116,000</b>
<b>Liabilities and Equity :</b>						
Equity	\$ 49,523	\$ 13,693	\$ 10,290	\$ 30,914	\$ 26,708	\$ 46,582
Revenue Bonds Payable, Noncurrent	4,287	-	10,918	-	-	-
Other Liabilities	13,534	6,611	2,285	5,381	5,498	69,418
<b>Total Liabilities and Equity</b>	<b>\$ 67,344</b>	<b>\$ 20,304</b>	<b>\$ 23,493</b>	<b>\$ 36,295</b>	<b>\$ 32,206</b>	<b>\$ 116,000</b>
	<u>2019</u>	<u>2019</u>	<u>2019</u>	<u>2019</u>	<u>2019</u>	<u>2019</u>
	<u>Audited±</u>	<u>Audited†</u>	<u>Audited±</u>	<u>Audited†</u>	<u>Audited±</u>	<u>Audited†</u>
<b>Assets:</b>						
Utility Plant, Net	\$ 45,947	\$ 15,210	\$ 5,973	\$ 21,606	\$ 10,100	\$ 62,731
Cash and Investments	15,285	4,637	15,538	11,290	16,161	29,386
Other Assets	7,232	1,359	2,792	3,174	6,569	10,334
<b>Total Assets</b>	<b>\$ 68,464</b>	<b>\$ 21,206</b>	<b>\$ 24,303</b>	<b>\$ 36,070</b>	<b>\$ 32,830</b>	<b>\$ 102,451</b>
<b>Liabilities and Equity :</b>						
Equity	\$ 50,046	\$ 14,288	\$ 9,771	\$ 30,616	\$ 27,151	\$ 51,552
Revenue Bonds Payable, Noncurrent	5,514	-	11,961	-	-	-
Other Liabilities	12,904	6,918	2,571	5,454	5,679	50,899
<b>Total Liabilities and Equity</b>	<b>\$ 68,464</b>	<b>\$ 21,206</b>	<b>\$ 24,303</b>	<b>\$ 36,070</b>	<b>\$ 32,830</b>	<b>\$ 102,451</b>

\* Net Cashflows from Operations equals Net Income excluding Depreciation and Transfer to City.

± Annual Audit performed but no financial statements were issued. Financial statements are the representation of the member utility.

† Annual Audit performed but no financial statements were issued. Financial statements are a summary of the audited financial statements.

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**GENERAL MEMBER INFORMATION**

Information for each Member including the year IMPA commenced service for the Member, the Members' estimated population, the Members' 2021 peak demand and the percent of IMPA's 2021 revenues that each Member represents are included in Table 1, General Member Information.

Table 2, Rate Comparisons shows certain information relating to the rates for residential electric service charged by IMPA's Members and Indiana investor-owned utilities ("IOUs"), which are formatted in bold. The information for Members whose rates are regulated by the IURC and the IOUs was obtained from the IURC's website. Rate information for Members whose rates are not regulated by the IURC was provided by those Members. The rate information in Table 2 has not been independently verified by IMPA.

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**Table 1  
General Member Information**

Member	Year Commenced Service	Year Contract Expires†	Estimated Population*	2021 Non-Coincident Peak Demand		2021 Member Revenue	Member	Year Commenced Service	Year Contract Expires†	Estimated Population*	2021 Non-Coincident Peak Demand		2021 Member Revenue
				Megawatt	%						Megawatt	%	
Advance	1990	2053±	503	1	0.1%	0.1%	Ladoga	1990	2053±	1,081	2	0.2%	0.1%
Anderson	1983	2042§	54,788	189	15.3%	15.0%	Lawrenceburg	1983	2053±	5,129	27	2.2%	2.3%
Argos	2009	2053±	1,777	7	0.6%	0.5%	Lebanon	1983	2053±	16,662	53	4.3%	4.1%
Bainbridge	1990	2053±	684	2	0.2%	0.1%	Lewisville	2006	2053±	337	1	0.1%	0.1%
Bargersville	1983	2053±	9,560	16	1.3%	1.1%	Linton	1983	2053±	5,133	15	1.2%	1.1%
Blanchester, Ohio	2007	2053±	4,224	13	1.0%	1.1%	Middletown	1983	2053±	2,253	5	0.4%	0.3%
Bremen	2003	2053±	4,696	29	2.3%	2.5%	Montezuma	2013	2053±	921	3	0.2%	0.3%
Brooklyn	2006	2053±	2,511	2	0.2%	0.1%	New Ross	2013	2053±	309	1	0.1%	0.1%
Brookston	2003	2053±	1,631	3	0.2%	0.2%	Paoli	1983	2053±	3,666	10	0.8%	0.7%
Centerville	1983	2053±	2,748	6	0.5%	0.4%	Pendleton	1983	2053±	4,717	16	1.3%	1.2%
Chalmers	2003	2053±	523	1	0.1%	0.1%	Peru	1983	2053±	11,073	54	4.4%	4.1%
Coatesville	2012	2053±	555	1	0.1%	0.1%	Pittsboro	2000	2053±	3,682	3	0.2%	0.2%
Columbia City	1993	2053±	9,892	22	1.8%	1.6%	Rensselaer	1983	2053±	5,733	22	1.8%	1.7%
Covington	1984	2053±	2,668	7	0.6%	0.5%	Richmond	1983	2053±	35,720	152	12.3%	14.1%
Crawfordsville	1983	2053±	16,306	71	5.7%	6.0%	Rising Sun	1983	2053±	2,248	9	0.7%	0.7%
Darlington	1983	2053±	711	4	0.3%	0.3%	Rockville	2006	2053±	2,510	7	0.6%	0.5%
Dublin	2006	2053±	679	1	0.1%	0.1%	Scottsburg	1983	2042§	7,345	26	2.1%	2.2%
Dunreith	2006	2053±	171	1	0.1%	0.1%	South Whitley	2012	2053±	1,818	4	0.3%	0.3%
Edinburgh	1989	2053±	4,435	19	1.5%	1.5%	Spiceland	2006	2053±	958	3	0.2%	0.2%
Etna Green	2003	2053±	570	2	0.2%	0.1%	Straughn	2010	2053±	259	1	0.1%	0.1%
Flora	1983	2053±	2,094	5	0.4%	0.3%	Tell City	2003	2053±	7,506	34	2.7%	2.9%
Frankfort	1983	2042§	16,715	67	5.4%	5.7%	Thorntown	2006	2053±	1,432	3	0.2%	0.2%
Frankton	1983	2053±	1,775	4	0.3%	0.3%	Tipton	1983	2053±	5,275	27	2.2%	2.3%
Gas City	2006	2053±	6,157	13	1.0%	1.0%	Troy	2017	2053±	347	3	0.2%	0.2%
Greendale	1983	2053±	4,602	20	1.6%	1.7%	Veedersburg	2012	2053±	2,098	9	0.7%	0.7%
Greenfield	1983	2053±	23,488	76	6.1%	5.9%	Walkerton	2003	2053±	2,096	8	0.6%	0.6%
Huntingburg	2007	2053±	6,362	18	1.5%	1.4%	Washington	1983	2053±	12,017	41	3.3%	3.1%
Jamestown	1983	2053±	942	4	0.3%	0.3%	Waynetown	1990	2053±	960	2	0.2%	0.1%
Jasper	2008	2053±	16,703	67	5.4%	5.4%	Williamsport	2012	2053±	1,950	5	0.4%	0.4%
Kingsford Heights	2003	2053±	1,335	2	0.2%	0.1%	Winamac	2003	2053±	2,318	14	1.1%	1.1%
Knightstown	2006	2053±	2,140	6	0.5%	0.4%							
										349,498	1,239	100.0%	100.0%

\*Based on the U.S. Census Bureau 2020 population estimates.

†Power Sales Contract term expires on April 1 of respective year.

±All of the Power Sales Contracts with the exception of the Cities of Anderson, Frankfort and Scottsburg (the “Thirty-Year Contracts”) have 30-year rolling terms. Thus the Thirty-Year Contracts will continue in perpetuity unless a termination notice is provided by the Member to the Agency, in which case the Power Sale Contract would terminate 30 years after notice is provided on the next occurring April 1st. If any Member provides notice on a Thirty-Year Contract prior to April 1, 2023, their contract would terminate on April 1, 2053.

§The Power Sales Contracts with the Cities of Anderson, Frankfort and Scottsburg have a termination date of April 1, 2042. The Power Sales Contracts that terminate on April 1, 2042 provide for an automatic one-year extension of the term of such contracts beginning April 1, 2042 unless at anytime on or after April 1, 2032, a termination notice is provided by the Member to the Agency at least 10 years prior to the then current date of termination.

**Table 2**  
**Rate Comparisons**

**IMPA MEMBER AND INDIANA IOU RESIDENTIAL ELECTRIC BILLS FOR USAGE AS OF JULY 1, 2021**  
**RANKED FROM HIGHEST TO LOWEST AT 1000 kWh USAGE**

<u>Rank</u>	<u>Member / IOU</u>	<u>Average Bill</u>	<u>Rank</u>	<u>Member / IOU</u>	<u>Average Bill</u>	<u>Rank</u>	<u>Member / IOU</u>	<u>Average Bill</u>
1	<b>CenterPoint</b>	<b>163.20</b>	23	Winamac	121.32	45	Darlington	111.07
2	<b>NIPSCO</b>	<b>154.28</b>	24	Kingsford Heights	120.88	46	Lebanon	110.52
3	Lewisville	151.21	25	Greendale	119.52	47	Peru	109.77
4	<b>AEP</b>	<b>145.97</b>	26	Straughn	118.47	48	Brookston	109.43
5	Dublin	143.40	27	Crawfordsville	118.27	49	Washington	109.37
6	Tell City	138.71	28	<b>AES Indiana</b>	<b>116.92</b>	50	Walkerton	109.06
7	Coatesville	133.86	29	New Ross	115.55	51	Rensselaer	108.31
8	Williamsport	133.04	30	Flora	115.19	52	Greenfield	108.05
9	Etna Green	130.30	31	Anderson	114.57	53	Paoli	107.54
10	Dunreith	129.50	32	Frankton	114.36	54	Scottsburg	106.39
11	<b>Duke</b>	<b>129.44</b>	33	Jamestown	113.90	55	Frankfort	104.70
12	Ladoga	128.97	34	Covington	113.57	56	Waynetown	104.51
13	Advance	128.43	35	Huntingburg	113.28	57	South Whitley	104.05
14	Rockville	128.16	36	Bargersville	113.15	58	Richmond	103.51
15	Columbia City	127.40	37	Centerville	113.09	59	Montezuma	102.29
16	Linton	125.54	38	Brooklyn	112.61	60	Lawrenceburg	101.36
17	Chalmers	124.82	39	Knightstown	112.50	61	Bremen	101.20
18	Spiceland	124.75	40	Pittsboro	112.29	62	Tipton	99.66
19	Pendleton	124.18	41	Bainbridge	111.88	63	Rising Sun	99.59
20	Troy	122.54	42	Gas City	111.81	64	Thorntown	99.05
21	Argos	121.52	43	Veedersburg	111.52	65	Jasper	97.69
22	Middletown	121.33	44	Edinburgh	111.44			

Indiana investor-owned utilities ("IOU") are formatted in bold

## INFORMATION REGARDING THE POWER SALES CONTRACTS

Set forth below is a summary of certain information with respect to the separate Power Sales Contracts (as amended or modified, the “Power Sales Contracts”) between the Indiana Municipal Power Agency (“IMPA” or the “Agency”) and each of its 61 Members (the “Members”). This summary does not purport to be a complete description of the terms of the Power Sales Contracts and, accordingly, is qualified by reference thereto. Capitalized terms used herein shall have the meanings attributed to them in the Resolution or the Power Sales Contracts, as the case may be. Copies of the Power Sales Contracts may be obtained from the Agency.

### **Term**

All of the Power Sales Contracts with the exception of the Cities of Anderson, Frankfort and Scottsburg (the “Thirty-Year Contracts”) have 30-year rolling terms. Thus the Thirty-Year Contracts will continue in perpetuity unless a termination notice is provided by the Member to the Agency, in which case the Power Sales Contracts would terminate 30 years after notice is provided on the next occurring April 1<sup>st</sup>. If any Member provides notice on a Thirty-Year Contract prior to April 1, 2023, their contract would terminate on April 1, 2053.

