

Kentucky Municipal Energy Agency

January 28, 2016 10:00 AM

Capital Plaza Hotel

405 Wilkinson Blvd

Frankfort, KY 40601

Attendance Taken at 10:00 AM:

Present Board Members:

Josh Callihan

Vent Foster

Ronald Herd

Terrance Naulty

Mike Withrow

Chris Melton

Absent Board Members:

Eddie Gooch

Phillip King

Chrissy O'Hara

Carl Shoupe

Updated Attendance:

Terrance Naulty was updated to absent at: 10:20 AM

Terrance Naulty was updated to present at: 12:07 PM

Other Attendance:

Charles Musson

Ed Fortner

Brown Thornton

Tom Trauger

Fred Haddad

John Painter

Hance Price

Herbbie Bannister

Stan Conn

Pat Pace

Joshua Bills

Steve Wilkins

A. MEETING OPENING

B. AGENDA REVIEW AND MODIFICATIONS

Discussion:

None

C. PERFORMANCE REPORTS AND MODIFICATIONS

C.1. Executive Committee Report

Discussion:

None

Motion Passed: 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
Terrance Naulty	Yes
Mike Withrow	Yes
Chris Melton	Yes
Chrissy O'Hara	Absent
Carl Shoupe	Absent
Phillip King	Absent
Eddie Gooch	Absent

C.2. Power Supply Consultant's Report

Discussion:

None

C.3. Financial Report

Discussion:

None

D. ITEMS PRESENTED FOR ACTION AT THIS MEETING

D.1. Consider Approval of Bid for Banking and Credit Services (Bid#2015-2) to BB&T with pricing and services per the bid tabulation, proposal and discussions.

Rationale:

Banking and Credit
Services Bid #2015-2
Memorandum

To: Ronald W. Herd, Chairman
From: Terrance P. Naulty, II, Treasurer
Jason Alban, Manager of Treasury, OMU

Date: January 20, 2016
Subject: Bid Recommendation: Banking and Credit Services- Bid #2015-2

Competitive Negotiated Bid with proposals from Banks having service areas covering three Kentucky cities: Louisville, Lexington and Owensboro. Primary Banking and Credit Services requested for proposals. Services as broken out below in the recommendation. Please see attached Bid Tabulation Sheet- Bank Tabulation and Fee Schedules. Initial evaluation for Primary Banking Services showed the most competitive bids from BB&T and U.S. Bank. Primary focus was given to Account Solutions/Fees and Investment Solutions/Rates. Then, a key Corporate Credit Card Service differentiator came down to BB&T's willingness to provide credit to KyMEA at the time of proposal. Checking analysis pricing offerings and earnings credits were

evaluated with volume and average balance levels to conclude competitive pricing proposals from both banks, with advantage to BB&T based on 25% higher earnings credit and lower FDIC insurance rates on balances greater than \$250,000, as well as 50% off their standard pricing.

BB&T and U.S. Bank were called for final discussions primarily around Credit to gauge willingness and ability to work with KyMEA to provide credit cards and a line of credit and/or alternate solutions in the most advantageous timeframe. Account services are available to be set up in accordance with the needs of KyMEA. No investment account sweeps are being contemplated at this time, nor is a line of credit sweep, in the absence of a line.

Therefore, pursuant to KRS 45A.370(1a), it is recommended to award the Banking and Credit Services, pricing and services as per the tabulation, proposal and discussions, to BB&T, who is evaluated to most adequately meet the needs of KyMEA, now and into the future:

Primary Banking Services: BB&T - Option 1 Public Fund Account Analysis Account

Corporate/Procurement Cards: BB&T- \$50,000 Approved with Deposit Portion Awarded

Revolving Line of Credit: BB&T- Prospective Line of Credit and/or Credit Assurance Bond

Discussion:
None

Motion Passed: To accept the recommendation of the Treasurer and the Chairman to award KyMEA's banking services to BB&T passed with a motion by Mike Withrow and a second by Chris Melton.

6 Yeas - 0 Nays.

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

D.2. Consider Approval of Resolution of the Kentucky Municipal Energy Agency Authorizing the Execution of Banking Services Agreements and Providing for Authority to Administrate Such Banking Services.

