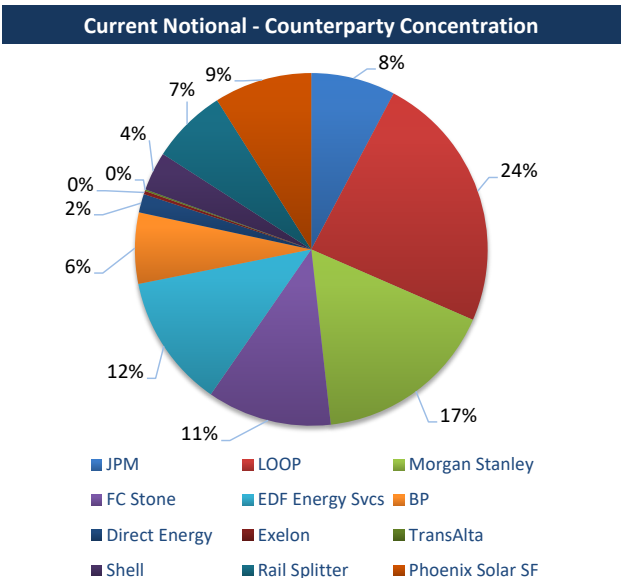
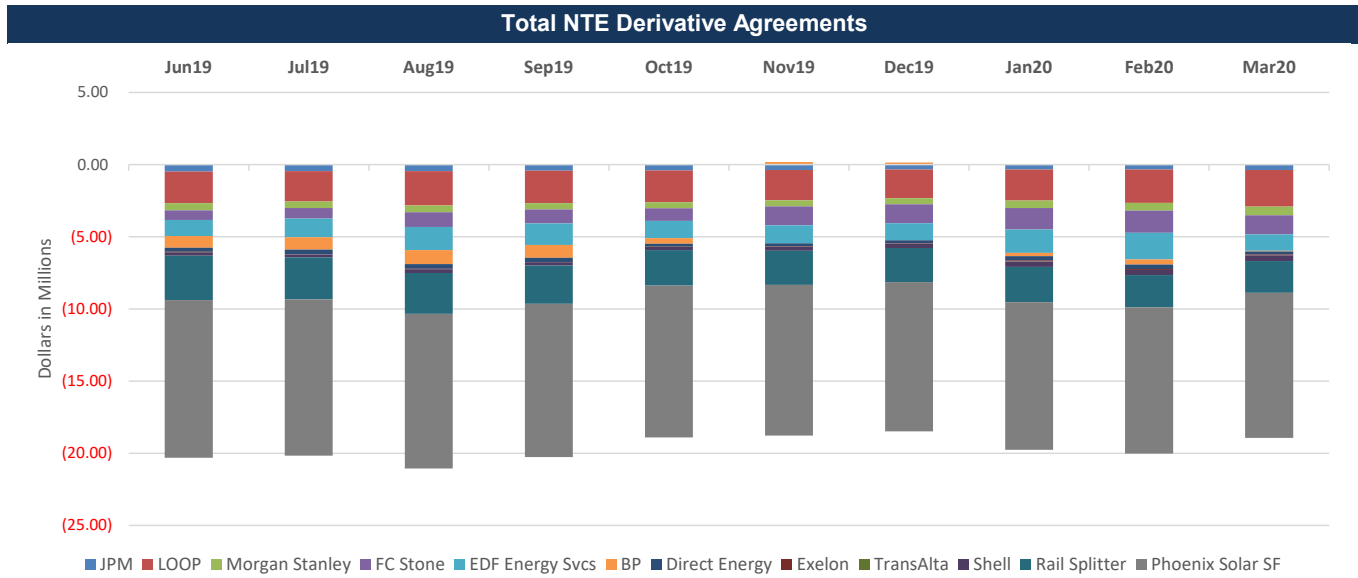