IMPA is in the process of working with the Cities of Anderson, Frankfort and Scottsburg to extend their contracts to Thirty-Year Contracts. The current Power Sales Contracts with the Cities of Anderson, Frankfort and Scottsburg have a termination date of April 1, 2042. The Power Sales Contracts that terminate on April 1, 2042 provide for an automatic one-year extension of the term of such contracts beginning April 1, 2042 unless at anytime on or after April 1, 2032, a termination notice is provided by the Member to the Agency at least 10 years prior to the then current date of termination. The Cities of Anderson, Frankfort and Scottsburg represented approximately 15.0%, 5.7% and 2.2% of IMPA’s 2021 energy sales, respectively.

Each Power Sales Contract may be terminated earlier than the prescribed termination dates if all Bonds issued under the Resolution have been paid or provision for such payment has been made pursuant to the Resolution and all contractual obligations entered into by IMPA for the generation, purchase, transmission or transformation of power and energy have been terminated and provision has been made for the payment of any residual costs.

### **Purchase and Sale**

The Members are required to purchase from IMPA, and IMPA is required to supply, all of the power and energy used by each Member in the operation of its municipal electric system.

## **Payments by the Members**

Each Member is required to pay for electric power and energy furnished pursuant to its Power Sales Contract at its point or points of delivery according to rates established by the Agency. The Agency reviews its schedule of rates at least once a year and, if necessary, revises rates so as to provide revenues sufficient, but only sufficient, together with other available funds of the Agency, to meet the estimated "Revenue Requirements" of the Agency. The term Revenue Requirements is defined to include generally all costs and expenses paid or incurred or to be paid or incurred by the Agency resulting from the ownership, operation, maintenance, termination, retirement from service and decommissioning of, and repair, renewals, replacements, additions, improvements, betterments and modifications to, the Agency's power supply system or otherwise relating to the acquisition and sale of power and energy and transmission services and the performance by the Agency of its obligations under the Power Sales Contracts. The term Revenue Requirements includes, without limitation, debt service on Bonds and all other evidences of indebtedness issued by the Agency to finance its power supply system, all amounts required under the Resolution to be deposited in funds established thereunder and amounts which must be realized by the Agency to satisfy any rate covenant with respect to debt service coverage or which the Agency deems advisable in the marketing of its Bonds. The Agency is also required to bill each Member on a prompt and timely basis.

If a Member fails to take power made available by the Agency which it is required to take under its Power Sales Contract, it will be obligated to pay the Agency for such availability an amount equal to the product of the demand charge in the Agency's rate schedule and the billing demand computed on the basis of the kilowatts that would otherwise have been taken from the Agency.

Payments by each Member under its Power Sales Contract shall be treated as an operating expense payable from the revenues of its electric utility system (or, if the electric utility system is part of an integrated utility system, from the revenues of such integrated system), to the extent permitted by law, and from other funds of such system legally available therefor. The obligation of each Member to make such payments is not a general obligation, and each Member is not required to make such payments from any funds other than those of its electric utility system.

The obligations of each Member to make payments under the rate schedule shall not be subject to any reduction, whether by offset, counterclaim, recoupment or otherwise, and shall not be otherwise conditioned upon the performance by the Agency under the Power Sales Contract or any other agreement.

## **Rate Covenant**

Each Member has agreed to maintain rates for electric power and energy to its customers, subject to the approval of the IURC under and pursuant to the provisions of Indiana Code 8-1.5 and 8-1-2.2 (or Ohio law for Blanchester), to the extent the Member is subject thereto, which shall provide to the Member revenues at least sufficient to meet its obligations to the Agency under its Power Sales Contract; to pay all other operating expenses; to pay all obligations payable from, or constituting a charge or lien on, the net revenues of its electric system; and to make any other payments required by Indiana law.

## **Restrictions on Disposition of Electrical System, Sales for Resale**

Each Member has agreed that it will not sell, lease or otherwise dispose of all or substantially all of its electrical system except on 90 days' prior written notice and unless all of the following conditions are met. The Member must assign its Power Sales Contract to the entity acquiring or leasing the system and such entity must assume the obligations of the Member under the Power Sales Contract. To the extent necessary to reflect the assignment and assumption, the Agency and such entity must enter into an agreement supplemental to the Power Sales Contract to clarify the terms on which power and energy are to be sold by the Agency to such entity. The senior debt of such entity must be rated in one of the four highest whole rating categories by a nationally recognized bond-rating agency. The Agency must have received an opinion of counsel of recognized standing in the field of law relating to municipal bonds, selected by the Agency, stating that such sale, lease or other disposition will not adversely affect the value of the Power Sales Contract as security for the payment of the Bonds and the interest thereon or jeopardize the tax-exempt status of the interest on any Bond or Bonds issued by the Agency as that status is governed by Section 103(a) of the Internal Revenue Code of 1954, as amended (including the Internal Revenue Code of 1986, as amended), and the Treasury Regulations or any ruling as promulgated thereunder or as affected by a decision of any court of competent jurisdiction. An opinion shall be obtained from counsel of the assignee and counsel for the Agency that the assignment is lawfully permitted under Indiana Code 8-1-2.2. The rates to be paid under the Power Sales Contract by the assignee, if a public utility, must have been approved by the IURC, or the Ohio Public Utility Commission, as applicable.

A Member may not sell at wholesale any of the electric power and energy delivered to it under its Power Sales Contract unless it has first given the Agency 60 days' written notice of its intent to sell such power and energy. The Agency, after receipt of such notice, shall have 30 days in which to impose limits on the amount of power and energy to be sold or to veto such sale if the sale will jeopardize the Agency's availability of resources to serve its Members or increase the cost of power and energy to the Agency.

## **Remedies**

Upon failure of a Member to make any payment in full when due under its Power Sales Contract, the Agency may take all steps available to it under applicable law to collect such amount and, after giving 15 days' advance notice in writing of its intention to do so, discontinue service under the Power Sales Contract if permitted by law. The Agency may, whenever any amount due remains unpaid for 120 or more days after the due date and after giving 30 days' advance notice in writing of its intention to do so, terminate the Power Sales Contract. No such discontinuance or termination shall relieve a Member from liability for payment for electrical power and energy furnished under its Power Sales Contract. The Power Sales Contract also contains provisions requiring Members to pay for their electrical power and energy according to rates established by IMPA in the applicable rate schedule. In formulating those rates, IMPA may consider any anticipated member delinquencies or shortfalls. The effect is that any shortfalls caused by a defaulting Member would be spread to the remaining Members.

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## SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND BOARD POLICY

### Definitions of Certain Terms

*In addition to terms defined elsewhere in this Official Statement, the following are summary definitions of certain terms used in the Resolution and Board Policy. This summary does not purport to be a complete description of the terms of the Resolution and Board Policy and, accordingly, is qualified by reference to the Resolution and Board Policy. The meanings of capitalized terms not defined in this Appendix may be found in the Resolution or Board Policy. For purposes of this Appendix, the term "Resolution" shall mean the Master Power Supply System Revenue Bond Resolution as adopted and approved on January 26, 2007, as supplemented and amended.*

"Adjusted Aggregate Debt Service" for any period means, as of any date of calculation, the Aggregate Debt Service for such period except that, if any Refundable Principal Installment for any Series of Bonds is included in Aggregate Debt Service for such period, Adjusted Aggregate Debt Service will be determined as if such Refundable Principal Installment had been payable, on a level Debt Service basis, over the longer of (i) a period extending from the due date of such Refundable Principal Installment through the 30th anniversary of the issuance of such Series or (ii) a period extending 10 years from the final maturity date of such Refundable Principal Installment, using the average rate of interest actually payable on the Bonds to be refunded. For purposes of calculating Adjusted Aggregate Debt Service for any period, any Variable Rate Bonds Outstanding during such period shall be assumed to bear interest at the Assumed Rate and any Option Bonds Outstanding during such period shall be assumed to mature on the stated maturity date thereof.

"Agency" means Indiana Municipal Power Agency, a body corporate and politic and political subdivision of the State of Indiana, created and existing under the Act.

"Aggregate Debt Service" for any period means, as of any date of calculation, the sum of the amounts of Debt Service on Bonds for such period with respect to all Series and Hedge Payments related to Senior Hedge Agreements for such period; provided, however, that for purposes of estimating future Aggregate Debt Service for any period, any Variable Rate Bonds Outstanding during such period shall be assumed to bear interest during such period at the Assumed Rate, and any Option Bonds Outstanding during such period shall be assumed to mature on the stated maturity date thereof.

"Alternate Covered Bond" or "Alternate Covered Bonds" means all Series of Bonds with respect to which the Agency has specified pursuant to the Master Resolution and the Supplemental Resolution authorizing such Series of Bonds that such Series of Bonds will be secured by the Alternate Series Reserve Account in the Debt Service Reserve Fund.

"Alternate Series Reserve Account" means the Alternate Series Reserve Account in the Debt Service Reserve Fund created pursuant to the Master Resolution and a Supplemental Resolution.

“Alternate Series Reserve Requirement” means, as of any date of calculation and with respect to the Alternate Series Reserve Account in the Debt Service Reserve Fund, an amount equal to 65% of the maximum Adjusted Aggregate Debt Service relating to the payment of interest coming due on any series of Alternate Covered Bonds secured thereby then Outstanding in the current or any future Fiscal Year.

“Assumed Rate” means any of the following with respect to a Series of Bonds, as determined at the option of the Agency on the date of any calculation: (i) the interest rate in effect for such Series on the date of such calculation, (ii) an annual rate of interest equal to 90% of the 30-year Bond Buyer Revenue Bond Index most recently published at the time of such calculation, or any successor index, or in the event that such index is no longer published, then a comparable index selected in the sole discretion of the Agency or (iii) the average annual rate of interest for such Series for the most recent twelve full consecutive months ending immediately prior to the date of such calculation.

“Authorized Officer of the Agency” means the Chairman, Vice Chairman, Secretary, Treasurer, Assistant Secretary, Assistant Treasurer or President of the Agency or any other officer or employee of the Agency authorized to perform specific acts or duties by resolution duly adopted by the Board.

“Board” means the Board of Commissioners of the Agency.

“Board Investments” means any of the following securities, if and to the extent the same are at the time legal for investments of Agency Funds:

A. Direct obligations of the United States of America or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

B. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

i. U.S. Export-Import Bank – direct obligations or fully guaranteed certificates of beneficial ownership

ii. Farmers Home Administration - certificates of beneficial ownership

iii. Federal Financing Bank

iv. Federal Housing Administration Debentures

v. General Services Administration - certificates of beneficial ownership

vi. Government National Mortgage Association – guaranteed mortgage-backed bonds and guaranteed pass-through obligations

vii. U.S. Maritime Administration – guaranteed Title XI financing

viii. U.S. Department of Housing and Urban Development – Project Notes, Local Authority Bonds, New Communities Debentures (U.S. government guaranteed debentures) and U.S. Public Housing Notes and Bonds (U.S. government guaranteed public housing notes and bonds).

C. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

- i. Federal Home Loan Bank System – Senior debt obligations
- ii. Federal Home Loan Mortgage Corporation
- iii. Federal National Mortgage Association – mortgage-backed securities and senior debt obligations
- iv. Student Loan Marketing Association – senior debt obligations.
- v. Resolution Funding Corp. obligations
- vi. Farm Credit System – consolidated system-wide bonds and notes

D. Money Market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAm-G; AAA-m; or AA-m and if rated by Moody's rated, Aaa, Aa1 or Aa2.

E. Certificates of deposit secured at all times by collateral described in (A) or (B) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral.

F. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF.

G. Investment Agreements, including Guaranteed Investment Contracts ("GIC's"), Forward Purchase Agreements and Reserve Fund Put Agreements.

H. Commercial paper rated, at the time of purchase, "Prime – 1" by Moody's and "A-1" or better by S&P.

I. Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies.

J. Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime – 1" or "A-3" or better by Moody's and "A-1" or "A" or better by S&P.

