

Kentucky Municipal Energy Agency

March 23, 2017 10:00 AM

Bowling Green Municipal Utility 801 Center St, Bowling Green, KY 42101

Attendance Taken at 10:18 AM:

Present Board Members:

Josh Callihan
Vent Foster
Ronald Herd
Chris Melton
Terrance Naulty
Mr. Kevin Crump (Proxy for Mike Withrow)
Ed Fortner

Absent Board Members:

Eddie Gooch
Phillip King
Chrissy O'Hara
Carl Shoupe
Mike Withrow

A. MEETING OPENING

Discussion:

In addition to the Board members, the following were present at the meeting:

John Painter (nFront)
Brown Thornton (NewGen Strategies and Solutions)
Tom Trauger (Spiegel & McDiarmid)
Fred Haddad (nFront)
Charles Musson (Rubin & Hays)
Pat Pace
Rob Leesman (OMU)
Heather Overby (KMPA)
Mike Mace (PFM, via teleconference for portion of meeting)

B. REPORTS

B.1. Executive Committee Report

B.2. Financial Report

Discussion:

Terry Naulty presented the Treasurer's Report. Discussion regarding report and addition member assessments followed.

Motion Passed: Motion to accept Financial Report passed with a motion by Josh Callihan and a second by Chris Melton.

7 Yeas - 0 Nays.

Josh Callihan	Yes
Vent Foster	Yes
Ronald Herd	Yes
Chris Melton	Yes
Terrance Naulty	Yes
Mr. Kevin Crump	Yes

(Proxy for Mike Withrow)
 Ed Fortner Yes
 Eddie Gooch Absent
 Carl Shoupe Absent
 Phillip King Absent
 Chrissy O'Hara Absent

C. ITEMS PRESENTED FOR ACTION AT THIS MEETING

C.1. Admin Services from KMPA Staff

Rationale:

This will be an update from Heather on activities in the past month and planned for the coming month.

To allow discussion of certain matters with Heather, a Non-Disclosure Agreement (NDA) is needed between KMPA and KyMEA.

Discussion:

Heather Overby presented an update on KyMEA activities during the previous month. Discussion on the need for an external audit RFP and on a legal opinion on KyMEA's potential status as a Special Purpose Entity followed. Charlie Musson will prepare a resolution for the Board waiving the KyMEA Bylaws requirement for an annual audit. Ms. Overby will circulate a draft financial audit RFP and a list of potential CPA firms.

Motion Passed: Motion for authorization for the Chairman to execute the proposed NDA passed with a motion by Terrance Naulty and a second by Ed Fortner.

7 Yeas - 0 Nays.

Josh Callihan Yes
 Vent Foster Yes
 Ronald Herd Yes
 Chris Melton Yes
 Terrance Naulty Yes
 Mr. Kevin Crump Yes
 (Proxy for Mike Withrow)
 Ed Fortner Yes
 Eddie Gooch Absent
 Carl Shoupe Absent
 Phillip King Absent
 Chrissy O'Hara Absent

Motion Passed: Motion for Heather Overby to obtain KyMEA laptop subject to approval by Treasurer passed with a motion by Terrance Naulty and a second by Josh Callihan.

7 Yeas - 0 Nays.

Josh Callihan Yes
 Vent Foster Yes
 Ronald Herd Yes

Chris Melton	Yes
Terrance Naulty	Yes
Mr. Kevin Crump (Proxy for Mike Withrow)	Yes
Ed Fortner	Yes
Eddie Gooch	Absent
Carl Shoupe	Absent
Phillip King	Absent
Chrissy O'Hara	Absent

C.2. Transmission Arrangements Update/NITSA and NOA

Rationale:

We plan to discuss the Service Agreement for Network Integration Services ("NITSA") and Network Operating Agreement ("NOA") proposed by LGE/KU. These agreement are expected to be in place 30 days prior to May 1, 2017 for KyMEA to provide transmission services to Benham and Berea commencing on May 1.

We also anticipate providing a status report regarding the ongoing transmission service applications.

LGE/KU transmission system

MISO transmission system

EKPC (or PJM) transmission system (for Falmouth)

We plan to seek approval for the Chairman to execute the proposed NITSA and NOA.

The proposed NOA includes term and conditions that have been proposed by LGE/KU to FERC, but not yet approved. As a result, the action requested may be to direct that LGE/KU be notified by KyMEA to file the proposed NOA in unexecuted form, as is permitted by FERC procedures.

Discussion:

Brown Thornton presented the Network Integration Services and Network Operating Agreements proposed by LGE/KU. Discussion followed.