Policy Counterparty (CP) Requirements		Hedging Position Summary (In Millions)			Collateral Summary	
			Notional	NTE		
Reporting Requirements Met	Yes ^{(1) (2)}	Interest Rate Swaps	\$ 35.23	\$ (3.29)	Collateral Held by PEI on behalf of Counterparties:	
CP Rating Qualification Met	Yes ^{(2) (3) (4)}	Futures Contracts, Financial	10.18	(1.32)	Rail Splitter Wind (HSBC Bank LOC)	\$ 2,500,000
Within CP Exposure Limits	Yes	Forward Purchase, Physical	35.77	(4.28)	TransAlta (Bank of Nova Scotia LOC)	\$ 25,000
Under CP Concentration Limits	Yes	Solar PPAs	7.99	(10.04)	Collateral Held by Counterparty on behalf of PEI:	
		Total	\$ 89.17	\$ (18.93)	Margin Exposure with INTL FC Stone	\$ 241,709

Material Events Since Last Report	Counterparty Risk Management ^{(2) (4)}	Policy Considerations & Other Comments
<p>PEI purchased 1,894,700 MMBTU's of Natural Gas Forward Contracts for UIC from Morgan Stanley totaling \$4,598,089 for periods July 1, 2022 - June 30, 2025.</p> <p>Moody's downgrades Centrica PLC rating from Baa1 to Baa2 on March 18, 2020, outlook stable (still within acceptable limit per PEI policy).</p> <p>Fears about the coronavirus have impacted US markets in a material way, causing steep drops in the stock markets and outlooks to turn negative on all S&P 500 sectors. This is impacting the remarketing of the System's VRDO's. The bonds and SWAPs are still in good standing. See footnote 5.</p>	<p>The energy industry necessitated action by the PEI Board of Directors to approve a policy accepting a lower credit rating than the System policy to qualify counterparties for physical hedges (forward purchases). This exception has been approved by the U of I System CFO in accordance with the University Policy.⁽³⁾ Rail Splitter is not rated but has provided a \$2.5 million LOC from HSBC Bank. TransAlta's rating declined below acceptable limits so they have provided a \$25,000 LOC from the Bank of Nova Scotia to meet policy qualifications.</p> <p>The swap agreements were approved by the Board of Trustees and executed prior to the policy. The collateral requirements for counterparties on the interest rate swaps are more risk tolerant than the System policy, however the current NTE exposure amounts are all within Policy limits.</p>	<p>Exelon, BP, EDF, and Direct Energy provide recourse through Credit or Adequate Assurances provisions if reasonable grounds exist regarding unsatisfactory creditworthiness or performance. It is incumbent upon PEI to monitor and request Performance Assurance if a rating change triggers the policy collateral requirements.</p> <p>The System and PEI policies require regular due diligence reviews of the financial strength of counterparties. It is the responsibility of the hedging transaction originator, System department or PEI, to review the related counterparties regularly in compliance with policy.</p>