K. Repurchase Agreements.

L. Any security approved by the Credit Enhancers.

“Board Policy” means Certain Fiscal Policies of the Indiana Municipal Power Agency adopted by the Board, as supplemented and amended from time to time.

“Bond or Bonds” means any bond or bonds, notes or other evidences of indebtedness, as the case may be, authenticated and delivered under and outstanding pursuant to the Resolution, but shall not mean Subordinated Indebtedness.

“Code” means the Internal Revenue Code of 1986, as in effect on the date of issuance of the Bonds, and the applicable judicial decisions or published rulings, or any applicable regulations promulgated or proposed thereunder or under the Internal Revenue Code of 1954 as in effect immediately prior to the enactment of the Tax Reform Act of 1986.

“Common Bonds Reserve Requirement” means, as of any date of calculation, the maximum Adjusted Aggregate Debt Service, with respect to the Covered Bonds, for the then current or any future Fiscal Year. The Common Bonds Reserve Requirement shall not exceed the least of (1) ten percent (10%) of the issue price of the Covered Bonds, (2) maximum annual debt service on the Covered Bonds and (3) one hundred twenty-five percent (125%) of the average annual debt service on the Covered Bonds.

“Cost of Acquisition and Construction,” with respect to any part of the System, means the Agency's costs, expenses and liabilities paid or incurred or to be paid or incurred by the Agency in connection with the planning, engineering, designing, acquiring (by purchase, lease or otherwise), constructing, installing, financing, operating, maintaining, retiring, decommissioning and disposing of any part thereof and the obtaining of all governmental approvals, certificates, permits and licenses with respect thereto.

“Covered Bond or Bonds,” means all Series of Bonds issued prior to the Effective Date and any Series of Bonds issued after the Effective Date with respect to which the Agency has specified that such Series will be secured by the Common Reserve Account in the Supplemental Resolution for such Series of Bonds.

“Covered Bonds Pledged Funds” means, initially, the Common Reserve Account and any other funds, accounts or subaccounts pledged to secure the Covered Bonds from time to time.

“Credit Enhancers” means all providers of any form of credit enhancement for any series of outstanding Bonds.

“Credit Obligation” means any obligation of the Agency under a contract, having a term in excess of five years, to make payments for power and energy, whether or not such power and energy is made available.

“Debt Service” for any period means, as of any date of calculation and with respect to any Series, an amount equal to the sum of (i) interest accruing during such period on Bonds of such Series, except interest to be paid from Bond proceeds as provided in the Resolution and (ii) that portion of each Principal Installment for such Series which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding

Principal Installment due date for such Series (or, if there shall be no such preceding Principal Installment due date or such preceding Principal Installment due date is more than one year prior to the due date of such Principal Installment, then from a date one year preceding the due date of such Principal Installment or from the date of issuance of the Bonds of such Series, whichever is later).

“Defeasance Securities” means and includes (i) any bonds, notes or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including obligations of any agency or corporation which has been or may be hereafter created pursuant to an Act of Congress as an agency or instrumentality of the United States of America, to the extent unconditionally guaranteed by the United States of America; and (ii) with respect to any Bonds issued on or after the Restatement Date, any securities described in the related Supplemental Resolution. In addition, such securities shall not be subject to redemption prior to their maturity other than at the option of the holder thereof or shall be securities as to which an irrevocable notice of redemption on a specified redemption date has been given and are not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof.

“Designated Office” means, with respect to each Fiduciary, the office of such Fiduciary designated in writing to the Agency.

“Effective Date” means the date (June 17, 2003) the Fifteenth Supplemental Power Supply System Revenue Bond Resolution adopted August 28, 1998 became effective in accordance with its terms and the Resolution.

“Fiduciary or Fiduciaries” means the Trustee, the Paying Agents, the Bond Registrar or any or all of them, as may be appropriate.

“Fiscal Year” means the twelve-month period established by the Agency from time to time as its fiscal year.

“Fixed Rate Bonds” means any Bond bearing interest throughout its terms at the stated numerical rate.

“Hedge Agreement” means any financial arrangement entered into by the Agency with respect to any Series of Bonds or Subordinated Indebtedness for the purpose of moderating interest rate fluctuations or any other purpose (i) which is any of the following, or any combination thereof, or any option with respect thereto: a cap, floor or collar, forward rate, future rate, swap or such other exchange or rate protection transaction agreement or other similar transaction, however designated; and (ii) which has been designated in writing to the Trustee by the Agency as a Hedge Agreement with respect to all or a portion of the notional principal amount of such Series of Bonds or Subordinated Indebtedness.

“Hedge Payment” means the regularly scheduled amounts payable by the Agency pursuant to any Hedge Agreement, excluding any Nonparity Payments such as termination payments, fees, expenses and indemnity payments, if any under such Hedge Agreement. The Agency may elect in a Supplemental Resolution to treat all or a portion of the Hedge Payments due under a Hedge Agreement as Nonparity Payments.

“Hedge Period” means the period during which a Hedge Agreement is in effect.

“Hedge Receipts” means the regularly scheduled amounts payable by any provider of a Hedge Agreement pursuant to such Hedge Agreement, excluding termination payments, fees, expenses and indemnity payments.

“Investment Securities” means any legal investment consistent with Board Policy.

“Joint Ownership Agreement” means the agreement or set of agreements entered into by the Agency with one or more other entities relating to the co-ownership of facilities which are included in the System.

“Moody's” means Moody's Investors Service, Inc. and its successors.

“Net Revenues” for any period means the Revenues received or to be received during such period plus the amounts, if any, paid or to be paid (other than the amounts representing interest earnings transferred or to be transferred from the Rate Stabilization Account to the Revenue Fund to the extent such interest earnings were already included in Revenues) from the Rate Stabilization Account during such period and minus the sum of (a) the amounts paid or to be paid for Operation and Maintenance Expenses (to the extent paid or to be paid from moneys in the Operation and Maintenance Fund transferred or to be transferred thereto from the Revenue Fund) during such period and (b) the amounts, if any, paid or to be paid from the Revenue Fund into the Rate Stabilization Account during such period. For purposes of determining Net Revenues under the Resolution, the Agency may use cash or accrual accounting methods, so long as the Agency is consistent in using one such method for all purposes under the Resolution at any particular point in time.

“Nonparity Payments” means any amounts owed by the Agency under the Hedge Agreement which do not constitute Hedge Payments.

“Operation and Maintenance Expenses” means all the Agency's costs and expenses for operation, maintenance, and ordinary repairs, renewals and replacements of the System, including all costs of producing and delivering electric power and energy from the System and payments into reserves in the Operation and Maintenance Fund for items of Operation and Maintenance Expenses the payment of which is not immediately required, and shall include, without limiting the generality of the foregoing, costs of purchased power including transmission expenses incurred to meet obligations of the Agency under the Power Sales Contracts, fuel costs, costs of transmission service, generating capacity reserve service and scheduled, emergency, or other interchange service, rents, administrative and general expenses, engineering expenses, legal and financial advisory expenses, required payments to pension, retirement, health and hospitalization funds, taxes, payments in-lieu-of taxes and other governmental charges, insurance premiums, and any other current expenses or obligations required to be paid by the Agency under the provisions of the Resolution or under or in connection with the performance of its obligations under the Power Sales Contracts or by law, all to the extent properly allocable to the System, and the fees and expenses of the Fiduciaries. Operation and Maintenance Expenses shall not include any allowance for depreciation or any costs and expenses for new construction and, in certain circumstances described in the Resolution, may include payments owed with respect to Credit Obligations.

“Opinion of Bond Counsel” means an opinion of counsel of recognized standing in the field of law relating to obligations issued by state and local governments.

“Option Bonds” means Bonds which by their terms may be tendered by and at the option of the Holder thereof for payment by the Agency prior to the stated maturity thereof, or the maturities of which may be extended by and at the option of the Holder thereof.

“Paying Agent” means any bank or trust company organized under the laws of any state of the United States or any national banking association designated as paying agent for the Bonds of any Series, and its successor or successors hereafter appointed in the manner provided in the Resolution.

“Pledged Funds” means the Senior Pledged Funds, the Series Pledged Funds and any funds, accounts or subaccounts created by the Agency which are pledged to secure the payment of one or more Series of Bonds or Hedge Payments under Senior Hedge Agreements.

“Power Sales Contracts” means each of the Power Sales Contracts as may be amended as provided in accordance with the terms thereof and the Resolution by and between the Agency and each of the members of the Agency together with any other contracts entered into by the Agency with the other members of the Agency which provide for sales of power and energy from the System which the Agency designates as Power Sales Contracts for the purposes of the Resolution.

“Principal Installment” means, as of any date of calculation and with respect to any Series, so long as any Bonds thereof are Outstanding, (i) the principal amount of Bonds (including the principal amount of any Option Bonds tendered for payment prior to the stated maturity thereof) of such Series due (or so tendered for payment) on a certain future date for which no Sinking Fund Installments have been established, or (ii) the unsatisfied balance (determined as provided in the Resolution) of any Sinking Fund Installments due on a certain future date for Bonds of such Series, plus the amount of the sinking fund redemption premiums, if any, which would be applicable upon redemption of such Bonds on such future date in a principal amount equal to said unsatisfied balance of such Sinking Fund Installments, or (iii) if such future dates coincide as to different Bonds of such Series, the sum of such principal amount of Bonds and of such unsatisfied balance of Sinking Fund Installments due on such future date plus such applicable redemption premiums, if any.

“Principal Payment Date” means each date on which principal is to become due on the Bonds, by maturity or mandatory sinking fund redemption, as established in the Resolution.

“Project” means any facility or other capital assets which are to be financed in whole or in part from the proceeds of Bonds as described in any Supplemental Resolution authorizing such Bonds.

“Qualified Provider” means a counterparty whose senior long term debt obligations, or whose obligations under a Hedge Agreement are guaranteed by an entity whose senior long term debt obligations are rated in one of the three highest rating categories by one of three nationally recognized credit rating agencies which then has a rating in effect for the Bonds at the time the subject Hedge Agreement is entered into.

“Rate Stabilization Account” means the Rate Stabilization Fund created by Board Policy.

“Rating Agency” means Fitch Ratings, Moody's Investors Service and Standard & Poor's Credit Market Services or any successors thereto and any other nationally recognized credit rating agency then maintaining a rating on any Bonds at the request of the Agency.

“Rating Category” means the long term rating categories of a Rating Agency, disregarding any numerical or other gradations.

“Redemption Price” means with respect to any Bond, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or the Resolution.

“Refundable Principal Installment” means any Principal Installment for any Series of Bonds which the Agency intends to pay with moneys which are not Revenues provided that such intent shall have been expressed in the Supplemental Resolution authorizing such Series of Bonds and provided further that such Principal Installment shall be a Refundable Principal Installment only through the penultimate day of the month preceding the month in which such Principal Installment comes due or such earlier time as the Agency no longer intends to pay such Principal Installment with moneys which are not Revenues.

“Refunding Bonds” means all Bonds authenticated and delivered on original issuance pursuant to the Resolution to refund all outstanding Bonds of one or more Series or one or more maturities within a Series, or any bond or Bonds within a particular Series or within a particular maturity within a Series, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Resolution.

“Reserve Fund Credit Facility” means an insurance policy, guaranty or surety bond or irrevocable letter of credit which may be deposited in an account of the Debt Service Reserve Fund in lieu of or in partial substitution of the cash or Investment Securities required to be on deposit therein. The company providing such insurance policy, guaranty or surety bonds shall be an insurer which, at the time of issuance of such policy, guaranty or surety bond, has been assigned a rating in the two highest Rating Categories by a Rating Agency. Any irrevocable letter of credit shall be made payable to and deposited with the Trustee and shall be issued by a banking institution which has, or the parent of which has, or the holding corporation of which the principal bank has, at the time of issuance, a rating in one of the two highest Rating Categories by a Rating Agency.

“Reserve Requirements” means the Common Reserve Requirement and any Series Reserve Requirement.

“Resolution” means the Master Power Supply System Revenue Bond Resolution adopted, approved and effective January 26, 2007 as from time to time amended and supplemented by Supplemental Resolutions in accordance with the terms thereof.

“Restatement Date” means August 14, 2006, the date the Nineteenth Supplemental Power Supply System Revenue Bond Resolution adopted on October 29, 2004 became effective in accordance with its terms and the Resolution.

