

Kentucky Municipal Energy Agency

July 27, 2016 1:00 PM

Brown Hotel 335 West Broadway, Louisville, KY 40202

Attendance Taken at 1:24 PM:

Present Board Members:

Josh Callihan
Vent Foster
Ronald Herd
Chris Melton
Terrance Naulty
Mike Withrow

Absent Board Members:

Eddie Gooch
Phillip King
Chrissy O'Hara
Carl Shoupe

A. MEETING OPENING

B. AGENDA REVIEW AND MODIFICATIONS

C. PERFORMANCE REPORTS AND MODIFICATIONS

C.1. Executive Committee Report

Discussion:

None

C.2. Financial Report

Discussion:

Terry Naulty provided a summary and report.

Motion Passed: Acceptance of the report passed with a motion by Mike Withrow and a second by Josh Callihan.

6 Yeas - 0 Nays.

Josh Callihan	Yes
Vent Foster	Yes
Ronald Herd	Yes
Chris Melton	Yes
Terrance Naulty	Yes
Mike Withrow	Yes
Eddie Gooch	Absent
Carl Shoupe	Absent
Phillip King	Absent
Chrissy O'Hara	Absent

D. ITEMS PRESENTED FOR ACTION AT THIS MEETING

Discussion:

None

E. DISCUSSION AGENDA

E.1. Update regarding Member Consideration of Proposed All Requirements Power Sales Contracts

Rationale:

This item will be a discussion of the status of, and schedule for, consideration by the Members of the proposed AR Contracts.

Key questions raised in Member meetings to date will be discussed.

In addition, we will discuss a revised version of the presentation material developed for the Frankfort Plant Board Meeting held on July 19. The presentation also has been updated to specifically include information discussed during Q&A session portion of the Frankfort Plant Board meeting.

A five-page narrative summary of the AR Contract is also available for use with the Members' governing bodies.

Copies of the narrative and revised presentation material have been uploaded to the portal.

This topic will also include coordination regarding the content of the Resolutions approving the execution of the AR Contracts.

Discussion:

Brown Thornton and John Painter led a discussion on the progress of the all requirements contracts and their consideration by the members. It is anticipated that all cities except Benham will have meetings with their governing boards by the end of August. John Painter indicated the latest version of the contract presentation was available on the portal. Mr. Rosen (public guest) asked what was the deadline for the contracts to be signed? John and Brown indicated that due to the transmission agreements and other outstanding issues they needed to be signed as soon as possible.

E.2. PPA and Transmission Arrangements Update

Rationale:

We anticipate discussing at the following topics:

1. Update on Finalization of the PPAs
 - a. Status: All executed
 - b. Confidential nature of PPAs
 - c. Process for Responding to requests from Board Members to review PPAs
2. Update on progress regarding HenderSun Interest Group and PPA
3. Status Report regarding transmission
 - a. LGE/KU transmission system
 - b. MISO transmission system
4. Berea
 - a. Transmission
 - b. Other

Discussion:

Charlie Musson led the update discussion. He indicated that all PPAs have been executed as of this KyMEA meeting. Terry Naulty gave an update on the HenderSun project. The projections are still very positive on the cost aspects of the project. Brown Thornton provided an update on the transmission arrangements. The 1st system impact study (SIS) had provided good news with no major issues. The results of the 2nd SIS for the Paducah peakers are not in at this time.

E.3. Discussion of Next Steps regarding Cooperation between KyMEA and KMPA Members

Rationale:

KMPA and/or its members, Paducah and Princeton, and KyMEA desire to investigate the potential mutual benefits of their involvement with KyMEA.

From a power supply perspective, a purchase of peaking capacity from Paducah has been agreed to and a PPA has been executed. In response to KyMEA's September 2015 RFP, KMPA proposed to sell capacity and energy from Prairie State, but other baseload alternatives were determined to be more advantageous to KyMEA.

The next level of consideration could be the pooling of loads and resources which can reasonably be expected to provide mutual benefit because it would allow sharing of administrative and market interaction costs and more cost effective use of energy resources.

In addition, the potential exists for the parties to contract for KMPA's employee, Heather Overby, to provide certain administrative services to KyMEA, which could be mutually attractive to both parties.