-----In Millions-----

Responsible Unit/Dept	Counterparty	CSP Rated Entity/ Exchange	Bond Rating (S&P / Moody's)	Expires FY Range	Underlying Asset / Liability	Orig Contract	Current Notional / Contract	Market Value	*MTM or NTE	System Guarantee (Credit Limit)	PCG - LOC (Credit Limit)	Counterparty Threshold (Collateral Requirements)
Financial Hedges												
System Interest Rate Swaps												
			Qualifying Rating									
			A- / A3									
SO Capital Financing	Morgan Stanley Capital Services, Inc.	Morgan Stanley	BBB+ / A3	1/15/2022	UIC SC 2008	\$ 27.40	7.11		(0.38)			Rating Triggers Predate Policy
SO Capital Financing	JP Morgan Chase Bank, N.A.	JP Morgan Chase Bank, N.A.	A+ / Aa2	1/15/2022	UIC SC 2008	\$ 26.85	6.90		(0.37)			Rating Triggers Predate Policy
SO Capital Financing	Loop Financial Products, I. LLC	Deutsche Bank AG (CSP)	BBB+ / A3	10/1/2026	HSFS 2008	\$ 40.88	21.23		(2.55)			Rating Triggers Predate Policy
						SUBTOTAL SWAPS	\$ 95.13	35.23	(3.29)			
PEI Energy Futures Contracts												
SO Utilities Admin	INTL FCStone Financial Inc.	InterContinental Exchange (ICE)	A / A2	2020-2028	Natural Gas	\$ 12.69	10.18	8.86	(1.32)			None Exchange Traded
						SUBTOTAL FINANCIAL	\$ 107.82	45.41	(4.61)			
Physical Hedges												
			Qualifying Rating									
			BBB-/Baa3 or BB+/Ba1 with LOC or PCG									
SO Utilities Admin	BP Canada Energy Marketing Corp.	BP Corporation North America, Inc. (PCG)	A- / A2	2020-2024	Natural Gas	\$ 8.65	5.81	5.77	(0.04)	10.00	1.00	Adequate Assurance
SO Utilities Admin	Direct Energy Business Marketing	Centrica (PCG)	BBB / Baa2	2020-2022	Natural Gas	\$ 3.26	1.52	1.30	(0.22)	2.50	2.50	Adequate Assurance
SO Utilities Admin	EDF Energy Services, LLC	EDF Trading Limited (PCG)	NR / Baa2	2020-2022	Natural Gas	\$ 15.04	10.89	9.75	(1.14)	3.00	3.00	Adequate Assurance
SO Utilities Admin	Morgan Stanley Capital Group, Inc.	Morgan Stanley (PCG)	BBB+ / A3	2024-2025	Natural Gas	\$ 6.37	6.37	6.32	(0.05)	5.00	Unlimited	Rating Triggers
SO Utilities Admin	Shell Energy North America (US), L.P.	Shell Energy North America (US), L.P.	A+ / A2	2023	Natural Gas	\$ 2.54	2.54	2.28	(0.26)	5.00		Rating Triggers
SO Utilities Admin	Exelon Generation Company LLC	Exelon Generation Company LLC	BBB+ / Baa2	2020 - 2021	Electricity	\$ 0.41	0.27	0.21	(0.06)	5.00		Credit Assurance
SO Utilities Admin	Morgan Stanley Capital Group, Inc.	Morgan Stanley (PCG)	BBB+ / A3	2020-2023	Electricity	\$ 1.49	1.41	1.23	(0.18)	5.00	Unlimited	Rating Triggers
SO Utilities Admin	TransAlta Energy Marketing (US) Inc.	Scotia (LOC)	A+ / Aa2	2022	Electricity	\$ 0.13	0.13	0.13	0.00	2.50	0.025	LOC
SO Utilities Admin	Shell Energy North America (US), L.P.	Shell Energy North America (US), L.P.	A+ / A2	2020-2025	Electricity	\$ 1.15	0.64	0.52	(0.12)	5.00		Rating Triggers
SO Utilities Admin	Rail Splitter Wind Farm LLC	HSBC Bank USA, (LOC)	AA- / Aa3	2020-2027	Renewable	\$ 6.92	6.19	3.98	(2.21)	2.50	2.50	LOC
						SUBTOTAL PHYSICALS	\$ 45.96	35.77	31.49	(4.28)		
Solar PPAs												
UIUC Energy Services	Phoenix Solar South Farms ⁽²⁾			12/20/2025	Electricity Renewable	\$ 13.76	7.99		(10.04)			
						GRAND TOTAL	\$ 167.54	89.17	(18.93)			

*Negative termination value means the System or PEI is obligated to the counterparty (transaction is "underwater").

CP - Counterparty
 CSP - Credit Support Provider
 LOC - Letter of Credit

NTE - Net Termination Exposure
 PCG - Parental Company Guarantee
 PEI - Prairieland Energy Inc.

PPA - Power Purchase Agreement
 SO - System Offices
 WR - Withdrawn Rating

Footnotes:
 (1) Policy exceptions approved by the CFO for Agriculture Property Services (APS) forward grain sales include release from counterparty credit rating, contract form, and monthly reporting requirements. APS reported \$0 in outstanding forward sales contracts as of 02/29/2020.

(2) In Dec 2015, UIUC issued a Power Purchase Agreement (PPA) in conjunction with their Solar Farm I. ERM learned of the PPA in July 2019 and began reporting the derivative Oct 2019. Since there is no CP risk, a policy exception was approved by the CFO for (a) minimum counterparty credit rating requirement, (b) required parental guarantee or LOC, and (c) minimum market capitalization requirement.

(3) Policy exceptions approved by the CFO for PEI include less restrictive CP credit rating for forward purchases and corresponding collateral requirements. Allows for unrated CP to qualify with LOC.

(4) On 10/3/19, an Exception for Urbana Solar Farm 2.0 was approved by the PEI Treasurer qualifying Northern Cardinal Solar (NCS) as CP who was assigned the PPA from Sol Systems. Also qualified Capital Dynamics Clean Energy & Infrastructure as guarantor for NCS. Exception also approved, as allowed in the PPA, any unrated successor guarantor to qualify with \$100 million in tangible net worth. Anticipate Solar Farm 2.0 to be operational by 1/31/2021 or sooner, at which time delivery of solar power will begin and included in the derivatives report.

