

**Kentucky Municipal Energy Agency**

August 24, 2017 10:00 AM

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

**Attendance Taken at 10:41 AM:**

Present Board Members:

Josh Callihan  
Ronald Herd  
Chris Melton  
Mr. Rob Leesman (Proxy for Terrance Naulty)  
Mike Withrow  
Herbbie Bannister  
Ed Fortner

Absent Board Members:

Eddie Gooch  
Phillip King  
Terrance Naulty  
Chrissy O'Hara  
Carl Shoupe

**A. MEETING OPENING**

**B. REPORTS**

**B.1. Executive Committee Report**

**B.2. Financial Report**

**Motion Passed:** Motion to approve Treasurer's report. Passed with a motion by Mike Withrow and a second by Ed Fortner.

**7 Yeas - 0 Nays.**

Josh Callihan	Yes
Ronald Herd	Yes
Chris Melton	Yes
Mr. Rob Leesman	Yes
(Proxy for Terrance Naulty)	
Mike Withrow	Yes
Eddie Gooch	Absent
Carl Shoupe	Absent
Phillip King	Absent
Chrissy O'Hara	Absent
Herbbie Bannister	Yes
Ed Fortner	Yes

**C. Consent Agenda**

**C.1. Approve Minutes**

Rationale:

KyMEA Board Meeting minutes July 26, 2017 and June 22,2017 amended minutes.

**Motion Passed:** Motion to approve KyMEA minutes from July, 2017 passed with a motion by Ed Fortner and a second by Josh Callihan.

**7 Yeas - 0 Nays.**

Josh Callihan	Yes
Ronald Herd	Yes
Chris Melton	Yes
Mr. Rob Leesman	Yes
(Proxy for Terrance Naulty)	
Mike Withrow	Yes
Eddie Gooch	Absent
Carl Shoupe	Absent
Phillip King	Absent
Chrissy O'Hara	Absent
Herbbie Bannister	Yes
Ed Fortner	Yes

**D. Discussion Agenda**

**D.1. Interim CFO Update**

Rationale:

Update on CFO Activities  
KyMEA accounting software  
Member Statements

**D.2. KyMEA Working Capital**

Rationale:

Discussion of KyMEA working capital needs due to timing of transmission invoices and LGE/KU depancaking payment.

**D.3. FPB Review of AR Contracts and PPAs**

Rationale:

The response to FPB's motions has been finalized and delivered to FPB. A copy of the response has been uploaded to the portal.

This will be a brief discussion regarding the ongoing effort to address questions raised by FPB.

Discussion:

Motion made by Herbbie Bannister for KyMEA to use the Kentucky State Auditor's Office to perform its external financial and compliance audit. Motion failed for lack of second.

**Motion Passed:** Motion to accept and file the attached Frankfort Plant Board Confidentiality Policy. Passed with a motion by Mike Withrow and a second by Herbbie Bannister.

**7 Yeas - 0 Nays.**

Josh Callihan	Yes
Ronald Herd	Yes
Chris Melton	Yes
Mr. Rob Leesman	Yes
(Proxy for Terrance Naulty)	
Mike Withrow	Yes
Eddie Gooch	Absent
Carl Shoupe	Absent
Phillip King	Absent
Chrissy O'Hara	Absent
Herbbie Bannister	Yes
Ed Fortner	Yes

**Motion Passed:** Motion to advise the KyMEA Executive Selection Committee of Frankfort Plant Board's recommendation on CEO compensation. Passed with a motion by Herbbie Bannister and a second by Ed Fortner.

**7 Yeas - 0 Nays.**

Josh Callihan	Yes
Ronald Herd	Yes
Chris Melton	Yes
Mr. Rob Leesman	Yes
(Proxy for Terrance Naulty)	
Mike Withrow	Yes
Eddie Gooch	Absent
Carl Shoupe	Absent
Phillip King	Absent
Chrissy O'Hara	Absent
Herbbie Bannister	Yes
Ed Fortner	Yes

**Motion Passed:** Motion to Resolve that KyMEA's Board appreciates and acknowledges Frankfort Plant Board's offer of office and meeting space. KyMEA Board will take that offer under consideration when it determines that it needs office and meeting facilities. Passed with a motion by Herbbie Bannister and a second by Chris Melton.

**7 Yeas - 0 Nays.**

Josh Callihan	Yes
Ronald Herd	Yes
Chris Melton	Yes
Mr. Rob Leesman	Yes
(Proxy for Terrance Naulty)	
Mike Withrow	Yes
Eddie Gooch	Absent
Carl Shoupe	Absent
Phillip King	Absent
Chrissy O'Hara	Absent

Herbbie Bannister            Yes  
Ed Fortner                    Yes

**Motion Passed:** Motion to Resolve that KyMEA's Board acknowledges Frankfort Plant Board's concerns regarding retirement benefits for its employees and refers the matter to the Chairman's Selection Committee. Passed with a motion by Ed Fortner and a second by Chris Melton.