“Revenues” means (i) all revenues, income, rents and receipts derived by the Agency from or attributable to the ownership and operation of the System, including all revenues attributable to the System or to the payment of the costs thereof received by the Agency under any contract for the sale of power, energy, transmission or other service from the System or any part thereof or any contractual arrangement with respect to the use of the System or any portion thereof or the services, output or capacity thereof, (ii) the proceeds of any insurance covering business interruption loss relating to the System, (iii) Hedge Receipts, and (iv) interest received on any moneys or securities (other than in the Construction Fund) held and paid or required to be credited to the Revenue Fund.

“S&P” means Standard & Poor's Credit Market Services and its successors and assigns.

“Senior Hedge Agreement” means any Hedge Agreement relating to Bonds.

“Senior Pledged Funds” means, initially, the Construction Fund, the Debt Service Fund, the Operation and Maintenance Fund, the Revenue Fund and any other funds, accounts or subaccounts created by the Agency which are pledged to secure the payment of all the Bonds, and any Hedge Payments under Senior Hedge Agreements as described in the Resolution or in any Supplemental Resolution.

“Senior Trust Estate” means (i) the Revenues, (ii) the Senior Pledged Funds and (iii) the Series Pledged Funds.

“Series” means all of the Bonds authenticated and delivered on original issuance and identified pursuant to the Resolution or any Supplemental Resolution authorizing such Bonds as a separate Series of Bonds, or any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Resolution, regardless of variations in maturity, interest rate, Sinking Fund Installments, or other provisions.

“Series Pledged Funds” means any funds, accounts or subaccounts created by the Agency which are pledged pursuant to the Resolution or any Supplemental Resolution to secure the payment of one or more Series of Bonds or Hedge Payments related to one or more Senior Hedge Agreements from time to time, including with respect to the Covered Bonds, the Covered Bonds Pledged Funds. Such Series Pledged Funds are additional security in addition to the funds, accounts and subaccounts pledged to all the Bonds and Hedge Payments related to Senior Hedge Agreements which are referred to as the Senior Pledged Funds.

“Series Reserve Account” means any special and separate subaccount within the Debt Service Reserve Fund which may be established by a Supplemental Resolution.

“Series Reserve Requirement” means the amount, if any, established by a Supplemental Resolution as the reserve requirement for one or more Series of Bonds, including the Alternate Series Reserve Requirement.

“Sinking Fund Installment” means an amount so designated which is established pursuant to a Supplemental Resolution.

“Subordinated Indebtedness” means an evidence of indebtedness referred to in, and complying with, the provisions of the Resolution.

“Subordinated Indebtedness Refundable Principal Installment” means any principal installment on Subordinated Indebtedness which the Agency intends to pay from moneys which are not Revenues, if such intent shall have been expressed in the Supplemental Resolution authorizing such Subordinated Indebtedness. Such principal installment shall be a Subordinated Indebtedness Refundable Principal Installment only through the last day of the month preceding the month in which the principal installment comes due or such earlier time as the Agency no longer intends to pay such principal installment with moneys that are not Revenues.

“Supplemental Resolution” means any resolution supplemental to or amendatory of the Resolution, adopted by the Agency in accordance with the Resolution.

“System” means all properties, rights and interests in properties of the Agency, including all electric production, transmission, delivery facilities, general plant and other related facilities and any mine, well, pipeline, plant, structure or other facility for the development, production, manufacture, storage, fabrication or processing of fossil or nuclear fuel or other fuel of any kind or any facility or rights with respect to the supply of water, in each case for use, in whole or in major part, in any of the Agency's generating plants, now existing and hereafter acquired by lease, contract, purchase or otherwise or constructed by the Agency, including any interest or participation of the Agency in any such facilities, together with all additions, betterments, extensions and improvements to said system or any part thereof hereafter made and together with all lands, easements, licenses and rights of way of the Agency and all other works, property or structures of the Agency and rights to the use of any thereof or the output, products or services therefrom or other contract rights, including, without limitation, rights for the purchase of power and energy, transmission or other services from others, and other tangible and intangible assets of the Agency used or useful in connection with or related to said system. Notwithstanding the foregoing definition of the term System, such term shall not include any properties or interests in properties of the Agency which the Agency determines shall not constitute a part of the System for the purpose of the Resolution.

“Tax-Exempt Bonds” means any Series of Bonds the interest on which has been determined in the Opinion of Bond Counsel to be excludable from the gross income of the holders thereof for federal income tax purposes.

“Trust Estate” means the Senior Trust Estate and the trust estate created under the Resolution for Subordinated Indebtedness.

“Trustee” means the trustee appointed pursuant to the Resolution and its successors.

“Variable Rate Bond” means any Bond not bearing interest throughout its term at the stated numerical rate.

## THE RESOLUTION

### Application of Revenues

Revenues are pledged by the Resolution to payment of principal of and interest and redemption premium on the Bonds of all Series, subject to the provisions of the Resolution permitting application for other purposes. For the application of Revenues, the Resolution establishes a Revenue Fund and an Operation and Maintenance Fund held by the Agency, and a Debt Service Fund, a Construction Fund, a Rebate Fund, a Debt Service Reserve Fund, and a Subordinated Indebtedness Fund, to be held by the Trustee. The Agency may, in its sole discretion, establish or cause to be established any subaccounts of any of the Funds or Accounts created by the Resolution.

Pursuant to the Resolution, all Revenues (excluding investment income) of the Agency are to be deposited into the Revenue Fund as received, and in any event within ten days after receipt; provided, however, that investment income shall be so deposited within 30 days of such receipt. Amounts in the Revenue Fund are to be paid monthly to the following Funds for application therefrom as follows:

To the Operation and Maintenance Fund, the respective amounts estimated to be required, together with the amounts therein, to provide for Operation and Maintenance Expenses estimated to be paid through the next month.

To the Debt Service Fund, for credit to the Interest Account, the Principal Account and the Hedge Payments Account on a pro rata basis, the respective amounts required so that the balance in such accounts shall be sufficient to pay principal of, Redemption Price, and interest on the Bonds and for the purpose of making Hedge Payments under Senior Hedge Agreements as described in the Resolution on or before the dates described therein; provided, that if the amount of any of the foregoing payments is not determined on the date of the monthly transfer, the Agency may transfer an estimated amount on such date and transfer any amount needed to cure a shortfall prior to the time required in the Resolution.

To the Debt Service Reserve Fund, for credit to the applicable Reserve Account on a pro rata basis, (i) the amount of any monthly deposit required to restore any deficiency in such account as described in the Resolution, and (ii) the amount of any monthly deposit required to fund the applicable Reserve Requirement.

To the Subordinated Indebtedness Fund, the amount required to pay principal or sinking fund installments, if any, of and interest on each issue of Subordinated Indebtedness of the Agency coming due in such month and to provide reserves therefor as required by the Supplemental Resolution authorizing such Subordinated Indebtedness. However, if at any time there is a deficiency in the Operation and Maintenance Fund, the Debt Service Fund or the Debt Service Reserve Fund, the Trustee will transfer from the Subordinated Indebtedness Fund the amount sufficient to cure such deficiency, to the extent funds are available in said Fund.

To the Rebate Fund, the amount, if any, as shall be required to be deposited therein in the then current month to meet the obligations of the Agency under the covenant contained in the Resolution, in accordance with Section 148(f) of the Code with respect to any Tax-Exempt Bonds.

To the Agency, the balance of such Revenues.

## **Construction Fund**

The Resolution establishes a Construction Fund, held by the Trustee unless the Agency elects in a Supplemental Resolution that the Construction Fund will be held by the Agency, into which are paid amounts required by the Resolution and any Supplemental Resolution and, at the option of the Agency, any moneys received for or in connection with the System by the Agency, unless required to be otherwise applied as provided in the Resolution. In addition, proceeds of insurance for physical loss of or damage to the System or a portion thereof, or of contractors' performance bonds pertaining to the period of construction, will be paid into the Construction Fund.

The Trustee will pay to the Agency, upon its requisitions therefor, from the Construction Fund amounts in payment of the Cost of Acquisition and Construction of the facilities financed by the issuance of a Series of Bonds. The completion of construction of any Project shall be evidenced by a certificate of an Authorized Officer of the Agency, which shall be filed with the Trustee, stating that (i) such Project has been completed, (ii) the date of such completion and (iii) the amount, if any, required for the payment of any remaining part of the Cost of Acquisition and Construction thereof and the amount remaining in the Construction Fund not needed for such cost which is to be released. Upon the completion of construction of facilities financed by a Series of Bonds, any excess amount in the account in the Construction Fund established with respect to such facilities is to be transferred as directed in a certificate of an Authorized Officer of the Agency to be applied to (i) other Costs of Acquisition or Construction of the System, (ii) funding any shortfall in any fund or account, (iii) payment or redemption of Bonds, or (iv) any other lawful purpose of the Agency; provided, that an Opinion of Bond Counsel to the effect that the proposed use of such moneys will not affect the exclusion from gross income for federal income tax purposes of the interest on Tax-Exempt Bonds shall accompany such certificate.

## **Additional Bonds; Conditions to Issuance**

The Agency may issue additional Series of Bonds for the purpose of paying all or a portion of the Cost of Acquisition and Construction of the System or for the purpose of Refunding all or a portion of the outstanding Bonds of one or more Series or one or more maturities within a Series. All Series of such Bonds will be payable from the same sources and secured on a parity with all other Series of Bonds. Set forth below are certain conditions applicable to the issuance of additional Bonds.

Except as described in the paragraph below, the issuance of any additional Series of Bonds (except for Refunding Bonds) is conditioned upon the delivery by the Agency of (i) a certificate of an Authorized Officer of the Agency to the effect that, for any period of 12 consecutive months within the 24 months preceding the issuance of Bonds of such Series, Net Revenues were at least equal to 1.10 times Aggregate Debt Service for all Series of Bonds then Outstanding during such period, excluding for this purpose principal of any Bonds which was paid from sources other than Revenues, and (ii) a certificate of an Authorized Officer of the Agency to the effect that, for each fiscal year in the period beginning with the fiscal year in which the additional Series of Bonds is to be authenticated and ending on the later of the fifth full fiscal year thereafter or the first full fiscal year in which less than 10% of the interest coming due on Bonds expected to be outstanding is to be paid from the Bond proceeds, that the estimated Net Revenues for each of the fiscal years

in such period shall be at least equal to 1.10 times Adjusted Aggregated Debt Service for each such fiscal year.

As an alternative to meeting the conditions described in the foregoing paragraph, an additional Series of Bonds (except for Refunding Bonds) may be issued upon delivery of a certificate of an Authorized Officer to the effect that for any period of 12 consecutive months within the 24 months preceding the issuance of Bonds of such Series, Net Revenues were at least equal to 1.10 times Adjusted Aggregate Debt Service, taking into account the Series of Bonds then being issued, but excluding from Adjusted Aggregate Debt Service any principal of Bonds which was paid from sources other than Revenues during such 12-month period.

For purposes of estimating future Net Revenues, the Agency may base its estimate upon such factors as it shall consider reasonable, including, without limitation: (a) Revenues under existing contracts, taking into consideration rate increases which an Authorized Officer of the Agency estimates will be required for the Agency to comply with its rate covenant under the Resolution (see “Covenant as to Rents, Rates, Fees and Other Charges” below); and (b) revenues from assumed sales of power and energy not covered by existing contracts.

*Debt Service Reserve Fund.* The Agency has established a Common Reserve Account within the Debt Service Reserve Fund which has been funded to secure the Covered Bonds in an amount equal to the Common Reserve Requirement.

The Agency may, at its option, specify in a Supplemental Resolution whether or not any Series of Bonds issued after the Effective Date will be secured by the Common Reserve Account. Any Series of Bonds issued after the Effective Date is not required to be secured by the Debt Service Reserve Fund or an account thereof. If the Agency determines that a Series of Bonds shall not have a claim for payment on the Common Reserve Account, the Agency may, after the Restatement Date at its option, create a Series Reserve Account for such Bonds and establish a related Series Reserve Requirement in a Supplemental Resolution. Such Series Reserve Account will be funded in an amount and in the manner to be set forth in such Supplemental Resolution. Such Bonds shall have a claim for payment on the related Series Reserve Account as set forth therein. Such Series Reserve Account may be established for the benefit of one or more Series of Bonds as set forth in a Supplemental Resolution. Amounts held in an account of the Debt Service Reserve Fund shall be applied only to prevent deficiencies in the payments of principal of and interest on the related Series of Bonds which have a claim on such account.