Rationale:
RESOLUTION

RESOLUTION OF THE KENTUCKY MUNICIPAL ENERGY AGENCY
AUTHORIZING THE EXECUTION OF BANKING SERVICES AGREEMENTS AND PROVIDING FOR
AUTHORITY TO ADMINSTRATE SUCH BANKING SERVICES

WHEREAS, the Kentucky Municipal Energy Agency ("KyMEA") has solicited proposals from qualified financial institutions to provide banking and financial services consistent with the Model Procurement Code and the Board of KyMEA has authorized award of such banking and services contract to BB&T,

NOW THEREFORE BE IT RESOLVED BY THE KENTUCKY MUNICIPAL ENERGY AGENCY AS FOLLOWS:

The KyMEA Board hereby authorizes and directs its Chairman to enter into all necessary agreements with BB&T to initiate such banking and financial services. Such agreement shall include but not be limited to:

Resolution and Agreement for Deposit Account;

Account Signature Cards/Agreements;

Treasury Management Agreement;

Standard Security Protocol for BB&T CashManager OnLine;

Pledgee Agreement Form and Authorization List (Collateral);

Federal Reserve Bank Joint Custody Service via FedMail Request Form;

Certificate of Corporate Resolutions and Authorization to Borrow;

Commercial Card Application and Plan Agreement; and

Any additional documents the bank requires, not listed above, and which may include client identification for authorized signers and copies of KyMEA Board resolutions granting authority and authorizing signers.

The KyMEA Board also hereby authorizes and directs its Treasurer to take all steps necessary to administrate the KyMEA banking and financial services agreements with BB&T. Such administrative actions shall include but not be limited to:

Establishing online electronic access to KyMEA accounts for KyMEA personnel (officers, agents and employees);

Setting up necessary subaccounts to facilitate check writing and/or electronic payments and wire transfers;

Entering into accounting services agreements with third parties as authorized by the KyMEA Board;

Establishing credit card accounts for KyMEA personnel as approved by the KyMEA Board; and

Authorizing further designees as necessary to administrate the services.

Discussion:
None

Motion Passed: Approve Resolution of the Kentucky Municipal Energy Agency Authorizing the Execution of Banking Services Agreements and Providing for Authority to Administrate Such Banking Services passed with a motion by Vent Foster and a second by Mike Withrow.

6 Yeas - 0 Nays.

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

D.3. Consider Approval of Resolution of the Kentucky Municipal Energy Agency, Designating Persons Authorized to Sign Checks, Drawn on the Agency's Accounts, and Designating the Representatives of the Agency to Negotiate Loans on Behalf of the Agency and to Deposit the Agency's Funds in the Various Bank Accounts.

Rationale:

RESOLUTION OF THE KENTUCKY MUNICIPAL ENERGY AGENCY, DESIGNATING PERSONS AUTHORIZED TO SIGN CHECKS¹ DRAWN ON THE AGENCY'S ACCOUNTS, AND DESIGNATING THE REPRESENTATIVES OF THE AGENCY TO NEGOTIATE LOANS ON BEHALF OF THE AGENCY AND TO DEPOSIT THE AGENCY'S FUNDS IN THE VARIOUS BANK ACCOUNTS. (OR EFT PAYMENTS SUPPORT)

BE IT RESOLVED by the Kentucky Municipal Energy Agency, as follows:

Section 1. The Accounts of the Agency, shall be subject to checks drawn on the Agency's Account and signed by any two of the following persons:

SIGNATURE	NAME	POSITION
	Ron Herd	
Chairman		
	Josh Callihan	
Vice Chairman		
	Terrance Naulty	
Treasurer		

Section 2. Checks drawn on the bank accounts of the Kentucky Municipal Energy Agency up to and including the sum of Fifty Thousand Dollars (\$50,000.00) per check/entry shall be valid when handsigned or by use of signature stamp or image on the check or EFT support by any one person whose signatures are shown in Section 1 hereof.

Section 3. Checks drawn on the bank accounts of the Kentucky Municipal Energy Agency greater than Fifty Thousand Dollars (\$50,000.00) per check/entry shall be valid when handsigned on the check or EFT support by any two of the persons whose signatures are shown in Section 1 hereof.

Section 4. The Kentucky Municipal Energy Agency is hereby authorized to negotiate loans on its behalf.