Motion Passed: Motion to authorize the Chairman to execute NITSA and NOA between KyMEA and LGE/KU subject to such minor changes as approved by the Chairman or in the alternative the Chairman is authorized to direct LGE/KU to file unexecuted agreements with FERC if recommended by legal counsel. passed with a motion by Ed Fortner and a second by Josh Callihan.

6 Yeas - 0 Nays - 1 Abstained.

Josh Callihan	Yes
Vent Foster	Yes
Ronald Herd	Yes
Chris Melton	Yes

Terrance Naulty	Abstain
Mr. Kevin Crump (Proxy for Mike Withrow)	Yes
Ed Fortner	Yes
Eddie Gooch	Absent
Carl Shoupe	Absent
Phillip King	Absent
Chrissy O'Hara	Absent

C.3. Cooperative Purchasing Agreement

Rationale:

A Cooperative Purchasing Agreement has been developed that would allow KyMEA Members to meet obligations under KY procurement related statutes by contracting with a 3rd party pursuant to a procurement process conducted by KyMEA.

For instance, this Agreement would enable OMU to contract for a NGCC resource or another Member to contract for a renewable resource as a result of competitive RFP processes undertaken by KyMEA.

Motion Passed: Motion to adopt Resolution and approve Cooperative Purchasing Agreement with KyMEA Members. passed with a motion by Terrance Naulty and a second by Chris Melton.

7 Yeas - 0 Nays.

Josh Callihan	Yes
Vent Foster	Yes
Ronald Herd	Yes
Chris Melton	Yes
Terrance Naulty	Yes
Mr. Kevin Crump (Proxy for Mike Withrow)	Yes
Ed Fortner	Yes
Eddie Gooch	Absent
Carl Shoupe	Absent
Phillip King	Absent
Chrissy O'Hara	Absent

C.4. Projected Costs and Funding Plan through June 2019

Rationale:

A projection has been made of the costs that KyMEA is expected to incur through June 2019 to complete its implementation plan and a plan for funding those costs from a bank borrowing program and assessments to KyMEA Members.

The cost estimates and funding plans will be reviewed with the Board. Input has been received from the Executive Committee.

Discussion:

John Painter presented the cost planning estimate for KyMEA. Discussion followed. Mr. Painter will work with the consulting group and Ms. Overby to develop a KyMEA Budget for FY18, a Business Plan, and the next member financial assessment.

D. DISCUSSION AGENDA

D.1. Initial Credit Rating Application Process Update

Rationale:

The PPAs allow the counterparties to require KyMEA to post a LOC in the event that KyMEA does not have an investment grade credit rating. Deadlines to provide proof of that rating in March 2017. The counterparties may or may not insist on that credit support being posted if KyMEA misses that deadline.

A presentation was made to Fitch on 3/15/2017 by a team of KyMEA AR Members and advisors. A copy of that Presentation is provided for the Board's information.

Mike Mace will be available by phone to provide an update and answer any questions that the Board may have about the ongoing process.

Discussion:

Mike Mace gave an update on KyMEA's credit rating process. Discussion followed. Fitch may need additional information from some members. Mr. Thornton is in the process of gathering this information and will provide to rating agency. A follow-up call with Frankfort Plant Board will be scheduled. Mr. Mace will provide topics to Vent Foster prior to call.

D.2. SEPA Update

Rationale:

At the request of Frankfort Plant Board, a fresh look has been taken on ways to improve SEPA results between now and May 1, 2019. We will provide a brief explanation of the results of that effort.

Discussion:

Mr. Thornton presented an update on SEPA. Discussion followed.

D.3. RFP for Renewable Capacity and Energy

Rationale:

The RFP for Renewable resources was published on March 1, 2017. We will provide a brief update regarding interest in the RFP from potential proposers.

A copy of the final RFP and related notices and advertisements have been upload to the portal for the Board's information.

Discussion:

Mr. Painter and Mr. Haddad provided an update on KyMEA's RFP for Renewable Capacity and Energy. Discussion followed.

D.4. Initial Risk Management Policy to Meet MISO requirements

Rationale:

A draft of the subject Risk Management Policy has been prepared and will be discussed with the Board.

We anticipate that the Board would be asked to approve the policy at the April meeting.

Discussion:

Mr. Thornton provided an update on KyMEA's Risk Management Policy and the need for a Risk Management Committee to be formed at the next KyMEA meeting.

Discussion followed.

D.5. Metering Requirement Assessment

Rationale:

An assessment of existing metering equipment and metering requirements is being prepared as a precursor to establishing a plan and budget for obtaining and installing necessary metering and telecommunications equipment that must be in place by May 2019.

Discussion:

Mr. Painter and Mr. Haddad provided an update on metering requirements.