The Agency may cause to be deposited into the Debt Service Reserve Fund one or more Reserve Fund Credit Facilities to satisfy a Reserve Requirement. Each Reserve Fund Credit Facility in an account shall be payable (upon the giving of notice as required thereunder and, unless otherwise authorized by any Supplemental Resolution), on a pro rata basis with any other Reserve Fund Credit Facilities on deposit in such account of the Debt Service Reserve Fund on any day on which moneys will be required to be withdrawn from such account and applied to make up any deficiency in the Principal and Interest Accounts with respect to the Bonds secured by such account of the Debt Service Reserve Fund; provided, that prior to drawing on any Reserve Fund Credit Facility, any cash or Investment Securities in the applicable account of the Debt Service Reserve Fund shall be applied to cure such deficiency.

*No Default.* In addition, Bonds may be issued only if the Agency certifies that no event of default exists under the Resolution, except in the case of Refunding Bonds.

### **Investment of Certain Funds and Accounts**

The Resolution provides that moneys held in any fund or account created thereunder or under the Board Policy shall be invested to the fullest extent practicable in Investment Securities. Such investments must mature no later than such times as necessary to provide moneys when needed for payments from such funds and accounts.

Net interest earned on any moneys or investments in such funds or accounts, other than the Construction Fund, are paid into the Revenue Fund, except the Agency may provide in a Supplemental Resolution or Board Policy that net interest earned on moneys or investments in any fund or account will be paid into such fund or account directed by the Agency.

### **Covenant as to Rents, Rates, Fees and Other Charges**

The Agency has covenanted that it will at all times establish, collect and deposit in the Revenue Fund amounts received under the Power Sales Contracts and shall otherwise charge and collect rents, rates, fees and charges, subject to the approval of any regulatory authority with jurisdiction over such rents, rates, fees and charges, for the use or sale of the output, capacity or service of the System which, together with other available Revenues and giving effect to payments into and from the Rate Stabilization Account, are reasonably expected to yield Net Revenues equal to at least 1.10 times the Aggregate Debt Service for the forthcoming 12-month period and, in any event, are sufficient, together with other available funds, to pay or discharge all other indebtedness, charges and liens payable out of Revenues under the Resolution. For purposes of this covenant, the Agency may exclude (1) amounts required to pay Refundable Principal Installments to the extent that the Agency intends to pay such Principal Installments from sources other than Revenues and (2) any principal installment which is a Subordinated Indebtedness Refundable Principal Installment to the extent that the Agency intends to pay such installment from sources other than Revenues.

### **Subordinated Indebtedness**

The Agency may issue Subordinated Indebtedness payable out of and secured by amounts in the Subordinated Indebtedness Fund.

### **Issuance of Other Indebtedness**

The Resolution does not restrict the issuance by the Agency of other indebtedness to finance facilities which are not part of the Agency's System. Such indebtedness may be secured by a mortgage of the facility so financed or a pledge of the revenues therefrom. No such indebtedness may be payable out of or secured by the Senior Trust Estate.

### **Certain Other Covenants**

*Creation of Liens.* The Agency will not issue any other evidences of indebtedness, other than the Bonds and the Hedge Payments under Senior Hedge Agreements, payable out of or

secured by the Senior Trust Estate or create any lien or charge thereon, except (1) evidences of indebtedness (a) payable out of moneys in the Construction Fund as part of the Cost of Acquisition and Construction of the System or (b) payable out of, or secured by a security interest in or pledge or assignment of, Revenues to be received after the discharge of the lien on such Revenues provided in the Resolution, (2) Subordinated Indebtedness, (3) Hedge Agreements, (4) a Reserve Fund Credit Facility, or (5) bonds, notes, certificates, warrants or other evidences of indebtedness or Credit Obligations, Hedge Agreements or Reserve Fund Credit Facilities for any lawful use of the Agency, payable as to principal and interest from Revenues subject and subordinate to the deposits and credits required to be made from Revenues and the Revenue Fund into the Pledged Funds included in the Senior Trust Estate, or from securing such bonds, notes, certificates, warrants or other evidences of indebtedness, Hedge Agreements or Reserve Fund Credit Facilities and the payment thereof by a lien and pledge on the Revenues junior and inferior to the lien and pledge on the Senior Trust Estate created for the payment and security of the Bonds.

*Disposition of System.* The Agency may sell or exchange any tangible property or facilities of the System upon a determination that (a) the property or facilities are not useful in its operations, or (b) (i) the book value of which is not more than 1% of the book value of the assets of the Agency at such time or (ii) as to which an Authorized Officer of the Agency certifies that the ability of the Agency to comply with the covenant as to rates and charges described above will not be impaired. The proceeds of any such sale or exchange not used to acquire other property for the System are to be transferred to the Agency to be deposited in the account of the System Fund designated by the Agency. If certain conditions are satisfied, the Agency also may lease or make contracts or grant licenses, easements or rights for the operation or use of or with respect to any part of the System. Payments received by the Agency under any such arrangement will constitute Revenues.

*Power Sales Contracts; Amendment.* The Agency will collect and deposit in the Revenue Fund all amounts payable to it pursuant to the Power Sales Contracts or any other contract for the sale or use of output, capacity or other service from the System or any part thereof. The Agency will enforce the provisions of the Power Sales Contracts and duly perform its covenants and agreements thereunder and will not consent or agree to or permit any rescission of or amendment to any Power Sales Contract unless (i) such action will not impair the Agency's ability to comply with the covenant as to rents, rates, fees and charges set forth above, as evidenced by a certificate of an Authorized Officer of the Agency, and (ii) such action will not have a material adverse effect on the interests of Bondholders, as evidenced by a determination of the Agency's Board of Commissioners.

*Insurance.* Subject to the requirement that insurance is obtainable at reasonable rates and upon reasonable terms and conditions, the Agency will keep the properties of the System which are of an insurable nature and of the character usually insured by those operating properties similar to the System insured against loss or damage by fire and from other causes customarily insured against and in amounts usually obtained, except if the Agency is a minority undivided interest owner, as a tenant in common, of facilities of the System with other entities, the Agency may satisfy such obligations by relying upon the insurance maintained for such properties by the majority undivided interest owner if such insurance names the Agency an additional insured. Subject to such conditions, the Agency will also use its best efforts to maintain such insurance or reserves against loss or damage from such hazards and risks to the person and property of others as are usually insured or reserved against by those operating properties similar to the properties of

the System. The Agency is authorized to insure against such risks through a program of self insurance.

*Reconstruction; Application of Insurance Proceeds.* If any useful portion of the System is damaged or destroyed, the Agency will prosecute or cause to be prosecuted the reconstruction or replacement thereof, unless an Authorized Officer of the Agency determines that such reconstruction or replacement is not in the interest of the Agency and the Bondholders, or unless it is determined under the provisions of any Joint Ownership Agreement relating to such portion of the System, that such reconstruction or replacement is not to be undertaken. The proceeds of insurance paid on account of such damage or destruction, unless held and applied under any such Joint Ownership Agreement relating to such portion of the System, will be used for the cost of such reconstruction or replacement except proceeds of business interruption insurance, which will be paid into the Revenue Fund.

*Accounts and Reports.* The Agency will keep proper books of record and account relating to the System, each fund and account established under the Resolution and its costs and charges under the Power Sales Contracts. Such books, together with all Power Sales Contracts and all other books and papers of the Agency relating to the System, will be subject to the inspection of the Trustee.

The Agency will file with the Trustee the audited financial statements for each Fiscal Year which include the independent auditors' report, a balance sheet, a statement of revenues, expenses and changes in net assets and a statement of cash flows. The Agency shall further provide a summary certified by an Authorized Officer of the Agency with respect to each fund and account established under the Resolution of the amount held at the beginning and end of such Fiscal Year.

The reports, statements and other documents furnished to the Trustee will be available for the inspection of Bondholders at the Designated Office of the Trustee and will be mailed to each Bondholder upon written request to the Agency and payment of reasonable charges to cover costs.

### **Amendment of Resolution**

The Resolution and the rights and obligations of the Agency and of the Holders of the Bonds may be amended by a Supplemental Resolution with the written consent (i) of the Holders of a majority in principal amount, regardless of whether such Bonds are being held for resale, in each case of all Bonds then outstanding, (ii) in case less than all of the Series of outstanding Bonds are affected, the majority in principal amount of the Holders of the Bonds of each Series so affected, and (iii) in case the modification or amendment changes the terms of any Sinking Fund Installment of a particular Series of outstanding Bonds, the majority in principal amount of the Holders of the Bonds of the particular Series and maturities so affected. No such modification or amendment may (A) permit a change in the terms of redemption or maturity or any installment of interest or a reduction in the principal, redemption price or rate of interest thereon without the consent of each affected holder, or (B) reduce the percentages or otherwise affect the classes of Bonds, the consent of the owners of which is required to effect any such modification or amendment, without the consent of the holders of such Bonds.

A Supplemental Resolution, pursuant to which a Series of Bonds is issued, may provide that all Holders of the Series of Bonds being issued pursuant thereto shall be deemed to have

consented to certain modifications or amendments to the Resolution described therein by the purchase of such Series of Bonds by the Holders thereof, and such deemed consent shall constitute written consent by such Holders. Such deemed consent shall be effective on the date of initial delivery of such Series of Bonds and such consent will be binding on all subsequent Holders of such Series of Bonds. A Supplemental Resolution pursuant to which a Series of Bonds is issued may provide that an entity or organization providing credit enhancement for such Series of Bonds may be authorized to consent to certain modifications or amendments to the Resolution in lieu of the Holders of such Series of Bonds.

The Resolution may be amended, with the consent of the Trustee but without the consent of Bondholders, (i) to cure any ambiguity, omission, defect or inconsistent provision in the Resolution; (ii) to insert provisions clarifying the Resolution; or (iii) to make any other modification or amendment of the Resolution which the Trustee, in its sole discretion, determines will not have a material adverse effect on the interests of Bondholders.

Without the consent of the Bondholders or the Trustee, the Agency may adopt a Supplemental Resolution which (i) closes the Resolution against, or provides additional conditions to, the issuance of Bonds or other evidences of indebtedness; (ii) adds covenants and agreements of the Agency; (iii) adds limitations and restrictions to be observed by the Agency; (iv) authorizes Bonds of an additional Series; (v) confirms any security interest, pledge or assignment of the Revenues or of any other moneys, securities or funds; (vi) modifies any provisions of the Resolution effective after all Bonds of each Series outstanding as of the date of the adoption of such Supplemental Resolution cease to be outstanding; (vii) authorizes Subordinated Indebtedness; (viii) authorizes the entry into a Hedge Agreement or a Reserve Fund Credit Facility; or (ix) authorizes the issuance of Bonds in coupon form.

### **Defeasance**

The lien of the Resolution and all covenants, agreements and other obligations of the Agency under the Resolution will cease, terminate and be discharged and satisfied whenever all Bonds are paid in full. Bonds are deemed to have been paid and are not entitled to the lien, benefit and security of the Resolution whenever the following conditions are met: (i) in case any Bonds are to be redeemed prior to their maturity, the Agency has given to the Trustee irrevocable instructions to provide notice of redemption therefore, and (ii) there has been deposited with the Trustee either moneys or Defeasance Securities which, together with other moneys, if any, also deposited, will be sufficient to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on the Bonds.

### **Events of Default; Acceleration; Notice; Remedies**

Events of default under the Resolution include (i) failure to pay the principal or Redemption Price of any Bond when due; (ii) failure to pay any installment of interest on any Bond or the unsatisfied balance of any sinking fund installment when due; (iii) failure by the Agency to perform or observe any other covenants, agreements, or conditions contained in the Resolution or the Bonds, and continuance thereof for a period of 90 days after written notice unless said failure is remedied or diligently pursued as specified in the Resolution; and (iv) certain events of bankruptcy or insolvency. Upon the happening of any such event of default, to the extent

permitted by law, the Trustee or the Holders of not less than 25% in principal amount of the Bonds then Outstanding may declare the principal of and accrued interest on the Bonds due and payable.