(5) Until recently, all of the System's Variable Rate Demand Obligations (VRDOs) have priced on a weekly basis fairly close to, or in step with, the index associated with their taxable status; tax-exempt bonds are targeted to match the weekly SIFMA index, and taxable debt is targeted to match the weekly reset of the 1-month Libor index. The weekly resets of these indices have been relatively steady with a six month average reset of 1.46% for SIFMA and 1.60% for Libor.

In late February to early March, COVID-19 was significantly impacting the global markets as the virus began to spread across the globe and economies, businesses and supply chains began to feel the effects of quarantines, social distancing and demand for supplies in hard hit countries around the world.

Fears about the coronavirus began impacting US markets in a material way in the beginning of March, causing steep drops in the stock markets and outlooks to turn negative on all S&P 500 sectors. 10-Year Treasury yields began to fall. With increased fears, domestic quarantines, social distancing and government mandated closures of non-essential businesses in large parts of the country, investors began to reach for liquidity by selling off securities and liquidating assets in an urgent demand for cash. Credit markets began to seize and short term markets reacted with sharp spikes to short term rates as outflows of cash increased dramatically. On March 11, SIFMA reset at 1.28%. However, on March 18th SIFMA reset at 5.20% with our short-term variable rates pricing between 4.35% and 6.99%.

Over the course of the month, Capital Financing staff have been in regular contact with financial advisors and banking partners to monitor the effect of rates on the pricing of the System's variable rate debt, and the remarketing success of the System's debt in the secondary market. During the week of the 18th, our remarketing agents had been forced to hold some of our bonds and the credit markets froze while rates became extraordinarily volatile. Since then, the government has been actively attempting to manage the financial crisis in the United States. In the following week, the Fed established the Money Market Mutual Fund Liquidity Facility, or MMLF, to allow for munis to be repoed to the Fed by primary dealers in an effort to create additional liquidity in the market. Days after its establishment, the MMLF program was expanded to include VRDOs such as the U of I System's. Additionally, Congress passed a \$2 trillion stimulus package which included relief to the municipal markets by allowing the Federal Reserve to purchase all types of municipal bonds, as well as stimulus funds that would directly help health and academic organizations like the U of I System.

Since then, the credit markets have begun to thaw. The Fed's actions to mitigate the crisis were taken early and aggressively, and appear to be well received. The stimulus package has also helped generate ease in the markets as well. Unfortunately, the rating agencies have published negative outlooks on all municipal financial sectors. The coming weeks have a great deal of unknown variables that could shift the market considerably in a short period of time. There is considerable speculation of a coming recession.

The variable rate bonds and related SWAPs are still in good standing. Capital Financing staff continue to carefully monitor the trading activity of the U of I System's bonds, and meet with advisors and market experts. A brief summary of the recent pricing history on the System's VRDOs is provided below for context. Capital Financing staff are considering all options as market conditions evolve, including the opportunity to refund variable rate notes with fixed rate notes should the opportunity arise and be deemed favorable.

	<u>SIFMA</u>	<u>LIBOR</u>	<u>HSFS 1997B</u>	<u>HSFS 2008</u>	<u>UICSC 2008</u>	<u>AFS 2014C</u>
3/4/2020	1.25%	1.38%	1.30%	1.24%	1.30%	1.38%
3/11/2020	1.28%	0.81%	1.30%	1.29%	1.30%	1.18%
3/18/2020	5.20%	0.75%	4.35%	6.99%	4.35%	3.98%
3/25/2020	4.71%	0.92%	5.00%	4.00%	5.00%	1.68%
4/1/2020	1.83%	0.99%	2.00%	1.48%	2.00%	1.53%
6 Month Ave	1.46%	1.60%	1.50%	1.49%	1.50%	1.77%
6 Month Max	5.20%	2.01%	5.00%	6.99%	5.00%	3.98%
Principal O/S			\$ 9,200,000	\$ 21,400,000	\$ 14,005,000	\$ 31,000,000
Final Maturity			10/1/2026	10/1/2026	1/15/2022	4/1/2044