D.6. KyMEA Agreement with AMP Regarding Transmission Scheduling

Rationale:

An agreement between KyMEA and AMP authorizing AMP to be KyMEA's transmission services scheduling agent for deliveries to Paris and Benham during the two-year period from May 1, 2017 through April 30, 2019 was discussed at the February Board meeting. Since the February meeting, we have discussed the proposed agreement with AMP and have made certain modifications. We are expect to have received final comments and approval of that agreement from AMP.

Discussion:

Tom Trauger presented the executed agreements between KyMEA and AMP which were approved at previous meeting.

E. CONSENT AGENDA

E.1. Approve Minutes of 2/23/2017 Regular Meeting

Motion Passed: Approve minutes of 2/23/2017 meeting of the Kentucky Municipal Energy Agency Board of Directors passed with a motion by Terrance Naulty and a second by Mr. Kevin Crump (Proxy for Mike Withrow).

7 Yeas - 0 Nays.

Josh Callihan	Yes
Vent Foster	Yes
Ronald Herd	Yes
Chris Melton	Yes
Terrance Naulty	Yes
Mr. Kevin Crump (Proxy for Mike Withrow)	Yes
Ed Fortner	Yes
Eddie Gooch	Absent
Carl Shoupe	Absent
Phillip King	Absent
Chrissy O'Hara	Absent

F. UPCOMING MEETINGS

Rationale:

The KyMEA Board of Directors shall hold its regular meetings on the fourth Thursday of each month, except for the months of November and December when the regular meeting shall be held on the third Thursday.

The regular meetings shall convene and commence at 10:00 AM Central time on said dates.

The regular meetings shall held at the Bowling Green Municipal Utility located at 801 Center St, Bowling Green, KY 42101 in Bowling Green, Kentucky or at such location to be designated by the Board.

April 27, 2017 Thursday 10:00AM Lexington?? Thursday the 27th may conflict with the KMUA meeting on the 27th and 28th. Would it be best to change the meeting day to Wednesday the 26th and move it to Lexington to assit members in being able to attend the KMUA functions?

May 25, 2017 Thursday 10:00AM Central Time, Bowling Green Municipal Utility

Discussion:

The next meeting will take place on Wednesday, April 26, 2017 at 11:00 am EST in Lexington, KY. Location to be announced as finalized by Ms. Overby.

G. Other Old and New Business

Discussion:

Mr. Naulty gave an update on the search for an executive recruitment firm to aid KyMEA in its search for a President. The two firms initially contacted indicated each would provide a listing, but not the position description, as well as a long candidate list, a short candidate list, and a compensation recommendation. The estimated time to complete search is five months.

G.1. KyMEA President Recruitment

Discussion:

Mr. Naulty gave an update on the search for an executive recruitment firm to aid KyMEA in its search for a President. The two firms initially contacted indicated each would provide a listing, but not the position description, as well as a long candidate list, a short candidate list, and a compensation recommendation. The estimated time to complete search is five months.

Motion Passed: Motion to develop an RFP, gain consent from full KyMEA Board via email, issue RFP, and provide responses at April Board Meeting. passed with a motion by Terrance Naulty and a second by Vent Foster.

7 Yeas - 0 Nays.

Josh Callihan	Yes
Vent Foster	Yes
Ronald Herd	Yes
Chris Melton	Yes
Terrance Naulty	Yes
Mr. Kevin Crump	Yes
(Proxy for Mike Withrow)	
Ed Fortner	Yes
Eddie Gooch	Absent
Carl Shoupe	Absent
Phillip King	Absent
Chrissy O'Hara	Absent

G.2. Berea Seasonal Capacity need

Discussion:

Mr. Thornton discussed the need for seasonal purchase capacity for Berea. He will develop an arrangement for KyMEA to sell seasonal capacity to Berea for presentation to the Board.

H. CLOSED SESSION PURSUANT TO KRS 61.810 (1)(k) and 61.878 (1)(c) for the purpose of discussion of (i) updated negotiations to the proposed power supply agreement submitted in response to KyMEA's RFP for natural gas-fueled power supply resources issued in September 2015 and potential alternatives to such responses and (ii) indicative proposals and alternatives for providing 30 day short term power supply agreements for the month of May, 2019 to All Requirements Members. The receipt of indicative proposals for natural gas-fueled power supply resources and indicative proposals and alternatives for a one month short term supply included commitments to not disclose proposal terms and provisions to competitors. KRS 61.810(1)(k) and 61.878(1)(c) allow for closed session where discussions regarding records or information disclosed to the agency or required to be disclosed to the agency as confidential or proprietary would, if disclosed by the agency, provide an unfair advantage to competitors of the entity disclosing such information

Rationale:

CLOSED SESSION PURSUANT TO KRS 61.810 (1)(k) and 61.878 (1)(c) for the purpose of discussion of (i) updated negotiations to the proposed power supply agreement submitted in response to KyMEA's RFP for natural gas-fueled power supply resources issued in September 2015 and potential alternatives to such responses and (ii) indicative proposals and alternatives for providing 30 day short term power supply agreements for the month of May, 2019 to All Requirements Members. The receipt of indicative proposals for natural gas-fueled power supply resources and indicative proposals and alternatives for a one month short term supply included commitments to not disclose proposal terms and provisions to competitors. KRS 61.810(1)(k) and 61.878(1)(c) allow for closed session where discussions regarding records or information disclosed to the agency or required to be disclosed to the agency as confidential or proprietary would, if disclosed by the agency, provide an unfair advantage to competitors of the entity disclosing such information

Motion Passed: Approval to enter into Closed Session pursuant to KRS 61.810 (1)(k) and 61.878 (1)(c) for the purpose of discussion of (i) updated negotiations to the proposed power supply agreement submitted in response to KyMEA's RFP for natural gas-fueled power supply resources issued in September 2015 and potential alternatives to such responses and (ii) indicative proposals and alternatives for providing 30 day short term power supply agreements for the month of May, 2019 to All Requirements Members. The receipt of indicative proposals for natural gas-fueled power supply resources and indicative proposals and alternatives for a one month short term supply included commitments to not disclose proposal terms and provisions to competitors. KRS 61.810(1)(k) and 61.878(1)(c) allow for closed session where discussions regarding records or information disclosed to the agency or required to be disclosed to the agency as confidential or proprietary would, if disclosed by the agency, provide an unfair advantage to competitors of the entity disclosing such information passed with a motion by Terrance Naulty and a second by Josh Callihan.

7 Yeas - 0 Nays.

Josh Callihan	Yes
Vent Foster	Yes

Ronald Herd	Yes
Chris Melton	Yes
Terrance Naulty	Yes
Mr. Kevin Crump	Yes
(Proxy for Mike Withrow)	
Ed Fortner	Yes
Eddie Gooch	Absent
Carl Shoupe	Absent
Phillip King	Absent
Chrissy O'Hara	Absent

I. RETURN TO OPEN SESSION

Motion Passed: Approval to return to Open Session passed with a motion by Ed Fortner and a second by Chris Melton.

7 Yeas - 0 Nays.

Josh Callihan	Yes
Vent Foster	Yes
Ronald Herd	Yes
Chris Melton	Yes
Terrance Naulty	Yes
Mr. Kevin Crump	Yes
(Proxy for Mike Withrow)	
Ed Fortner	Yes
Eddie Gooch	Absent
Carl Shoupe	Absent
Phillip King	Absent
Chrissy O'Hara	Absent

J. ITEMS PRESENTED FOR ACTION AS A RESULT OF CLOSED SESSION

Motion Passed: Motion to approve Resolution to approve Resolution making determinations and findings relating to professional services passed with a motion by Terrance Naulty and a second by Vent Foster.

7 Yeas - 0 Nays.

Josh Callihan	Yes
Vent Foster	Yes
Ronald Herd	Yes
Chris Melton	Yes
Terrance Naulty	Yes
Mr. Kevin Crump	Yes
(Proxy for Mike Withrow)	
Ed Fortner	Yes
Eddie Gooch	Absent
Carl Shoupe	Absent
Phillip King	Absent
Chrissy O'Hara	Absent

J.1. Consider Approval of Actions Necessary to Carry Out Closed Session Directives.

Motion Passed: Motion to publish RFP for natural gas generation and approve resolution with preliminary results available at May Board Meeting passed with a motion by Vent Foster and a second by Josh Callihan.

6 Yeas - 0 Nays - 1 Abstained.

Josh Callihan	Yes
Vent Foster	Yes
Ronald Herd	Yes
Chris Melton	Yes
Terrance Naulty	Abstain
Mr. Kevin Crump	Yes
(Proxy for Mike Withrow)	
Ed Fortner	Yes
Eddie Gooch	Absent
Carl Shoupe	Absent
Phillip King	Absent
Chrissy O'Hara	Absent

K. ADJOURNMENT

Motion Passed: Motion to adjourn passed with a motion by Ed Fortner and a second by Josh Callihan.

7 Yeas - 0 Nays.

Josh Callihan	Yes
Vent Foster	Yes
Ronald Herd	Yes
Chris Melton	Yes
Terrance Naulty	Yes
Mr. Kevin Crump	Yes
(Proxy for Mike Withrow)	
Ed Fortner	Yes
Eddie Gooch	Absent
Carl Shoupe	Absent
Phillip King	Absent
Chrissy O'Hara	Absent

Chairperson

Secretary