The Trustee shall promptly mail written notice of the occurrence of any event of default to each registered Holder of Bonds then outstanding at his address appearing on the registry books of the Agency.

Unless and until an event of default is remedied, the Trustee may proceed, and upon written request of the Holders of not less than 25% in principal amount of the Bonds outstanding must proceed, to protect and enforce its rights and the rights of the Holders of the Bonds under the Resolution by a suit or suits in equity or at law (which may include a suit for the specific performance of any covenant contained in the Resolution) or in the enforcement of any other legal or equitable right as the Trustee deems most effectual to enforce any of its rights or to perform any of its duties under the Resolution.

During the continuance of an event of default under the Resolution, the Trustee or receiver appointed pursuant to the Resolution is to apply all moneys, securities, funds and Revenues received by the Trustee as follows and in the following order: (i) to the payment of charges, expenses and liabilities of the Fiduciaries; (ii) to the payment of reasonable and necessary Operation and Maintenance Expenses and reasonable renewals, repairs and replacements of the System necessary in the judgment of the Trustee to prevent a loss of Revenues; and (iii) to the payment of interest and principal, or Redemption Price due on the Bonds or Hedge Payments under Senior Hedge Agreements.

No Bondholder has any right to institute any suit, action or proceeding for the enforcement of any provision of the Resolution or the execution of any trust under the Resolution or for any remedy under the Resolution, unless (1) such Bondholder previously has given the Trustee written notice of the event of default, (2) the Holders of at least 25% in principal amount of the Bonds then outstanding have filed a written request with the Trustee and have afforded the Trustee a reasonable opportunity to exercise its powers or institute such suit, action or proceeding (3) there have been offered by such Holders to the Trustee adequate security and indemnity against its costs, expenses and liability to be incurred thereby and (4) the Trustee has refused to comply with such request within 60 days. Nothing in the Resolution or the Bonds affects or impairs the Agency's obligation to pay the Bonds and interest thereon when due or the right of any Bondholder to enforce such payment.

## **BOARD POLICY**

### **General**

The Resolution authorizes the Board, from time to time, to adopt policies and procedures with respect to certain financial, management and other policy matters relating to the System and to supplement the terms of the Resolution. The Board adopted Certain Fiscal Policies of the Indiana Municipal Power Agency (the "Board Policy"), which became effective on August 14, 2006, and was amended and restated October 25, 2013 as described below.

**The Board Policy is not incorporated into the Resolution and does not represent an agreement or covenant for the benefit of the holders of the Bonds. From time to time, the Board may in its sole discretion, supplement or amend the Board Policy.**

### **Funds and Accounts**

Pursuant to the Board Policy, the Agency has established (i) the Monthly Accrual Fund, (ii) the General Reserve Fund, (iii) the Rate Stabilization Fund and (iv) the Reserve and Contingency Fund. Under the Board Policy, any interest earned on funds and accounts created under the Board Policy shall be credited to the Revenue Fund established and authorized under the Resolution. The transfers from the Revenue Fund, if any, to other funds required by the Resolution in each month, shall be made before any transfers required under the Board Policy. The Board Policy requires deposits from the Revenue Fund to the funds described below in the following order of priority:

*Monthly Accrual Fund.* Subject to the provisions of the Resolution governing the Revenue Fund, from any moneys remaining in the Revenue Fund, there shall be transferred and credited to the Monthly Accrual Fund monthly, the following:

Bond Interest Payments. Into the Monthly Interest Accrual Account, with respect to the Fixed Rate Bonds on or before the 25th day of each month immediately succeeding the Restatement Date (as defined in the resolution), an amount equal to interest on the Bonds accrued and unpaid and to accrue to the end of the then current calendar month, and with respect to the Variable Rate Bonds, at least three days prior to the monthly interest payment date, an amount, together with any other monies from time to time available therefore from whatever source, to pay the next maturing installment of interest on the Variable Rate Bonds.

Bond Principal Payments. Into the Monthly Principal Accrual Account, on the 25th day of the month immediately succeeding the Restatement Date (as defined in the resolution), the Principal Installments due and unpaid and that portion of the Principal Installment for each Series next due which would have accrued (if deemed to accrue in the manner set forth in the definition of Debt Service) to the end of such calendar month provided the Board may receive a credit for funds anticipated to be released and used for the Principal Installment next due; provided, however, that there shall be excluded from such calculation any Principal Installments which are Refundable Principal Installments.

The monies credited to the Monthly Accrual Fund shall be transferred to the Interest Account and Principal Account (each within the Debt Service Fund) in accordance with the Resolution to pay Debt Service on the Bonds at least three days before the applicable interest payment date or the principal payment date.

*Rate Stabilization Fund.* Subject to the foregoing, the amount budgeted for credit to the Rate Stabilization Fund under the then current annual budget, or the amount otherwise determined by the Agency to be credited to the Rate Stabilization Fund shall be credited to such Fund. The Agency shall transfer amounts in the Rate Stabilization Fund as follows: (i) to the Debt Service Fund the amount necessary to make up any deficiencies in said accounts required by the

Resolution, and (ii) to the Debt Service Reserve Fund to make up any deficiencies resulting from transfer from the Debt Service Reserve Fund to the Debt Service Fund. Amounts in the Rate Stabilization Fund not required to meet a deficiency as described above may be paid into any other fund or account.

*Reserve and Contingency Fund.* Subject to the foregoing, amounts budgeted for the then current month, as set forth in the current annual budget or the amount otherwise determined by the Agency shall be transferred to the Reserve and Contingency Fund. Amounts in the Reserve and Contingency Fund shall be applied to the payment of the costs of major renewals, replacements, repairs, additions, betterments, enlargements and improvements to the System and to the payment of extraordinary operation and maintenance costs and contingencies including the costs of scheduled emergency or other interchange service, decommissioning or disposal of generation facilities, payments with respect to the prevention or correction of or any unusual loss or damage in connection with the System or to prevent a loss of revenue therefrom, all to the extent not provided for in the then current annual budget or by reserves credited to the Operation and Maintenance Fund or from the proceeds of Bonds. If at any time the amounts in the Debt Service Fund or Debt Service Reserve Fund shall be less than the current requirement for such accounts pursuant to the Resolution, and there shall not be on deposit in the General Reserve Fund available moneys sufficient to cure such deficiency, then the Agency shall transfer from the Reserve and Contingency Fund to the Debt Service Fund or the Debt Service Reserve Fund, as the case may be, the amount necessary to make up such deficiency. If excess amounts exist in the Reserve and Contingency Fund, amounts may be transferred to any other fund or account.

*General Reserve Fund.* Subject to the foregoing, the remaining balance, if any, of moneys in the Revenue Fund after making the required credits and deposits shall be credited to the General Reserve Fund. The Agency shall transfer amounts in the General Reserve Fund in the following order of priority: (i) to the Debt Service Fund, the amount necessary to make up any deficiencies in said accounts required by the Resolution, and (ii) to the Debt Service Reserve Fund to make up any deficiencies resulting from transfer from the Debt Service Reserve Fund to the Debt Service Fund. Amounts in the General Reserve Fund not required to meet a deficiency as described above shall be applied or set aside for any one or more of the following: (i) transfer to any other fund or account and (ii) for any other lawful purpose of the Agency.

*Additional Transfers from the Revenue Fund.* From time to time, the Board may, in its sole discretion, adopt additional policies and procedures to supplement or amend the Board Policy, which governs the administration and application and all separate accounts thereof. Such Board Policy shall not change the order of priority of application of Revenues described in the Resolution in a manner which would have a material adverse effect on the rights of the holders of the Bonds.

**FORM OF OPINION OF BOND COUNSEL**

Upon the delivery of the 2022 A Bonds in definitive form, Ice Miller LLP, Indianapolis, Indiana, Bond Counsel, proposes to render its final opinion with respect to such 2022 A Bonds in substantially the form contained in this Appendix.

\_\_\_\_\_, 2022

Board of Commissioners  
Indiana Municipal Power Agency  
Carmel, Indiana

Re: \$97,295,000 Power Supply System Revenue Bonds, 2022 Series A (the “Bonds”) of the Indiana Municipal Power Agency (the “Agency”)

Ladies and Gentlemen:

We have examined a certified transcript containing: (a) the proceedings of the Agency relative to the authorization, issuance and sale of the Bonds, including the Master Power Supply System Revenue Bond Resolution, dated January 26, 2007, as supplemented and amended to the date hereof, including as supplemented by the 2022 A Supplemental Power Supply System Revenue Bond Resolution as adopted on June 24, 2022 (the “Resolution”) pursuant to which the Bonds have been authorized; and (b) certain certificates, covenants and representations of the Agency and the members of the Agency concerning material facts or other matters within their respective knowledge or control which, in part, relate to continuing compliance with provisions of the Internal Revenue Code of 1986, as amended (the “Code”) to preserve the exclusion of interest on the Bonds from gross income for federal tax purposes (collectively, the “Tax Covenants”). We have also examined the constitution and statutes of the State of Indiana (the “State”), including the Indiana Code, Title 8, Article 1, Chapter 2.2 (as in effect on the date hereof, the “Act”), and such other records, documents or laws as we have deemed relevant, appropriate or necessary for purposes of delivering the opinions set forth herein.

Based upon the foregoing and our review of such other information, papers, documents and statutes, regulations, rulings and decisions as we believe necessary or advisable, we are of the opinion that:

1. The Agency has the right and power under the Act to adopt the Resolution and the Resolution has been duly and lawfully adopted by the Agency, is in full force and effect, is the valid and binding agreement of the Agency, and no other authorization for the Resolution is required. The Resolution creates the valid pledge it purports to create of the Senior Trust Estate (as defined in the Resolution) subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.
2. The Agency is duly authorized and entitled to issue the Bonds. The Bonds were duly and validly authorized and issued in accordance with the constitution, the statutes of the State, including the Act, and the Resolution. The Bonds constitute the valid and legally binding

obligations of the Agency as provided in the Resolution, enforceable in accordance with their terms, and are entitled to the benefits of the Act and the Resolution.

3. The Bonds are the special limited obligations of the Agency payable, as to principal and redemption price thereof and interest thereon, solely from the Senior Trust Estate as provided in the Resolution. Neither the State nor any political subdivision thereof (other than the Agency) nor any city or town which is a member of the Agency shall be obligated to pay the principal or redemption price of, or interest on, the Bonds. No owner of the Bonds, receiver or trustee has any right to compel the State, any political subdivision thereof or any city or town which is a member of the Agency to exercise taxing or appropriation powers. The Agency has no taxing power.

4. Under existing laws, regulations, rulings and judicial decisions, existing on this date, the interest on the Bonds is exempt from income taxation in the State. This opinion relates only to the tax exemption of interest from State income taxes.

5. Under federal statutes, decisions, regulations and rulings existing on this date, the interest on the Bonds is excludable from gross income for purposes of federal income taxation pursuant to Section 103 of the Code, and is not an item of tax preference for purposes of the federal alternative minimum tax. This opinion is conditioned on continuing compliance by the Agency and the members of the Agency with the Tax Covenants. Failure to comply with the Tax Covenants could cause interest on the Bonds to lose the exclusion from gross income for purposes of federal income taxation retroactive to the date of issuance of the Bonds.

It is to be understood that the enforceability of the Resolution and the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization, or other similar laws affecting creditors' rights generally, whether now in effect or hereafter enacted and the principles of equity applicable to the availability of specific performance. We express no opinion on the availability of any particular remedy. It is to be further understood that the rights of the owners of the Bonds under the Resolution and, the enforceability thereof, may be subject to judicial remedies, at law or in equity, and the valid exercise of the constitutional powers of the State and the United States of America.

In rendering this opinion we have, with your permission, relied on, and assumed compliance with, certifications, covenants and representations of the Agency identified in the initial paragraph hereof.