**7 Yeas - 0 Nays.**

Josh Callihan                Yes  
Ronald Herd                  Yes  
Chris Melton                 Yes  
Mr. Rob Leesman             Yes  
(Proxy for Terrance Naulty)  
Mike Withrow                 Yes  
Eddie Gooch                  Absent  
Carl Shoupe                  Absent  
Phillip King                 Absent  
Chrissy O'Hara               Absent  
Herbbie Bannister            Yes  
Ed Fortner                    Yes

**D.4. Transmission Arrangements**

Rationale:

This will be a brief update on the transmission arrangements with:

LGE/KU            - Arrangements for Falmouth, return of security prepayment  
MISO              - Return of MISO Security payment

**E. ITEMS PRESENTED FOR ACTION AT THIS MEETING**

**E.1. Credit Facility/Banking Relationship**

Rationale:

Description:

Agreements required to implement the credit facility and establish a new banking relationship have been developed.

Action Requested:

We expect to request that the Board approve a Resolution authorizing execution of credit facility and new banking relationship agreements.

**Motion Passed:** Motion to approve the attached Resolution authorizing execution of credit facility. Passed with a motion by Josh Callihan and a second by Mike Withrow.

**6 Yeas - 0 Nays - 1 Abstained.**

Josh Callihan                Yes

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

**Motion Passed:** Motion to approve the attached Resolution new banking relationship agreements. Passed with a motion by Mike Withrow and a second by Josh Callihan.

**6 Yeas - 0 Nays - 1 Abstained.**

Josh Callihan	Yes
Ronald Herd	Yes
Chris Melton	Yes
Mr. Rob Leesman	Yes
(Proxy for Terrance Naulty)	
Mike Withrow	Yes
Eddie Gooch	Absent
Carl Shoupe	Absent
Phillip King	Absent
Chrissy O'Hara	Absent
Herbbie Bannister	Yes
Ed Fortner	Abstain

**E.2. Seasonal (Winter) Sale to Berea from AR Members**

Rationale:

Berea would like to purchase capacity from the AR Project during the winter months for 5 years beginning for the winter of 2019/2020. At the July Board meeting, transaction concepts were discussed and the Board directed that a proposed agreement be drafted.

A potential power sales contract has been prepared.

Action Requested:

The Board will be asked to authorize discussion of the draft contract with Berea.

**Motion Passed:** Motion to authorize discussion of draft capacity sale contract with Berea. Passed with a motion by Herbbie Bannister and a second by Mike Withrow.

**7 Yeas - 0 Nays.**

Josh Callihan	Yes
Ronald Herd	Yes

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

**E.3. RFP Process to Obtain an Audit (combined FY2016 and 2017)**

Rationale:

Description:

KyMEA needs to conduct an audit to meet various contractual and other needs. At its July meeting, the KyMEA Board authorize issuance of a proposed RFP to obtain services of an auditor.

An RFP has been sent to selected firms and proposals are due just prior to the Board meeting. We anticipate reviewing proposals received with the Board and presenting a recommendation regarding selection of an auditor.

Action Requested:

We expect to be in a position for the Board to consider proposals and make a selection of an auditor.

**Motion Passed:** Motion to select to perform Financial Audit Services to KyMEA for the fiscal years 2016 and 2017. Passed with a motion by Ed Fortner and a second by Josh Callihan.

**6 Yeas - 1 Nays.**

Josh Callihan	Yes
Ronald Herd	Yes
Chris Melton	Yes
Mr. Rob Leesman	Yes
(Proxy for Terrance Naulty)	
Mike Withrow	Yes
Eddie Gooch	Absent
Carl Shoupe	Absent
Phillip King	Absent
Chrissy O'Hara	Absent
Herbbie Bannister	No
Ed Fortner	Yes

**E.4. Votes for KyMEA Members to be used if Weighed Voting is Requested**

Rationale:

Description:

Under KyMEA' bylaws, once each year, the number of votes for each Member to be used in the event of a weighed vote are to be updated using energy requirements from the prior KyMEA fiscal year. At the July meeting, the percentages used to allocate costs among the Members were updated based on FY ended June 2017 energy requirements, but the number of votes for each Member were not.

**Action Requested:**

We expect to ask the Board to approve an updated schedule of Votes for each Member.

