

Kentucky Municipal Energy Agency

May 24, 2018 10:00 AM

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

Attendance Taken at 11:15 AM:

Present Board Members:

Josh Callihan
Ronald Herd
Chris Melton
David Denton
Ed Fortner
Kevin Frizzell

Absent Board Members:

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

Other Attendees:

Michelle Hixon
Heather Overby
Charles Musson
Tom Trauger
Bill Tom Stone
Doug Buresh
Ed Fortner
Rob Leesman
Pat Pace
David Denton
Brown Thornton
Fred Haddard
John Painter

A. MEETING OPENING

A.1. Guest Introductions - Chairman Ron Herd introduced and welcomed Bill Tom Stone the general manager of the Vanceburg Electric Plant Board.

B. REPORTS

B.1. Executive Committee Report

B.2. Financial Report

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

6 Yeas - 0 Nays.

| | |
|---------------|--------|
| Josh Callihan | Yes |
| Ronald Herd | Yes |
| Chris Melton | Yes |
| Mike Withrow | Absent |
| Eddie Gooch | Absent |
| Carl Shoupe | Absent |
| Phillip King | Absent |

| | |
|----------------|--------|
| Chrissy O'Hara | Absent |
| David Denton | Yes |
| Ed Fortner | Yes |
| Kevin Frizzell | Yes |

C. CONSENT AGENDA

C.1. Approve Minutes

Motion Passed: Motion to approve the minutes with reflecting Kevin Howard as Proxy for Ed Fortner. Passed with a motion by Ed Fortner and a second by David Denton.

6 Yeas - 0 Nays.

| | |
|----------------|--------|
| Josh Callihan | Yes |
| Ronald Herd | Yes |
| Chris Melton | Yes |
| Mike Withrow | Absent |
| Eddie Gooch | Absent |
| Carl Shoupe | Absent |
| Phillip King | Absent |
| Chrissy O'Hara | Absent |
| David Denton | Yes |
| Ed Fortner | Yes |
| Kevin Frizzell | Yes |

D. DISCUSSION AGENDA

D.1. Annual Meeting

Rationale:

This meeting is designated as the Annual Meeting of KyMEA.

According to the Bylaws,

At or prior to the Annual Meeting, KyMEA is to adopt Capital and Operating Budgets. (Both were adopted at last month's Board meeting.)

Election of officers is to occur every two years. (The next schedule election of officers would occur at the 2019 Annual Meeting.)

D.2. Update from KyMEA's CEO Regarding Ongoing Activities

Rationale:

Doug presented an update on activities during the past month and plans for the coming month.

D.3. Update from KyMEA's Interim CFO Regarding Ongoing Activities

Rationale:

Heather presented an update on activities during the past month and plans for the coming month.

D.4. Transmission Arrangements

Rationale:

A potential filing has been drafted and pre-filing discussions have occurred related to special arrangements for transmitting power from the LGE/KU system through PJM to Falmouth.

LGE/KU has proposed to remove provisions of the Depancaking Agreement.

Due to potential litigation and administrative proceedings, both topics to be addressed in Closed Session.

E. ITEMS PRESENTED FOR ACTION AT THIS MEETING

E.1. Delivery Point Metering Transition Plan

Rationale:

Brown Thornton presented an update regarding delivery point metering and communications plan and schedule for facilities and arrangements needed for KyMEA to begin testing systems in January 2019 and providing and billing for service in May 2019.

There was presented and discussed a proposed MOU with LGE/KU regarding a communication survey to be done to determine the data communication approach to be used.

Motion Passed: The Board was asked to delegate to the President of KyMEA the authority to execute documents needed to implement the delivery point transition plan with updates to be provided at subsequent Board meetings. Passed with a motion by Chris Melton and a second by David Denton.

6 Yeas - 0 Nays.

| | |
|----------------|--------|
| Josh Callihan | Yes |
| Ronald Herd | Yes |
| Chris Melton | Yes |
| Mike Withrow | Absent |
| Eddie Gooch | Absent |
| Carl Shoupe | Absent |
| Phillip King | Absent |
| Chrissy O'Hara | Absent |
| David Denton | Yes |
| Ed Fortner | Yes |
| Kevin Frizzell | Yes |

E.2. New Members or New AR Project Members

Rationale:

There would be additional economies of scale and other advantages in expanding the membership of KyMEA and the group participating in the AR Project. The additional membership, and participation in the AR Project, would provide benefits to the existing and new Members of KyMEA.

Benham and Berea are existing Members of KyMEA, but not participants in the AR Project. Both members have higher winter demands than summer demands.

Benham's current power supply arrangements extend through May 2019. Accordingly, Benham is currently considering its power supply options for the post-May 2019 period.

Under the KU rate tariff, the monthly Billing Demand has been determined based on actual monthly peak demands. KyMEA has not yet made a final decision as to the exact method to use to determine Billing Demand under the AR Rate Schedule. This will be a discussion of analysis of the potential for setting the AR Billing Demand during each non-summer month at a level not to exceed the prior summer's peak demand for that AR Project Member. This refinement of the AR Billing Demand would be reflected in KyMEA's AR Rate Schedule, which is scheduled to be considered at the end of 2018. Defining the non-summer AR Billing Demands in this manner would tend to more fairly allocate demand costs to AR Members that have higher winter demands than summer demands. This limit on the non-summer month AR Billing Demand would also moderate impacts on the AR Members of extreme cold weather (e.g., so-called polar vortex effects). This and other provisions of the AR Rate Schedule would apply to all AR Members. Making this decision at this time would allow KyMEA to be clearer with Benham as to the level of charges to Benham as a KyMEA AR Project Member. This clarity will be important as Benham considers becoming an AR Member effective in May 2019. Clarifying this point will also be important in KyMEA's discussions with other potential new AR Members.