Very truly yours,

**DTC BOOK-ENTRY SYSTEM**

**SO LONG AS CEDE & CO, AS NOMINEE OF THE DEPOSITORY TRUST COMPANY (“DTC”), NEW YORK, NEW YORK, IS THE REGISTERED OWNER OF THE 2022 A BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS (OR THE OWNERS) WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.**

DTC will act as securities depository for the 2022 A Bonds. The 2022 A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2022 A Bond certificate will be issued for each maturity of the 2022 A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of 2022 A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2022 A Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2022 A Bond (for purposes of this Appendix, “Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2022 A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing

their ownership interests in 2022 A Bonds, except in the event that use of the book-entry system for the 2022 A Bonds is discontinued.

To facilitate subsequent transfers, all 2022 A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2022 A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2022 A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2022 A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the 2022 A Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2022 A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to IMPA as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2022 A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal of and interest payments on the 2022 A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from IMPA or the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or IMPA, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of IMPA or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2022 A Bonds at any time by giving reasonable notice to IMPA or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, 2022 A Bond certificates are required to be printed and delivered.

IMPA may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, 2022 A Bond certificates will be printed and delivered to DTC.

The information contained in this Appendix concerning DTC and DTC's book-entry system has been obtained from sources that IMPA believes to be reliable, but neither IMPA nor the Underwriters take any responsibility for the accuracy thereof.

In the event that the book-entry system for the 2022 A Bonds is discontinued, the Trustee would provide for the registration of the 2022 A Bonds in the name of the Beneficial Owners thereof. IMPA, the Trustee and the Paying Agent would treat the person in whose name any 2022 A Bond is registered as the absolute owner of such 2022 A Bond for the purposes of making and receiving payment of the principal thereof and interest thereon, and for all other purposes, and none of these parties would be bound by any notice or knowledge to the contrary except to the extent otherwise provided in the Undertaking.

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**SECOND AMENDED AND RESTATED CONTINUING  
DISCLOSURE UNDERTAKING**

This SECOND AMENDED AND RESTATED CONTINUING DISCLOSURE UNDERTAKING (the "Agreement") is made as of November 21, 2019, amends and restates the Amended and Restated Continuing Disclosure Undertaking dated as of November 21, 2013, as previously supplemented and amended (the "Prior Agreement"), by the Indiana Municipal Power Agency, a body corporate and politic and a political subdivision of the State of Indiana, created and existing under the laws of the State of Indiana (the "Agency" or the "Obligor") for the purpose of permitting various underwriters (the "Underwriters") of the Obligations (as hereinafter defined) issued by the Obligor from time to time to purchase such Obligations in compliance with the United States Securities and Exchange Commission ("SEC") Rule 15c2-12 (the "Rule") as amended:

WITNESSETH

WHEREAS, the Rule, promulgated by the SEC (under the Securities Exchange Act of 1934, as amended (the "Act")), provides that, except as otherwise provided in the Rule, a Participating Underwriter (as defined in the Rule) shall not purchase or sell municipal securities in connection with an Offering (as defined in the Rule) unless the Participating Underwriter has reasonably determined that an issuer of municipal securities or an obligated person (as defined in the Rule) for whom financial or operating data is presented in the final official statement (as defined in the Rule) has undertaken, either individually or in combination with other issuers of such municipal securities or obligated persons, in a written agreement or contract for the benefit of holders of such securities, to provide certain information; and

WHEREAS, in order to provide uniform and consistent disclosure on its Obligations, the Obligor desires to amend and restate the Prior Agreement with this Agreement in connection with the issuance of the Agency's Power Supply System Revenue Bonds, 2019 Series A, dated November 21, 2019; and

WHEREAS, the Prior Agreement permits amendments thereto without the consent of the respective Bondholders if certain conditions are met, and such conditions have been satisfied; and

WHEREAS, pursuant to the Resolution, the Obligor has agreed to make payments to The Bank of New York Mellon Trust Company, N.A., (as trustee or any successor thereto, the "Trustee") sufficient to pay the principal of, premium, if any, and interest on outstanding Obligations of the Agency; and

WHEREAS, the Obligor is an "obligated person" (as defined in the Rule) because the payments due under the Resolution are the only source of funds (other than bond proceeds held under the Resolution) pledged to pay the principal and interest due on the Obligations; and

WHEREAS, the Major Members are also obligated persons with respect to the Obligations, on behalf of which the Agency is undertaking hereunder the obligations described herein to furnish the information with respect thereto; and

WHEREAS, any Bondholder (as hereinafter defined) shall, by its payment for and acceptance of any Obligations issued by the Obligor on or after the date hereof, accept and assent to this Agreement and the exchange of such payment and acceptance for the promises of the Obligor contained herein;

NOW, THEREFORE, in consideration of the payment for and acceptance of any Obligation by the Underwriters of such Obligations, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Obligor hereby (a) agrees that the Prior Agreements shall be, and hereby are, amended and restated, and (b) promises to each Underwriter of any Obligations the following:

Section 1. **Definitions.** The words and terms defined in this Agreement shall have the meanings herein specified. Those words and terms not expressly defined herein shall have the meanings assigned to them in the Rule.

- (1) “Annual Financial Information” means Annual Major Member Financial Information and Annual Agency Financial Information, collectively.
- (2) “Annual Major Member Financial Information” means, collectively, (i) updated versions of the types and categories of the information contained in Appendix C to the 2019 Final Official Statement with respect to each Major Member, for each fiscal year of the applicable Major Member, or any other Appendix to a Final Official Statement under which similar information is contained and (ii) the information regarding amendments to this Agreement required pursuant to the provisions of this Agreement. Annual Major Member Financial Information shall also include Audited Major Member Financial Statements, if available, provided, however, that the updating information may be provided in such format as the Obligor deems appropriate.

The information described in clause (i) above constituting Annual Major Member Financial Information is of general categories or types of financial information and operating data. When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information. Any Annual Major Member Financial Information containing modified operating data or financial information shall explain, in narrative form, the reasons for the modification and the impact of the modification on the type of operating data or financial information being provided.

- (3) “Annual Agency Financial Information” means (i) updated versions of financial information and operating data of the general type under the headings in the 2019 Final Official Statement listed on Exhibit A relating to such Obligations for each fiscal year of the Agency or any other headings under which similar information and operating data is included in a Final Official Statement, provided, however, that the updating information may be provided in such format as the Obligor deems appropriate and (ii) the information regarding amendments to this Agreement required pursuant to the provisions of this Agreement. Annual Agency Financial

Information shall also include Audited Agency Financial Statements, if available, or, if not available, Unaudited Agency Financial Statements.

The descriptions contained in clause (i) above of financial information and operating data constituting Annual Agency Financial Information are of general categories or types of financial information and operating data. When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information. Any Annual Agency Financial Information containing modified operating data or financial information shall explain, in narrative form, the reasons for the modification and the impact of the modification on the type of operating data or financial information being provided.

- (4) “Audited Financial Statements” means Audited Major Member Financial Statements and Audited Agency Financial Statements, collectively.
- (5) “Audited Major Member Financial Statements” means the annual financial statements of each Major Member as prepared and examined by the Indiana State Board of Accounts or as prepared and examined by another independent auditing firm. Audited Major Member Financial Statements, if any, shall be prepared either on an accrual basis as prescribed by the Indiana State Board of Accounts under Indiana Code 5-11, as amended from time to time, or any successor statute, as described in the auditor's report and notes accompanying the audited financial statements of the Major Member or such other principles as shall be mandated by State law from time to time. Any changes mandated by State law shall be included in the notes to such Audited Major Member Financial Statements. Audited Major Member Financial Statements prepared by the Indiana State Board of Accounts are currently prepared (1) in accordance with GAAP and Government Auditing Standards issued by the Comptroller of the United States or (2) on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute, which is a comprehensive basis of accounting other than GAAP.
- (6) “Audited Agency Financial Statements” means the annual financial statements of the Agency audited by such auditors as shall then be required or permitted by State law or the Resolution. Audited Agency Financial Statements shall be prepared in accordance with GAAP and will be prepared on an accrual basis as described in the auditor's report and notes accompanying the Audited Agency Financial Statements or as mandated by State law from time to time. Any changes mandated by State law shall be included in the notes to such Audited Agency Financial Statements.
- (7) “Bondholder” or “holder” or any similar term, when used with reference to Obligations, means any person who shall be the registered owner of any outstanding Obligations, or the holders or owners of beneficial interests in any Obligations.
- (8) “EMMA” means the MSRB's Electronic Municipal Market Access system or such other MSRB Internet web site.

- (9) “Final Official Statement” means, with respect to any Obligations, the final Official Statement relating to such Obligations, including any document or set of documents included therein by specific reference, which is available to the public on the MSRB’s Internet web site or filed with the SEC.
- (10) “GAAP” means generally accepted accounting principles for governmental units as prescribed by the Governmental Accounting Standards Board, the Financial Accounting Standards Board, or any successor to the duties and responsibilities of either of them.
- (11) “Major Member” means the Members of the Agency which contributed at least 5% of the Revenues of the Agency from Members during the Agency’s most recent fiscal year.
- (12) “MSRB” means the Municipal Securities Rulemaking Board established pursuant to the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934.
- (13) “Obligations” means the various obligations of the Agency as listed on Exhibit B hereto as the same shall be supplemented or amended from time to time.
- (14) “Reportable Event” means the occurrence of any of the following events with respect to the Obligations:
- (i) principal and interest payment delinquencies;
  - (ii) non-payment related defaults, if material;
  - (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
  - (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
  - (v) substitution of credit or liquidity providers, or their failure to perform;
  - (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
  - (vii) modifications to rights of security holders, if material;
  - (viii) bond calls, if material, and tender offers;
  - (ix) defeasances;
  - (x) release, substitution, or sale of property securing repayment of the securities, if material;
  - (xi) rating changes;
  - (xii) bankruptcy, insolvency, receivership or similar event of the obligated person;
  - (xiii) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

For the purpose of the Reportable Event set forth in clause (xii) above, the Reportable Event is considered to occur when any of the following occur:

- (a) the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority; or
- (b) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

For the purpose of the Reportable Events set forth in clauses (xv) and (xvi) above, the term “financial obligation” means a:

- (a) debt obligation;
- (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or
- (c) guarantee of (a) or (b).

- (15) “Reportable Event Notice” means written or electronic notice of a Reportable Event.
- (16) “Resolution” means the Master Power Supply System Revenue Bond Resolution dated January 26, 2007, as amended and supplemented.
- (17) “Rule” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as in effect on the effective date of this Agreement, including any official interpretations thereof (by the SEC, case law or otherwise).
- (18) “SEC” means the United States Securities and Exchange Commission.
- (19) “State” means the State of Indiana.

- (20) “Trustee” means The Bank of New York Mellon Trust Company, N.A., its successors and assigns, or any successor trustee under the Resolution.
- (21) “2019 Final Official Statement” means the final Official Statement, dated October 15, 2019, related to the Agency's Power Supply System Revenue Bonds, 2019 Series A, dated the date hereof
- (22) “Unaudited Agency Financial Statements” means the same as Audited Agency Financial Statements, except that they shall not have been audited.
- (23) “Underwriter” or “Underwriters” means, with respect to any Obligations, the underwriter or underwriters of such Obligations pursuant to the applicable purchase agreement for such Obligations.

**Section 2. Application to Obligations and No Counterparty.**

- (a) This Agreement applies to the Obligations.
- (b) There shall be no counterparty under this Agreement.

**Section 3. Term.** The term of this Agreement extends from the date of delivery of the Prior Agreements by the Obligor to the earliest of (i) the date of the last payment of principal or redemption price, if any, of and interest to accrue on, all Obligations, (ii) the date all Obligations are defeased under the Resolution, as applicable, or (iii) the date of rescission as described in Section 10.

**Section 4. Undertaking.**

(a) The Obligor hereby undertakes to provide the following information to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, all in furtherance of assisting the Underwriters in complying with subsection (b)(5) of the Rule:

- (1) Within one hundred eighty (180) days of the end of each fiscal year of the Obligor, the Annual Agency Financial Information (commencing with the fiscal year ending December 31, 2019).
- (2) Within 180 days of the end of each fiscal year of a Major Member, the Annual Major Member Financial Information for such Member (commencing with the fiscal year ending December 31, 2019).
- (3) In a timely manner, notice of any failure of the Obligor to provide any of the Annual Financial Information by the dates specified in subsection (a)(1) or (2) above to the MSRB through EMMA, including any failure to provide all or portions of Annual Major Member Financial Information because it is unavailable due to circumstances beyond the control of the Obligor.

