

Kentucky Municipal Energy Agency

December 14, 2016 10:00 AM

Homewood Suites Lexington

249 Ruccio Way

Lexington, Ky. 40503

Attendance Taken at 10:22 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

A. MEETING OPENING

B. AGENDA REVIEW AND MODIFICATIONS

Discussion:

None.

C. PERFORMANCE REPORTS AND MODIFICATIONS

C.1. Executive Committee Report

Discussion:

None.

C.2. Financial Report

Discussion:

Terry Naulty gave the report.

Motion Passed: passed with a motion by Mike Withrow 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

D. CONSENT AGENDA

Discussion:
None.

Motion Passed: Approval of the Consent Agenda as presented passed with a motion by Terrance Naulty 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

D.1. Approve Minutes of November 16, 2016 Regular Meeting

D.2. Approve the Determination and Finding for Professional Services

E. ITEMS PRESENTED FOR ACTION AT THIS MEETING

E.1. Arrangements for Admin Services from KMPA Staff

Rationale:

KyMEA is trying to arrange to obtain administrative services from KMPA's employee, Heather Overby. An update will be provided.

This item may involve action to authorize an arrangement with KMPA.

Discussion:

Charlie Musson led a discussion and explained the contract. The Chairman assigned the Executive Committee to negotiate and finalize the task authorization, scope of work and prioritize the order of their completion and report back to the whole Board.

Motion Passed: Approval of the master services agreement passed with a motion by Terrance Naulty 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

Subsidiary Motion Passed: to accept the temporary administrative services proposal from OMU 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

F. DISCUSSION AGENDA

F.1. Initial Credit Rating

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 are in March 2017.

Mike Mace will be available by phone to explain the process that is beginning and a data request that will be sent to each KyMEA Member.

Discussion:

Mike Mace with PFM led a discussion on the requirements to acquire an initial credit rating for KyMEA. Financial, legal and operating information will be requested from each member utility during this process. The information request will come next week.

F.2. 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 of Big River's (BREC) progress in accomplishing conditions precedent. The contract with KyMEA was approved by the Kentucky PSC in December.

Brown Thornton provided an update and discussion on the transmission arrangements.

F.3. Proposed Contracts pertaining to SEPA 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. That draft has been distributed for review by each Member's local counsel. We plan to discuss that draft and obtain any feedback you are prepared to provide.

We also plan to discuss a draft of materials that summarize the projected benefits and key terms of the contract for review with your governing bodies as they consider that proposed contract.

Discussion:

Tom Trauger and John Painter led a discussion on the proposed contract for integration of member resources and the presentation that has been developed for the members explaining how the process would work.

F.4. PURPA Policy

Rationale:

The AR Contract provides special provisions that pertain to potential PURPA Resources. A policy has been drafted for the Board's consideration related to those provisions of the AR Contract. We expect to review a draft of that policy and then plan to present it for your approval at the January meeting.

Discussion:

Tom Trauger led a discussion on the joint PURPA implementation plan as provided for in the executed all-requirements contract. The plan allows the agency to take care of any future PURPA requests for the members.

F.5. Revised KyMEA Budget Estimates

Rationale:

Revised budget estimates are being prepared and will be discussed with the Board.

Discussion:

John Painter informed the Board that this item was not ready at this time but would be presented at the January Board 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 Wednesday.

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.

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

February 23, 2017 Thursday 10:00AM Eastern Time, Frankfort

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

Discussion:

The meeting time for the February 2017 meeting in Frankfort was decided to be at 10:00am Eastern time.

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 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

I. RETURN TO OPEN SESSION

Motion Passed: Approval to return to Open Session passed with a motion by Terrance Naulty 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

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

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

Rationale:

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 to KyMEA 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.

Discussion:
None.

Motion Passed: 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. passed with a motion by Terrance Naulty 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

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

Rationale:
RESOLUTION

WHEREAS, Kentucky Municipal Energy Agency ("KyMEA") has entered into an Agreement for the Purchase and Sale of Facility Firm Capacity and Facility Firm Energy with the Illinois Power Marketing Company("IPMC") dated as of July 13, 2016 (the "IMPC PPA"); and

WHEREAS, KyMEA has entered into an Agreement for the Purchase and Sale of Peaking Capacity and Energy with the Electric Plant Board of the City of Paducah, Kentucky d/b/a/ Paducah Power System ("PPS") dated as of July 13, 2016 (the "PPS PPA"); and

WHEREAS, both the IMPC PPA and the PPS PPA provide for certain options that are exercisable by KyMEA within 180 days of the respective effective dates of the contracts; and

WHEREAS, the 180 day period for each contract shall toll prior to the next KyMEA Board meeting;

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

The KyMEA Board hereby authorizes and directs its Chairman and other officers, if they so determine after consultation with KyMEA's consultants, nFront Consulting LLC and NewGen Strategies & Solutions LLC, if the exercise of an option is beneficial to KyMEA, to notify either IPMC or PPS, or both entities, on behalf of KyMEA of the exercise of one or more such option under and pursuant to the respective terms, if any, of the IPMC PPA or the PPS PPA.

Discussion:
None.

Motion Passed: Resolution Authorizing Option Notification under IPMC and PPS PPAs 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	Yes
Terrance Naulty	Yes
Mike Withrow	Yes
Eddie Gooch	Absent
Carl Shoupe	Absent
Phillip King	Absent
Chrissy O'Hara	Absent
Ed Fortner	Yes

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

Rationale:
Recess KyMEA for Purpose of Convening the AR Project Committee.

L. Convene KyMEA Meeting

Rationale:
Convene KyMEA Meeting.

M. 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