Motion Passed: A resolution was presented to the Board to approve the plan to define the AR Billing Demands in the non-summer months as the lesser of the (i) current month peak demand or (ii) average maximum Billing Demand in the prior three summers. Passed with a motion by Ed Fortner and a second by Josh Callihan.

6 Yeas - 0 Nays.

| | |
|----------------|--------|
| Josh Callihan | Yes |
| Ronald Herd | Yes |
| Chris Melton | Yes |
| Mike Withrow | Absent |
| Eddie Gooch | Absent |
| Carl Shoupe | Absent |
| Phillip King | Absent |
| Chrissy O'Hara | Absent |
| David Denton | Yes |
| Ed Fortner | Yes |
| Kevin Frizzell | Yes |

E.3. Public Comments

Rationale:

This will be an opportunity for members of the public to provide input to the KyMEA Board. Comments will be limited to 5 minutes per speaker.

E.4. Actions Related to Matters Discussed in Closed Session

Rationale:

Dependent on Closed Session Discussions

F. Closed Session pursuant to KRS 61.810(1)(c); KRS 61.810(1)(k) and KRS 61.878(1)(c) for the purpose of:

(i) discussing proposed, potential or pending litigation relating to KyMEA and its members;

(ii) presenting and discussing the proposals received in response to the RFP for Renewable Resources solicited under the competitive negotiation provisions of KRS 45A.370 and updating the negotiation proceedings; and

(iii) presenting and discussing the proposals received in response to the Natural Gas/Combined Cycle Resource RFP solicited under the competitive negotiation provisions of KRS 45A.370 and updating the negotiation proceedings. KRS 61.810(1)(c) allows for closed session for the purpose of discussing proposed, potential and pending litigation relating to the agency. 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 Authorization for May 24, 2018 KyMEA Board Meeting

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

discussing proposed, potential or pending litigation relating to KyMEA and its members;

presenting and discussing the proposals received in response to the RFP for Renewable Resources solicited under the competitive negotiation provisions of KRS 45A.370 and updating the negotiation proceedings; and

presenting and discussing the proposals received in response to the Natural Gas/Combined Cycle Resource RFP solicited under the competitive negotiation provisions of KRS 45A.370 and updating the negotiation proceedings.

KRS 61.810(1)(c) allows for closed session for the purpose of discussing proposed, potential and pending litigation relating to the agency.

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)(c); KRS 61.810(1)(k) and KRS 61.878(1)(c) for the purpose of:(i)

discussing proposed, potential or pending litigation relating to KyMEA and its members;(ii) presenting and discussing the proposals received in response to the RFP for Renewable Resources solicited under the competitive negotiation provisions of KRS 45A.370 and updating the negotiation proceedings; and(iii)

presenting and discussing the proposals received in response to the Natural Gas/Combined Cycle Resource RFP solicited under the competitive negotiation provisions of KRS 45A.370 and updating the negotiation proceedings.KRS 61.810(1)(c) allows for closed session for the purpose of discussing proposed, potential and pending litigation relating to the agency. 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 Ed Fortner and a second by Chris Melton.

6 Yeas - 0 Nays.

| | |
|---------------|-----|
| Josh Callihan | Yes |
| Ronald Herd | Yes |
| Chris Melton | Yes |

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| Mike Withrow | Absent |
| Eddie Gooch | Absent |
| Carl Shoupe | Absent |
| Phillip King | Absent |
| Chrissy O'Hara | Absent |
| David Denton | Yes |
| Ed Fortner | Yes |
| Rob Leesman | Yes - (in place of Kevin Frizzell who temporarily was absent from the meeting) |

Motion Passed: Motion to come out of closed session passed with a motion by Ed Fortner and a second by Chris Melton.

6 Yeas - 0 Nays.

| | |
|----------------|--------|
| Josh Callihan | Yes |
| Ronald Herd | Yes |
| Chris Melton | Yes |
| Mike Withrow | Absent |
| Eddie Gooch | Absent |
| Carl Shoupe | Absent |
| Phillip King | Absent |
| Chrissy O'Hara | Absent |
| David Denton | Yes |
| Ed Fortner | Yes |
| Kevin Frizzell | Yes |

G. RETURN TO OPEN SESSION

H. ACTIONS RELATED TO MATTERS DISCUSSED IN CLOSED SESSION

I. 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.

Due to the unavailability of the BGMU Conference Room, the next meeting of the KyMEA Board of Directors will be held Thursday, June 28, 2018, 11:00AM Eastern Time, at Frankfort Plant Board, Community Room.

The meeting scheduled for July will be held on Wednesday, July 25, 2018, 10:00AM Central Time, at a Location TBA.

J. OTHER BUSINESS

K. ADJOURNMENT

Motion Passed: Motion to Adjourn passed with a motion by Ed Fortner and a second by David Denton.

6 Yeas - 0 Nays.

| | |
|----------------|--------|
| Josh Callihan | Yes |
| Ronald Herd | Yes |
| Chris Melton | Yes |
| Mike Withrow | Absent |
| Eddie Gooch | Absent |
| Carl Shoupe | Absent |
| Phillip King | Absent |
| Chrissy O'Hara | Absent |
| David Denton | Yes |
| Ed Fortner | Yes |
| Kevin Frizzell | Yes |

Chairperson

Secretary