(b) The Obligor agrees to request and use its best efforts to obtain Annual Major Member Financial Information from the Major Members pursuant to the provision in the Power

Sales Contracts which provides that the Obligor may obtain from the Major Members, upon request, all such information as shall be necessary in connection with the financing of the Power Supply System (the "Power Sales Contract Provision"), and to seek to enforce the Power Sales Contract Provision, if necessary, to obtain the Annual Major Member Financial Information. However, failure to provide all or provide portions of Annual Major Member Financial Information because it is unavailable due to circumstances beyond the control of the Obligor shall not be deemed to be a breach of this Agreement.

(c) Annual Financial Information or audited financial statements required to be provided pursuant to this Section may be set forth in such Annual Information or audited financial statements or Annual Reports of the Obligor or a Major Member or may be included by specific reference to documents available to the public on the MSRB's Internet Web site or filed with the SEC.

(d) If any of the Audited Financial Statements are not available by the dates specified in subsection (a)(1) and (2) above, the Agency shall provide them to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, when and if available but no later than forty-five (45) days after the date they become available to the Obligor.

(e) All documents provided to the MSRB through EMMA pursuant to this Agreement shall be accompanied by identifying information as prescribed by the MSRB.

#### **Section 5. Reportable Events.**

(a) If a Reportable Event occurs, the Agency shall provide, in a timely manner, not in excess of 10 business days after the occurrence of the Reportable Event, a Reportable Event Notice to the MSRB through EMMA, in an electronic format as prescribed by the MSRB. Determinations of materiality shall be made by the Obligor in accordance with the standards established by federal securities laws, as then in existence.

(b) The Obligor may from time to time choose to provide notice of the occurrence of any other event, in addition to Reportable Events, if such other event is material with respect to any Obligations and should be disclosed (which determination of materiality shall be made by the Obligor in accordance with the standards established by the federal securities laws), but the Obligor does not commit to provide any such notice of the occurrence of any material event except Reportable Events.

**Section 6. Bondholders.** Each Bondholder is an intended beneficiary of the obligations of the Agency under this Undertaking, such obligations create a duty in the Agency to each Bondholder to perform such obligations, and each Bondholder shall have the right to enforce such duty.

#### **Section 7. Use of Agent.**

(a) The Obligor may, at its sole discretion, utilize a disseminating agent (the "Dissemination Agent") in connection with the dissemination of any information required to be provided by the Obligor pursuant to the terms of this Agreement. If a Dissemination Agent is selected for these purposes, the Obligor shall provide prior written notice thereof (as well as notice

of replacement or dismissal of such agent) to the MSRB through EMMA, in an electronic format as prescribed by the MSRB.

(b) In addition, the Obligor may, at its sole discretion, retain counsel or others with expertise in securities matters for the purpose of assisting the Obligor in making judgments with respect to the scope of its obligations hereunder and compliance therewith, all in order to further the purposes of this Agreement.

**Section 8. Failure to Disclose.** If, for any reason, the Obligor fails to provide the Audited Financial Statements or Annual Financial Information as required by this Agreement, the Obligor shall provide notice of such failure in a timely manner to the MSRB through EMMA, in an electronic format as prescribed by the MSRB.

**Section 9. Remedies.**

(a) The purpose of this Agreement is to enable the Underwriters to purchase Obligations from time to time by providing for an undertaking by the Obligor in satisfaction of the Rule. This Agreement is solely for the benefit of the Underwriters and the Bondholders and creates no new contractual or other rights for, nor can it be relied upon by, the SEC, underwriters (other than the Underwriters), brokers, dealers, municipal securities dealers, potential customers, other Obligated Persons or any other third party. The sole remedy against the Obligor for any failure to carry out any provision of this Agreement shall be for specific performance of the Obligor's disclosure obligations hereunder and not for money damages of any kind or in any amount or for any other remedy.

(b) Subject to subsection (d) below, in the event the Obligor fails to provide any information required of it by the terms of this Agreement, any holder of Obligations may pursue the remedy set forth in subsection (a) above in any court of competent jurisdiction in the county in which the Obligor is located. An affidavit to the effect that such person is a holder of the Obligations supported by reasonable documentation of such claim shall be sufficient to evidence standing to pursue this remedy.

(c) Subject to subsection (d) below, any challenge to the adequacy of the information provided by the Obligor by the terms of this Agreement may be pursued only by holders of not less than 25% in principal amount of any series of Obligations then outstanding in any court of competent jurisdiction in the county in which the Obligor is located. An affidavit to the effect that such persons are holders of such Obligations supported by reasonable documentation of such claim shall be sufficient to evidence standing to pursue the remedy set forth in subsection (a) above.

(d) Prior to pursuing any remedy under this Section, a holder shall give notice to the Obligor, via registered or certified mail, of such breach and its intent to pursue such remedy. Fifteen (15) days after mailing of such notice, and not before, a holder may pursue such remedy under this Section. The Obligor's failure to honor its covenants hereunder shall not constitute a breach or default of the Obligations, the Resolution or any other agreement to which the Obligor is a party.

**Section 10. Modification of Agreement.** The Obligor may, from time to time, amend or modify this Agreement without the consent of or notice to the holders of the Obligations if either

(a)(i) such amendment or modification is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Obligor, or type of business conducted, (ii) this Agreement, as so amended or modified, would have complied with the requirements of the Rule on the date hereof, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (iii) such amendment or modification does not materially impair the interests of the holders of the Obligations, as determined either by (A) nationally recognized bond counsel or (B) an approving vote of the holders of the Obligations pursuant to the applicable terms of the Resolution at the time of such amendment or modification; or (b) such amendment or modification (including an amendment or modification which rescinds this Agreement) is permitted by the Rule, as then in effect.

Section 11. **Interpretation Under Indiana Law and the Rule.** It is the intention of the parties hereto that this Agreement and the rights and obligations of the parties hereunder shall be governed by and construed and enforced in accordance with the law of the State and the Rule.

Section 12. **Severability Clause.** In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 13. **Successors and Assigns.** All covenants and agreements in this Agreement made by the Obligor shall bind its successors, whether so expressed or not.

Section 14. **Notices.** All notices required to be given under this Agreement shall be made at the Obligor's following address:

Indiana Municipal Power Agency  
11610 North College Avenue  
Carmel, Indiana 46032

Section 15. **Effective Date.** This Agreement and the provisions thereof shall be effective upon the date hereof.

IN WITNESS WHEREOF, the Obligor has caused this Agreement to be executed as of the 21<sup>st</sup> day of November, 2019.

INDIANA MUNICIPAL POWER AGENCY

By /s/ Phillip R. Goode  
Chairman

By /s/ William H. Graham  
Secretary

## EXHIBIT A

### Annual Agency Financial Information

- (a) DEBT SERVICE REQUIREMENTS
- (b) THE MEMBERS, Member Historical and Projected Power and Energy Requirements, Members' Historical Power and Energy Requirements table
- (c) THE POWER SUPPLY SYSTEM, General, IMPA Owned Generating Facilities table
- (d) THE POWER SUPPLY SYSTEM, Gibson Unit 5, availability and capacity factors for most recent fiscal year ended
- (e) THE POWER SUPPLY SYSTEM, Trimble County Units 1 and 2, availability and capacity factors for most recent fiscal year ended
- (f) THE POWER SUPPLY SYSTEM, The Prairie State Energy Campus, availability and capacity factors for most fiscal recent year ended
- (g) THE POWER SUPPLY SYSTEM, Solar Parks, description of assets owned
- (h) THE POWER SUPPLY SYSTEM, Transmission, description of assets owned
- (i) IMPA OPERATIONS, General, megawatt hours of energy purchased in most recent fiscal year ended
- (j) IMPA OPERATIONS, Whitewater Valley Station, facility capacity
- (k) IMPA OPERATIONS, Capacity Dedicated by Members, facility capacity and percentage of energy requirements
- (l) APPENDIX C, Table 1, Profile of Major Members' Electric Systems
- (m) APPENDIX C, Table 2, Summary of Major Members' Operating Results
- (n) APPENDIX C, Table 3, Summary of Major Members' Condensed Balance Sheets
- (o) APPENDIX D, Table 1, General Member Information
- (p) APPENDIX D, Table 2, Rate Comparisons

**EXHIBIT B**

**Obligations**

<b><u>Bonds Outstanding</u></b>	<b><u>Original Final Maturity</u></b>
Taxable Power Supply System Revenue Bonds, 2009 Series C	January 1, 2024
Power Supply System Revenue Bonds, 2010 Series A (Build America Bonds -Direct Payment - Federally Taxable)	January 1, 2042
Power Supply System Revenue Bonds, 2013 Series A	January 1, 2042
Power Supply System Refunding Revenue Bonds, 2014 Series A	January 1, 2032
Power Supply System Refunding Revenue Bonds, 2016 Series A	January 1, 2042
Power Supply System Refunding Revenue Bonds, 2016 Series C	January 1, 2039
Power Supply System Revenue Bonds, 2017 Series A	January 1, 2042
Power Supply System Revenue Bonds, 2019 Series A	January 1, 2042
Variable Rate Demand Power Supply System Refunding Revenue Bonds, 2019 Series B (the “2019 B Bonds”)	January 1, 2042
Power Supply System Revenue Bonds, 2022 Series A	January 1, 2042

## COMPLIANCE WITH CONTINUING DISCLOSURE UNDERTAKINGS

## CURRENT MAJOR MEMBERS

IMPA represents that, to its knowledge, the current Major Members have failed to comply with previous undertakings in written contracts or agreements specified in paragraph (b)(5)(i) of the Rule in the instances set forth below. IMPA makes no representation as to any potential materiality of such prior instances, as materiality is dependent upon individual facts and circumstances.

**Crawfordsville**

Instance	Resolution
Crawfordsville timely filed its annual financial information and operating data for the period ending December 31, 2016, for its Fire Station Two Building Corporation Ad Valorem Property Tax Lease Rental Bonds, Series 2016, but did not include the information entitled “Detail of Net Assessed Valuation” and “Comparative Schedule of Tax Rates”.	Crawfordsville has since hired a dissemination agent to assist in meeting the requirements of undertakings. Crawfordsville subsequently filed a Failure to File notice and the missing information on EMMA.
Crawfordsville’s audited financial statements for 2016 were not filed timely, because the Indiana State Board of Accounts had not yet performed that audit.	Crawfordsville subsequently filed the missing information on EMMA.

**Frankfort**

Instance	Resolution
Frankfort’s audited financial statements for 2013, 2014, 2015 and 2016 have not been filed, because the Indiana State Board of Accounts has not yet performed those audits.	Frankfort subsequently filed the 2013, 2014, 2015 and 2016 audited financial statements on EMMA.

## Greenfield

<b>Instance</b>	<b>Resolution</b>
Greenfield timely filed its annual financial information and operating data for the periods ending December 31, 2012 through 2018, but did not include the following information:	
- December 31, 2014 through 2018 - “City of Greenfield Wastewater Utility – User Connections” (Series 2014) and “City of Greenfield Municipal Wastewater Utility – Large Users” (Series 2014).	Greenfield subsequently filed the missing information, along with a failure to timely file notice on EMMA.
- December 31, 2016 - “History of Net Assessed Valuation – Hancock County” (Series 2014).	Greenfield subsequently filed the missing information on EMMA.
Greenfield’s audited financial statements for 2016 were not filed timely, because the Indiana State Board of Accounts had not yet performed that audit.	Greenfield subsequently filed the missing information on EMMA.

## Richmond

<b>Instance</b>	<b>Resolution</b>
Richmond’s audited financial statements for 2015 and 2016 were not filed timely, because the Indiana State Board of Accounts had not performed those audits prior to the filing date.	Richmond subsequently filed on EMMA the 2015 and 2016 audited financial statements.
Richmond issued a Sanitary District Bond on April 14, 2021, but failed to file timely a notice of incurrence of a financial obligation.	Richmond subsequently filed on EMMA such notice.