Section 5. Deposits in the bank accounts of the Kentucky Municipal Energy Agency may be made by any one or more of the persons named in Section 1 hereof, whether such deposits be subject to check, time, special or any other deposits.

On motion of

, seconded by

and carried by vote of the Agency, the foregoing resolution was adopted on the

day of , 2016.

Discussion:
 Ron Herd led a brief discussion of the item and the \$50,000 limit.

Motion Passed: Approval of Resolution of the Kentucky Municipal Energy Agency, Designating Persons Authorized to Sign Checks, Drawn on the Agency's Accounts, and Designating the Representatives of the Agency to Negotiate Loans on Behalf of the Agency and to Deposit the Agency's Funds in the Various Bank Accounts passed with a motion by Mike Withrow and a second by Chris Melton.

6 Yeas - 0 Nays.

Josh Callihan	Yes
Vent Foster	Yes
Ronald Herd	Yes

Terrance Naulty	Yes
Mike Withrow	Yes
Chris Melton	Yes
Chrissy O'Hara	Absent
Carl Shoupe	Absent
Phillip King	Absent
Eddie Gooch	Absent

D.4. Consider Plan for Accounting Administration

Rationale:

KyMEA is to the point where it needs accounting administration. One possibility is for KyMEA to use OMU's accounting system and accounts payable functions for administration of the back accounts and all AP/AR functions for a small monthly service fee. This would assure that KyMEA's annual audit is clean and in line with industry best practices for adherence to GAP and GISB standards.

See attached memo of 01/22/16

Discussion:

Terry Naulty lead a discussion of the item and the advantages of the Microsoft GP Dynamics software for use with the types of transactions KyMEA will be conducting long term. Software agreements will be presented to the Board at the February meeting.

Motion Passed: KyMEA adopt the recommendations of the accounting services memorandum of Jan 27, 2016 attached hereto 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
Terrance Naulty	Yes
Mike Withrow	Yes
Chris Melton	Yes
Chrissy O'Hara	Absent
Carl Shoupe	Absent
Phillip King	Absent
Eddie Gooch	Absent

D.5. Consider Approval of Initial Assessment to KyMEA Members and related Expense Estimates

Rationale:

The initial assessment plan discussed by the Board in December was that each KyMEA Member would receive an invoice from KyMEA for an assessment equal to the first 3 months of estimated expenses.

To support that process, the advisory team was asked to prepare estimates of the expenses for the remainder of FY2016.

The expense estimates are included and explained further below:

In preparing the estimates, the team attempted to be conservative, especially for the remainder of FY2016. For instance, some part of the transmission application fees may be payable later in the application process, but the entire fee is included in this FY.

The team focused primarily on the remainder of KyMEA's FY2016 (January thru June), but have included an initial cut at FY2017. FY 2017 will be refined as longer term estimates thru 2019 are prepared, so the FY2017 amounts may be modified as we proceed through that process.

The estimates assume that Spiegel & McDiarmid, NewGen, and nFront will issue invoices for services rendered through December 2015 directly to the KyMEA Members as we have been doing. Then, invoices for services rendered in January and later would be submitted to KyMEA.

Rubin & Hays and PFM have not invoiced for services rendered in 2015. So, the estimates assume that both firms would submit invoices to KyMEA for those 2015 services. Those charges are shown as one time charges in the Jan-Mar 2016 period.

The estimates assume that a portion of the expenses will continue to be allocated to Berea as shown on the attached schedules. However, Berea requests that the consulting and legal team members continue to send invoices directly to Berea rather than receiving an invoice for an assessment from KyMEA.

Discussion:

John Painter led a discussion on expense estimates and allocations.

Motion Passed: Approval of Initial Assessment to KyMEA Members and related Expense Estimates passed with a motion by Vent Foster and a second by Chris Melton.

6 Yeas - 0 Nays.

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

D.6. Consider Approval of Proposed Professional Services Agreements with PFM and Rubin & Hayes.

Rationale:

PFM and Rubin & Hayes will be providing proposed engagement letters or professional services agreements for consideration by the Board. The Board approved agreements with NewGen, Spiegel & McDiarmid, and nFront at its December meeting.

Discussion:
Item was tabled until next month.

E. Discussion Agenda

E.1. Initial Estimates of Expenses for FY 2017 through Early 2019

Rationale:

The Board has asked for an overview of the potential level of expenses that may be incurred in FY 2017 through FY2019.