**Motion Passed:** Motion to approve updated schedule of votes for each member. Passed with a motion by Herbbie Bannister and a second by Chris Melton.

**7 Yeas - 0 Nays.**

Josh Callihan	Yes
Ronald Herd	Yes
Chris Melton	Yes
Mr. Rob Leesman	Yes
(Proxy for Terrance Naulty)	
Mike Withrow	Yes
Eddie Gooch	Absent
Carl Shoupe	Absent
Phillip King	Absent
Chrissy O'Hara	Absent
Herbbie Bannister	Yes
Ed Fortner	Yes

**E.5. Update on Executive Search**

**Rationale:**

Group: KyMEA Board

Presenters: Heather Overby and Brown Thornton

**Description:**

The Board needs to establish a search committee consisting of normal attending members whose representatives have not applied for the position, to review the job description and applications, and to prepare a recommendation to the Board regarding the CEO.

**Motion Passed:** Motion to approve search committee for KyMEA President consisting of Herbbie Bannister, Ed Fortner, Chris Melton, Mike Withrow, and Ronald Herd. Passed with a motion by Ed Fortner and a second by Herbbie Bannister.

**7 Yeas - 0 Nays.**

Josh Callihan	Yes
Ronald Herd	Yes
Chris Melton	Yes
Mr. Rob Leesman	Yes
(Proxy for Terrance Naulty)	
Mike Withrow	Yes

Eddie Gooch	Absent
Carl Shoupe	Absent
Phillip King	Absent
Chrissy O'Hara	Absent
Herbbie Bannister	Yes
Ed Fortner	Yes

**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 be 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.

Thursday, September 28, 2017, 10:00AM Central Time, Bowling Green Municipal Utility

Wednesday, October 25, 2017, Time and Location TBA - Somerset, KY?

Wednesday, November 15, 2017, 10:00AM Central Time, Bowling Green Municipal Utility

**G. CLOSED SESSION - 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 -

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

Approval to enter into Closed Session pursuant to KRS 61.810 (1)(k) and 61.878 (1)(c) for the purpose of:

- (i) discussing and updating indicative proposals and alternatives for providing 31 day short term power supply agreements for the month of May, 2019 to All Requirements Members;
- (ii) presenting and discussing the proposals received in response to the RFP for Renewable Resources; and
- (iii) presenting and discussing information of interest from potential proposers to the Natural Gas/Combined Cycle Resource RFP.

**Motion Passed:** Motion for approval to enter into Closed Session pursuant to KRS 61.810 (1)(k) and 61.878 (1)(c) for the purpose of:(i) discussing and updating indicative proposals and alternatives for providing 31 day short term power supply agreements for the month of May, 2019 to All Requirements Members;(ii) presenting and discussing the proposals received in response to the RFP for



Renewable Resources; and(iii) presenting and discussing information of interest from potential proposers to the Natural Gas/Combined Cycle Resource RFP.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 Herbbie Bannister and a second by Josh Callihan.

**7 Yeas - 0 Nays.**

Josh Callihan	Yes
Ronald Herd	Yes
Chris Melton	Yes
Mr. Rob Leesman	Yes
(Proxy for Terrance Naulty)	
Mike Withrow	Yes
Eddie Gooch	Absent
Carl Shoupe	Absent
Phillip King	Absent
Chrissy O'Hara	Absent
Herbbie Bannister	Yes
Ed Fortner	Yes

**H. RETURN TO OPEN SESSION**

**Motion Passed:** Approval to return to Open Session passed with a motion by Mike Withrow and a second by Herbbie Bannister.

**7 Yeas - 0 Nays.**

Josh Callihan	Yes
Ronald Herd	Yes
Chris Melton	Yes
Mr. Rob Leesman	Yes
(Proxy for Terrance Naulty)	
Mike Withrow	Yes
Eddie Gooch	Absent
Carl Shoupe	Absent
Phillip King	Absent
Chrissy O'Hara	Absent
Herbbie Bannister	Yes
Ed Fortner	Yes

**I. Any Actions related to Matters Discussed in Closed Session**

**J. OTHER BUSINESS**

**K. ADJOURNMENT**

**Motion Passed:** Motion to adjourn passed with a motion by Josh Callihan and a second by Chris Melton.

**7 Yeas - 0 Nays.**

Josh Callihan	Yes
Ronald Herd	Yes
Chris Melton	Yes
Mr. Rob Leesman	Yes
(Proxy for Terrance Naulty)	
Mike Withrow	Yes
Eddie Gooch	Absent
Carl Shoupe	Absent
Phillip King	Absent
Chrissy O'Hara	Absent
Herbbie Bannister	Yes
Ed Fortner	Yes

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Chairperson

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Secretary