

Kentucky Municipal Energy Agency

October 26, 2016 10:00 AM

Paducah Power System

1500 Broadway

Paducah, KY 42001

Attendance Taken at 11:26 AM:

Present Board Members:

Josh Callihan

Vent Foster

Ronald Herd

Mr. Robert Leesman (Proxy for Terrance Naulty)

Mike Withrow

Phillip King

Ed Fortner

Absent Board Members:

Eddie Gooch

Chris Melton

Terrance Naulty

Chrissy O'Hara

Carl Shoupe

A. MEETING OPENING

Discussion:

Ed Fortner, director for Berea was present for the meeting. Technical issues with the eMeeting software did not allow his name to be added to the role during the meeting.

B. AGENDA REVIEW AND MODIFICATIONS

Discussion:

No changes allowed as this is classified as a "special" meeting due to location change.

C. PERFORMANCE REPORTS AND MODIFICATIONS

C.1. Executive Committee Report

Discussion:

No Report

C.2. AR Projects Committee Report

Discussion:

No Report

C.3. Financial Report

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

7 Yeas - 0 Nays.

Josh Callihan Yes

Vent Foster Yes

Ronald Herd Yes

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

D. ITEMS PRESENTED FOR ACTION AT THIS MEETING

D.1. Updated Cost Sharing Plan for Implementation Activities and Determination of Weighted Votes for Agency Members

Rationale:

An updated cost allocation plan was reviewed with the Board at the September meeting. Terry Naulty asked for time to provide input on that draft. A revised cost allocation plan has been prepared based on input from Terry. The plan document highlights the changes made in response to Terry's input and includes comments that provide explanations of the changes.

Discussion:

Fred Haddad led a discussion on the adjusted cost sharing plan and reviewed the proposed changes individually.

Motion Passed: Approve the Updated Cost Sharing Plan for Implementation Activities and Determination of Weighted Votes for Agency Members passed with a motion by Vent Foster and a second by Mike Withrow.

7 Yeas - 0 Nays.

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

E. DISCUSSION AGENDA

E.1. PPA and Transmission Arrangements Update

Rationale:

We anticipate updating the Board regarding the following topics:

- BREC's progress in accomplishing conditions precedent
- Filing before the PSC
- (RUS Approval has already been received)

Status Report regarding transmission
LGE/KU transmission system
MISO transmission system
EKPC (or PJM) transmission system (for Falmouth)

Updated load forecast being prepared to meet requirements under the LGE/KU OATT and for power supply planning

Discussion:

Fred Haddad led a discussion and presented an update of BREC's progress in accomplishing conditions precedent. There is the possibility that we could see approval from the PSC as early as December 2016.

Brown Thornton led a discussion and presented a status report regarding transmission service.

E.2. Proposed Contracts pertaining to Existing Member Resources

Rationale:

In accordance with the updated Project Implementation Plan reviewed with the Board in August and September, we plan to discuss and seek feedback from the Board regarding a first draft of the contracts between KyMEA and each Member for KyMEA to use Member owned resources as part of the AR Portfolio and to provide credits to the applicable Member based on the value KyMEA realizes by that use.

Background Information:

The AR Contract provides three Options pertaining to Member resources. To facilitate KyMEA's continued portfolio planning, the Members need to determine how to proceed with regard to the existing SEPA and Paris diesel resources.

The three options provided for in the AR Contract include:

KyMEA will use Member resources and provide credits to the applicable Member based on the value KyMEA realizes by that use (i.e., the costs KyMEA avoids, plus any net revenue KyMEA receives from 3rd party sales);

KyMEA will market the output of the resource on the Member's behalf and provide credits based on the net revenues received; or

Any Member may work with another party to market the output of the resource.

The draft contract being reviewed would implement Option 1 above.

Discussion:

Tom Trauger provided a presentation and led a discussion on the proposed contracts pertaining to existing all-requirements member resources. The SEPA asset was used as an example. A draft contract and possible provisions were reviewed. Plan is to bring a more refined contract back to the board for more discussion next month.

E.3. Updated Implementation Plan and Near Term Task List

Rationale:

The Advisory Team is working to implement the Updated Implementation Plan reviewed with the Board in August and September. A near term Task List has been prepared to organize our efforts and communicate with the Board about the ongoing activities.

Discussion:

Fred Haddad led a discussion and provided a presentation on the updated implementation plan and the near term task list. No clarifications were suggested by the members.

F. CONSENT AGENDA

F.1. Approve Minutes of September 22, 2016 Regular Meeting

Motion Passed: Approve minutes of September 22, 2016 passed with a motion by Josh Callihan and a second by Phillip King.

7 Yeas - 0 Nays.

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

November 16, 2016 Wednesday 10:00AM Central Time, Bowling Green Municipal Utility

December 21, 2016 Wednesday 10:00AM Central Time, Bowling Green Municipal Utility

January 26, 2017 Thursday 10:00AM Central Time, Bowling Green Municipal Utility

Discussion:

Vent Foster discussed the November and December meeting dates on Wednesdays to avoid holidays as provided for in the by-laws. It was suggested that the Secretary investigate aligning the January 2017 KyMEA meeting with the January 2017 KMUA meeting in Frankfort.

H. CLOSED SESSION PURSUANT TO 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 PURSUANT TO 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)(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 Vent Foster and a second by Mike Withrow.

7 Yeas - 0 Nays.

| | |
|-----------------------------|--------|
| Josh Callihan | Yes |
| Vent Foster | Yes |
| Ronald Herd | Yes |
| Chris Melton | Absent |
| Mr. Robert Leesman | Yes |
| (Proxy for Terrance Naulty) | |
| Mike Withrow | Yes |
| Eddie Gooch | Absent |
| Carl Shoupe | Absent |
| Phillip King | Yes |
| 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 Phillip King and a second by Vent Foster.

7 Yeas - 0 Nays.

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

Discussion:
No actions presented or needed.

K. Recess KyMEA for Purpose of Convening the AR Project Committee

Rationale:

Recess KyMEA for Purpose of Convening the AR Project Committee.

Discussion:

AR Project Committee had no pending business thus no committee meeting was called.

L. Convene KyMEA Meeting

Rationale:

Convene KyMEA Meeting.

Discussion:

N/A

M. ADJOURNMENT

Motion Passed: Adjournment passed with a motion by Vent Foster and a second by Josh Callihan.

7 Yeas - 0 Nays.

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

Chairperson

Secretary