At the April 28th KyMEA Board meeting the Kentucky Municipal Power Agency (KMPA) Memorandum of Understanding was presented with the following discussion:

Terry Naulty and Chris Melton led the discussion. Heather Overby with KMPA spoke on behalf of the agreement and concept. Tom Trauger suggested some clarifications on termination and confidentiality provisions. A discussion ensued over who specifically would sign the agreement. Final wording would correct the mentioned items.

At the April 28th KyMEA Board meeting a motion passed that authorized KyMEA to enter into an MOU with KMPA and its members subject to final approval of the wording of the MOU by KyMEA. This passed with a motion by Josh Callihan and a second by Chris Melton. The April 28th MOU has been attached to the portal and well as a subsequent draft Master Services Agreement from KMPA.

Discussion:

Charlie Musson led the discussion about the KMPA MOU and the draft services contract. KyMEA has put together comments on KMPA's latest proposal but has not responded back to KMPA yet. Terry Naulty led a point by point review of the proposed contract tasks as listed in Appendix A. Tom and Charlie will work on a final version of the old MOU from April and send that to KMPA with the revised Master Services Agreement.

E.4. Developing Updated Implementation Plan**Rationale:**

Discussion regarding updating the Project Plan and Schedule for continuing with the implementation of the AR Project and arrangements with OMU and potentially other KyMEA Members.

We propose to prepare for the August Board meeting an updated project implementation plan and schedule, much like we have reviewed with the Board at various stages over the past year or so. We will seek direction from the Board concerning that process.

Discussion:

John Painter led a discussion of the implementation plan and schedule so that all needed tasks will get done in a timely manner. An updated list will be provided at the August meeting. Terry suggested that nFront be authorized by the board to work on the pooling arrangement documents and questioned if that work was included in

the current budgetary costs for their work. John indicated that they were included but would also revisit their costs for budgetary reasons.

E.5. Status of accounting system license agreement with Microsoft GP

Rationale:

At the April 28th KyMEA Board meeting an agenda item was presented with the following information:

At the January 28, 2016 KyMEA meeting, KyMEA approved the use OMU's accounting system and accounts payable functions for administration of the back accounts and all AP/AR functions for a monthly service fee. This is the approval of the software license associated with that action.

Charlie Musson spoke on the matter and suggested that the items have onerous contract provisions. Charlie suggested that the item be tabled until next month after more discussions have occurred with Microsoft. Item was tabled.

Discussion:

Charlie Musson led a discussion on the item. Terry Naulty indicated that the agreement did not have to be put in place at this time. The April time frame had been put forward due to opportunities for a reduced license cost. Terry also strongly recommended that KyMEA use the Microsoft GP system as he had the staff at OMU that could support any issues we might have. OMU could provide the IT support but the actual records would be kept by KyMEA. Heather Overby indicated that what KMPA uses would not work for this application. Charlie recommends that this be on the August agenda for action.

F. CONSENT AGENDA

Discussion:

none.

Motion Passed: Approval of the Consent Agenda as presented passed with a motion by Terrance Naulty and a second by Mike Withrow.

6 Yeas - 0 Nays.

Josh Callihan	Yes
Vent Foster	Yes
Ronald Herd	Yes
Chris Melton	Yes
Terrance Naulty	Yes
Mike Withrow	Yes
Eddie Gooch	Absent
Carl Shoupe	Absent
Phillip King	Absent
Chrissy O'Hara	Absent

F.1. Approve Minutes of May 26, 2016 Regular Meeting

F.2. Approve Minutes of June 23, 2016 Regular Meeting

F.3. Approve Minutes of July 13, 2016 Special Meeting

G. 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.

August 25, 2016 at 10:00AM

September 22, 2016 at 10:00AM

October 27, 2016 at 10:00AM (Central) at Lake Barkley St. Park (coincides with KMUA meeting)?

November 16, 2016 at 10:00AM (Wednesday)

December 21, 2016 at 10:00AM (Wednesday)

H. ADJOURNMENT

Motion Passed: passed with a motion by Josh Callihan and a second by Terrance Naulty.

6 Yeas - 0 Nays.

Josh Callihan	Yes
Vent Foster	Yes
Ronald Herd	Yes
Chris Melton	Yes
Terrance Naulty	Yes
Mike Withrow	Yes
Eddie Gooch	Absent
Carl Shoupe	Absent
Phillip King	Absent
Chrissy O'Hara	Absent

Chairperson

Secretary