

Kentucky Municipal Energy Agency

January 26, 2017 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
Vent Foster
Ronald Herd
Chris Melton
Terrance Naulty
Mike Withrow
Ed Fortner

Absent Board Members:

Eddie Gooch
Phillip King
Chrissy O'Hara
Carl Shoupe

Other Attendees:

Heather Overby
Charlie Musson
Herbie Bannister
Tom Trauger
Pat Pace
Rob Leesman
Hance Price
Fred Haddad
Anna Marie Rosen
Brown Thornton
Brittany Shain

A. MEETING OPENING

B. AGENDA REVIEW AND MODIFICATIONS

C. PERFORMANCE REPORTS AND MODIFICATIONS

C.1. Executive Committee Report

C.2. Financial Report

Motion Passed: passed with a motion by Josh Callihan 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
Mike Withrow	Yes
Eddie Gooch	Absent

Carl Shoupe	Absent
Phillip King	Absent
Chrissy O'Hara	Absent
Ed Fortner	Yes

D. ITEMS PRESENTED FOR ACTION AT THIS MEETING

E. DISCUSSION AGENDA

E.1. Initial Credit Rating Application Process Update

Rationale:

The PPAs 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.

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:

We have heard back from three out of the top four companies. This will give us a good indication of credit rating. The fourth company will be contacted again. Mike Mace to call Brown Thornton with gathered data. As of now, we are on schedule for the March deadline.

E.2. Transmission Arrangements Update

Rationale:

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

LGE/KU transmission system - in process of developing Network Transmission Service Agreement, scheduled to be in placed by next month (February 2017).

Transmission customers will pay LG&E tariff and small amount of MISO fees.

MISO transmission system- transmission points on NTMS MISO all arrangements in place. City of Paris adding a delivery point and the deadline is May 1, 2017.

EKPC (or PJM) transmission system (for Falmouth)- Discussions still ongoing.

Discussion:

Brown Thornton led a discussion on the transmission arrangements.

LGE/KU transmission system - in process of developing Network Transmission Service Agreement, scheduled to be in placed by next month (February 2017).

Transmission customers will pay LG&E tariff and small amount of MISO fees.

MISO transmission system- transmission points on NTMS MISO all arrangements in place. City of Paris adding a delivery point and the deadline is May 1, 2017.

EKPC (or PJM) transmission system (for Falmouth)- Discussions still ongoing.

E.3. Proposed Contracts for Member Resources

Rationale:

A revised draft of proposed contracts between KyMEA and each Member that provides for KyMEA's use of SEPA as part of the AR Portfolio has been prepared to address input from the Members on the December draft.

As discussed in December, we also prepared a presentation unique to each Member that can be used in presenting the proposed contracts to the Members' governing bodies.

We anticipate providing a proposed contract with Paris for the Board's consideration at the February meeting.

Discussion:

This is ready for approval. Once approved, it will be presented to each member's board. John Painter to provide Brittany Shain with a PowerPoint for each member to be uploaded on the board portal. Charlie Musson will provide agreement within next 30 days.

Motion Passed: Approve the contract for member owned resources for SEPA allocations between KyMEA and its members, authorize the Chairman, Vice-Chairman and Secretary to execute the contracts as they are approved by the members subject to minor changes and corrections as approved by the signing officers. 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
Mike Withrow	Yes
Eddie Gooch	Absent
Carl Shoupe	Absent
Phillip King	Absent
Chrissy O'Hara	Absent
Ed Fortner	Yes

E.4. PURPA Policy

Rationale:

The AR Contract provides special provisions that pertain to potential PURPA Resources. A draft policy was discussed in December related to those provisions of the AR Contract. A proposed version of the policy has been uploaded to the portal. We will identify key changes as compared to the December draft during the discussion.

Discussion:

KyMEA will take care of any PURPA brought to an of the members. It will relieve the members from obligation and tell PURPA to contact KyMEA. PURPA is open for any board member, doesn't require approval from individual boards. Charlie Musson with Rubin and Hayes is the contact person.

Motion Passed: Motion to approve the proposed Joint PURPA Implementation Plan passed with a motion by Mike Withrow and a second by Terrance Naulty.

7 Yeas - 0 Nays.

Josh Callihan	Yes
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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
Ed Fortner	Yes

E.5. Arrangements for Admin Services from KMPA Staff

Rationale:

KyMEA has been working with KMPA to arrange for administrative services from KMPA's employee, Heather Overby.

Discussion:

The agreement between KyMEA and KMPA is still being negotiated. Opposed to a retainer fee, KMPA would like to receive a flat fee. KMPA proposed \$5,000/month retainer fee until KyMEA staff is hired. Charlie Musson said the fee was too high.

Motion Passed: Motion to approve a Resolution to authorize the Chairman to sign the Task Authorization passed with a motion by Mike Withrow 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
Mike Withrow	Yes
Eddie Gooch	Absent
Carl Shoupe	Absent
Phillip King	Absent
Chrissy O'Hara	Absent
Ed Fortner	Yes

E.6. Status Report to PPA Counterparties on the progress KyMEA has made in Satisfying Conditions Precedent

Rationale:

In each PPA, KyMEA's obligations are conditioned on satisfying certain contingencies. BREC and other counterparties have requested an update. We have drafted letters to each counterparty providing the requested status report.