The advisory team has prepared an initial estimate for the information of the Board. These estimates will be revised as additional planning continues.

Discussion:

John Painter led the discussion and reviewed estimates for FY2017 through 2019. The presentation power point was provided by nFront and added to the portal at the end of the discussion. Staffing estimates and plan were discussed. Questions were raised about the proper timing of hiring staff. Vent Foster stated that the executive committee was discussing the issue and intended to address the staffing issues at the February meeting.

E.2. Concepts in the Agreements between KyMEA and Members

Rationale:

In the Project Schedule, the process of developing agreements between KyMEA and its Members anticipates the following steps:

Dec 2015: Review document outlining key concepts reviewed with the Board at the December Board Meeting;

Jan 2016: Recommendations as to key concepts presented for the Board's consideration - Recommendations developed by Board Committee working with the Advisory Team;

Feb 2016: Draft agreements are reviewed with the Board

Mar-Apr 2016: Final drafts are reviewed and hopefully adopted by the Board

Separate agreements need to be drafted as follows:

KyMEA and All Requirements Members for:

All Requirements Service (including power supply and other admin services)
Purchase of capacity and energy from Member resources (Paris diesels, SEPA, other)

KyMEA and OMU

Sale of Capacity to OMU
Power supply and other admin services
Energy pooling arrangement

Discussion:

Tom Trauger led a discussion of the contract concepts for "all-requirements" and the process involved. Major points from the Spiegel Word document were discussed in more detail. The concept of member net metering for sources behind the utility meter was identified as an area that needs development in the contracts. John Painter then led a discussion of possible contract arrangements between KyMEA and OMU.

E.3. Consideration of Renewable Options

Rationale:

One of KyMEA's priorities in planning future power supply arrangement is to consider renewable options.

As KyMEA approaches submitting proposed All Requirements agreements to its AR Group Members, it would be very helpful to have more specifically addressed KyMEA's plans for doing so.

The Board will be asked to discuss the matter and provide direction to the advisory team.

One option would be to direct the team to develop and present a resolution that would call for KyMEA to, during FY2017, specifically study certain renewable options with the aim of identifying initial options that could be implemented by May 1, 2019. One option to be considered would be community solar projects in those Members communities that have an interest.

Discussion:

John Painter led a general discussion on the consideration of renewable options and their implementation at the KyMEA and the member level.

E.4. Status Report of Paducah and Princeton Membership

Rationale:

Paducah and Princeton have expressed an interest in considering membership in KyMEA.

At the December meeting, the Board decided to have Terry and Chris have discussions with Paducah and Princeton concerning membership.

The Board will receive a status report regarding any discussions that have occurred.

Discussion:

No report at this time.

F. Consent Agenda

F.1. Approve Minutes of December 16, 2015 Regular Meeting

Motion Passed: passed with a motion by Vent Foster and a second by Mike Withrow.

6 Yeas - 0 Nays.

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

G. GOVERNANCE ITEMS

G.1. Notice of resolution from the City of Paris appointing Mike Withrow as director and Kevin Crump as alternate

H. 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 25, 2016 at 10:00AM

March 24, 2016 at 10:00AM

April 28, 2016 at 10:00AM

May 26, 2016 at 10:00AM

June 23, 2016 at 10:00AM

July 28, 2016 at 10:00AM

August 25, 2016 at 10:00AM

September 22, 2016 at 10:00AM

October 27, 2016 at 10:00AM

I. 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.

Rationale:

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 Mike Withrow.

6 Yeas - 0 Nays.

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

J. RETURN TO OPEN SESSION

Motion Passed: Approval to return to Open Session 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
Terrance Naulty	Yes
Mike Withrow	Yes
Chris Melton	Yes
Chrissy O'Hara	Absent
Carl Shoupe	Absent
Phillip King	Absent
Eddie Gooch	Absent

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

K.1. Representatives of KyMEA to the Interest Group

Discussion:

None. No Action needed.

K.2. Consider Approval of Actions Necessary to Carry Out Closed Session Directives.

Discussion:

None and no action was needed.

L. ADJOURNMENT

Motion Passed: passed with a motion by Vent Foster and a second by Mike Withrow.

6 Yeas - 0 Nays.

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

Chairperson

Secretary