

Kentucky Municipal Energy Agency

December 16, 2015 10:00 AM

Louisville Marriott Downtown, 280 W. Jefferson St Louisville, KY 40202

Attendance Taken at 10:18 AM:

Present Board Members:

Ronald Herd
Josh Callihan
Vent Foster
Chris Melton
Terrance Naulty
Mr. Mike Withrow (Proxy for James McCarty, Jr.)

Absent Board Members:

Terry England
Eddie Gooch
Phillip King
James McCarty, Jr.
Chrissy O'Hara
Carl Shoupe

A. MEETING OPENING

B. AGENDA REVIEW AND MODIFICATIONS

C. PERFORMANCE REPORTS AND MODIFICATIONS

C.1. Executive Committee Report

C.2. Financial Report

Rationale:

Proposed Timeline - 2015 bank bid

Discussion:

Update from Terry Naulty on bank bid process and timeline.

D. ITEMS PRESENTED FOR ACTION AT THIS MEETING

D.1. Proposed Policy Regarding Confidential Information

Rationale:

It is in the best interests of KyMEA that a policy be established regarding the treatment of Confidential Information by members of the KyMEA Board of Directors and request for Confidential Information that may be received from members of boards that govern a KyMEA Member, authorized representatives of KyMEA Members, and citizens.

It is very important to KyMEA and all of its members that the responses to KyMEA's RFP remain confidential. The next step is to enter negotiations with certain proposers. Release of information about the proposals can be expected to compromise the interests of KyMEA in those negotiations, which can be expected to result in higher costs for all KyMEA members for many years.

Any failure to protect the confidentiality of proposals during the competitive negotiation process could disqualify the process from treatment under KRS 45A.370 and convert the procurement to sealed bidding under KRS 45A.365. As a sealed

bidding procurement, the proposals are subject to public inspection as soon as they are opened and can be obtained through an open records request. Proposals obtained through competitive negotiation are not subject to disclosure or public inspection until the agency has awarded contracts to the successful offerors. Therefore, a proposed policy has been prepared for the Board's consideration. In addition, certain potential counterparties have entered NDAs with nFront Consulting LLC that now need to be replaced by NDAs with KyMEA now that KyMEA has been formed.

Discussion:

Charlie Musson explained the need for the policy. Terry Naulty suggested it be called a guideline rather than a policy and made a modified motion in keeping with that suggestion.

Motion Passed: Adopt a Confidentiality Policy with proposed modifications passed with a motion by Terrance Naulty and a second by Chris Melton.

6 Yeas - 0 Nays.

Ronald Herd	Yes
Josh Callihan	Yes
Vent Foster	Yes
Chris Melton	Yes
Terrance Naulty	Yes
Mr. Mike Withrow	Yes
(Proxy for James McCarty, Jr.)	
Eddie Gooch	Absent
Phillip King	Absent
Chrissy O'Hara	Absent
Carl Shoupe	Absent
Terry England	Absent

D.2. Consider Approval of a Resolution Authorizing and Directing the Chairman to Enter Into Non-Disclosure Agreements with the Proposers.

Rationale:

RESOLUTION OF THE KENTUCKY MUNICIPAL ENERGY AGENCY AUTHORIZING THE EXECUTION OF CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENTS.

WHEREAS, the Kentucky Municipal Energy Agency ("KyMEA") has requested proposals to supply electric capacity and energy to KyMEA from coal, natural gas combined cycle, natural gas combustion turbine (CT), and peaking/reserve capacity resources; and

WHEREAS, certain proposers (the "Proposers") have previously entered into Confidentiality and Non-Disclosure Agreements (the "Non-Disclosure Agreements") with KyMEA's consultants in anticipation of providing confidential information to KyMEA's consultants for the purpose of evaluation of the proposed transactions; and

WHEREAS, it has been determined that with formation of KyMEA, the appropriate party to the Non-Disclosure Agreements should be KyMEA;

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 Non-Disclosure Agreements with the Proposers, after KyMEA's legal counsel has reviewed and approved the forms thereof.

Motion Passed: Approve a resolution authorizing and directing its Chairman to enter into Non-Disclosure Agreements with the Proposers, after KyMEA's legal counsel has reviewed and approved the forms passed with a motion by Chris Melton and a second by Mr. Mike Withrow (Proxy for James McCarty, Jr.).

6 Yeas - 0 Nays.

Ronald Herd	Yes
Josh Callihan	Yes
Vent Foster	Yes
Chris Melton	Yes
Terrance Naulty	Yes
Mr. Mike Withrow (Proxy for James McCarty, Jr.)	Yes
Eddie Gooch	Absent
Phillip King	Absent
Chrissy O'Hara	Absent
Carl Shoupe	Absent
Terry England	Absent

D.3. Consider Approval of a Resolution Authorizing and Directing the Chairman to Enter Into Non-Disclosure Agreements with Connsulting LLC.

Rationale:

RESOLUTION OF THE KENTUCKY MUNICIPAL ENERGY AGENCY AUTHORIZING THE EXECUTION OF CONFIDENTIALITY AND NONDISCLOSURE AGREEMENT WITH CONNSULTING LLC.