Motion Passed: Motion to approve the status reports and authorize letters to be signed by the Chairman of the Board 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
Mike Withrow	Yes
Eddie Gooch	Absent
Carl Shoupe	Absent
Phillip King	Absent
Chrissy O'Hara	Absent
Ed Fortner	Yes

E.7. Plan for Undertaking a RFP for Renewables

Rationale:

The Board passed the following motion at the December 2016 Board meeting:

nFront Consulting is directed to finalize its Assessment of Renewable Resource Options and provide copies to the Board by Monday 12/19/2016.

In addition, nFront is directed to develop a plan for an RFP that would solicit proposals to provide capacity and energy from renewable resources and to present a draft of that plan at the KyMEA Board's January meeting.

Further, the RFP should solicit proposals to sell energy from wind and solar resources under PPAs providing preference to resources located in KY and additional preference to resources connected to the LGE/KU transmission.

The RFP should also solicit proposals that would involve construction of new solar facilities connected to systems of one or more KyMEA Members.

The Assessment was finalized on 12/19, uploaded to the portal for the December meeting, and provided to the FPB at its December 20 meeting. nFront also made a presentation and answer several questions regarding the Assessment at the January 17, 2017 meeting of the FPB.

In accordance with the motion passed by the Board in December, nFront has prepared a proposed plan for a Renewables focused RFP. The Plan has been uploaded to the portal. (In addition, a copy of the Assessment has also been uploaded to the portal for the Board's convenience. There have been no further changes to the assessment that was uploaded on 12/21/2016 to portal for the December meeting.) We will seek the Board's input to the Plan and direction as to whether to proceed to prepare a proposed RFP for consideration at the Board's February meeting.

Discussion:

Determination and Finding for competitive negotiation will be presented at next month's meeting.

Motion Passed: Motion to prepare the Determination and Finding for the RFP and a draft RFP for renewables passed with a motion by Vent Foster 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
Mike Withrow	Yes
Eddie Gooch	Absent
Carl Shoupe	Absent
Phillip King	Absent
Chrissy O'Hara	Absent
Ed Fortner	Yes

E.8. Revised KyMEA Budget Estimates

Rationale:

Revised budget estimates have been prepared and will be discussed with the Board.

Discussion:

Service is set to begin early May 2019. Operations setup one year before start service. Hire staff and have a rental space for office location by early next year. The first budget will be provided this year and rate schedule will be performed.

John Painter will work with Executive Committee and provide board with results. Approval will be sought upon presenting.

F. CONSENT AGENDA

F.1. Approve Minutes of December 14, 2016 Special Meeting

Motion Passed: Motion to approve minutes from the December 14, 2016 meeting passed with a motion by Ed Fortner and a second by Mike Withrow.

7 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
Ed Fortner	Yes

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 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.

February 23, 2017 Thursday 10:00AM Eastern Time, Frankfort (exact location TBD)

"Special" meeting location to align with KMUA legislative meeting.

March 23, 2017 Thursday 10:00AM Central Time, Bowling Green Municipal Utility

April 27, 2017 Thursday 10:00AM Central Time, Bowling Green Municipal Utility

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

H. CLOSED SESSION PURSUANT TO KRS 61.810 (1)(k) and 61.878 (1)(c) for Discussion of proposals to provide Power Supply Resources to KyMEA submitted in response to KyMEA's RFP and related options for submitting applications for transmission service. The RFP included a commitment to not disclose proposal

Rationale:

CLOSED SESSION PURSUANT TO KRS 61.810 (1)(k) and 61.878 (1)(c) for Discussion of proposals to provide Power Supply Resources to KyMEA submitted in response to KyMEA's RFP and related options for submitting applications for transmission service. The RFP included a commitment 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 would 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 proposals to provide Power Supply Resources to KyMEA submitted in response to KyMEA's RFP and related options for submitting applications for transmission service. The RFP included a commitment 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 would provide an unfair advantage to competitors of the entity disclosing such information 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
Mike Withrow	Yes
Eddie Gooch	Absent
Carl Shoupe	Absent
Phillip King	Absent

Chrissy O'Hara	Absent
Ed Fortner	Yes

I. RETURN TO OPEN SESSION

Motion Passed: Approval to return to Open Session passed with a motion by Mike Withrow and a second by Terrance Naulty.

7 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
Ed Fortner	Yes

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

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

J.1.a. Prepare RFP for base load natural gas generation power supply

Motion Passed: Motion to direct consultants to prepare an RFP for base load natural gas generation power supply and bring back to board for consideration passed with a motion by Chris Melton 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
Mike Withrow	Yes
Eddie Gooch	Absent
Carl Shoupe	Absent
Phillip King	Absent
Chrissy O'Hara	Absent
Ed Fortner	Yes

J.1.b. PPA Status

Motion Passed: Motion to direct the Chairman to send letter to IPMC declining to exercise an increase in power supply passed with a motion by Mike Withrow 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
Mike Withrow	Yes
Eddie Gooch	Absent
Carl Shoupe	Absent
Phillip King	Absent
Chrissy O'Hara	Absent
Ed Fortner	Yes

K. ADJOURNMENT

Motion Passed: passed with a motion by Vent Foster 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
Mike Withrow	Yes
Eddie Gooch	Absent
Carl Shoupe	Absent
Phillip King	Absent
Chrissy O'Hara	Absent
Ed Fortner	Yes

Chairperson

Secretary