WHEREAS, the Kentucky Municipal Energy Agency ("KyMEA") has received a letter from Benham Electric Plant Board requested that information relating to proposals to supply electric capacity and energy to KyMEA from coal, natural gas combined cycle, natural gas combustion turbine (CT), and peaking/reserve capacity resources is needed to be given to Benham's consultant, Connsulting LLC ("Benham's Consultant"); and

WHEREAS, certain proposers (the "Proposers") have previously entered into Confidentiality and Non- Disclosure Agreements (the "Non-Disclosure Agreements") with KyMEA in anticipation of providing confidential information to KyMEA for the purpose of evaluation of the proposed transactions; and

WHEREAS, pursuant to KyMEA Guidelines and Procedures Relating to Confidential Information, to share the information with Benham's Consultant a Confidential and Non-Disclosure Agreement in the form attached hereto is required to be entered into by and between KyMEA and Benham's Consultant;

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 a Confidential and Non-Disclosure Agreement with Benham's Consultant in substantially the form attached hereto.

Motion Passed: Approve a resolution authorizing and directing its Chairman to enter into Non-Disclosure Agreements with Connsulting LLC, after KyMEA's legal

counsel has reviewed and approved the forms passed with a motion by Vent Foster and a second by Josh Callihan.

6 Yeas - 0 Nays.

Ronald Herd	Yes
Josh Callihan	Yes
Vent Foster	Yes
Chris Melton	Yes
Terrance Naulty	Yes
Mr. Mike Withrow	Yes
(Proxy for James McCarty, Jr.)	
Eddie Gooch	Absent
Phillip King	Absent
Chrissy O'Hara	Absent
Carl Shoupe	Absent
Terry England	Absent

D.4. Proposed Professional Services Agreements

Rationale:

As requested during the last meeting, the Advisory Team has provided proposed professional services agreements that are substantially the same as the agreements under which the Advisory Team members have been working.

The Advisory Team members have each agreed to bill KyMEA Members directly for the services rendered until KyMEA establishes and funds suitable banking accounts and is in a positions to pay and account for invoices from the Advisory Team.

Motion Passed: Authorize execution of the agreements subject to review and approval of KyMEA's counsel passed with a motion by Terrance Naulty and a second by Chris Melton.

6 Yeas - 0 Nays.

Ronald Herd	Yes
Josh Callihan	Yes
Vent Foster	Yes
Chris Melton	Yes
Terrance Naulty	Yes
Mr. Mike Withrow	Yes
(Proxy for James McCarty, Jr.)	
Eddie Gooch	Absent
Phillip King	Absent
Chrissy O'Hara	Absent
Carl Shoupe	Absent
Terry England	Absent

E. Discussion Agenda

E.1. Updates to Project Schedule

Rationale:

The project schedule reviewed at the November 2015 Board Meeting has been updated to reflect that Group B Contracts would be entered into toward the end of 2016. Other changes have been made at the suggestion of the Executive Committee. However, we did not assume the development of the contracts between KyMEA and its Members would be delayed. So, the schedule still shows the All Requirements Agreements between KyMEA and its AR Members being approved during the spring of 2016.

Discussion:

John Painter lead a discussion on changes to the schedule since the last 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 at the upcoming Board Meetings:

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 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 lead a discussion on agreements between KyMEA and its members. Tom recommended that the members join together and hire an independent outside counsel to review the contract as good practice. The suggestion was made to have a group for a review process made up of Hance Price, Tom Trauger and any others interested.

F. Consent Agenda

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

6 Yeas - 0 Nays.

Ronald Herd	Yes
Josh Callihan	Yes
Vent Foster	Yes
Chris Melton	Yes
Terrance Naulty	Yes
Mr. Mike Withrow	Yes
(Proxy for James McCarty, Jr.)	
Eddie Gooch	Absent
Phillip King	Absent
Chrissy O'Hara	Absent
Carl Shoupe	Absent
Terry England	Absent

F.1. Approve Minutes of November 18, 2015 Special Meeting

F.2. Ratify and Approve Bids Accepted by the Chairman

Rationale:

RFP for banking services.

G. UPCOMING MEETINGS

Rationale:

The future regular meeting dates are on every 4th Thursday of the month except November and December (3rd Wednesday of month).

January 28, 2016 at 10:00AM

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
November 16, 2016 at 10:00AM
December 21, 2016 at 10:00AM

Discussion:

Terry Naulty lead a discussion of changing the meeting location of KyMEA to a location with better video and teleconferencing capabilities. Bowling Green Municipal Utility (BGMU) has offered their meeting facility and IT support to KyMEA for that purpose. It is estimated that KyMEA would need to spend up to \$3,000 on the video and teleconferencing equipment but KyMEA would keep the equipment when it moves to a permanent location at a later date.

Motion Passed: establish BGMU as the meeting location of KyMEA going forward and the Board authorize expenditure up to \$3,000 for video teleconferencing equipment and authorize the chairman to enter into any agreements to fulfill the purposes of the resolution passed with a motion by Terrance Naulty and a second by Chris Melton.

6 Yeas - 0 Nays.

Ronald Herd	Yes
Josh Callihan	Yes
Vent Foster	Yes
Chris Melton	Yes
Terrance Naulty	Yes
Mr. Mike Withrow	Yes
(Proxy for James McCarty, Jr.)	
Eddie Gooch	Absent
Phillip King	Absent
Chrissy O'Hara	Absent
Carl Shoupe	Absent
Terry England	Absent

G.1. Consider Approval of Resolution Authorizing Establishment of Regular Meetings Dates, Times and Location

Rationale:

RESOLUTION AUTHORIZING ESTABLISHMENT OF REGULAR MEETINGS DATES, TIMES AND LOCATION

WHEREAS,

the Kentucky Municipal Energy Agency ("KyMEA") desires to establish regular meetings dates and times; and

NOW

THEREFORE BE IT RESOLVED:

Section

1. Meeting Dates. 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.

Section

2. Meeting Time. The regular meetings shall convene and commence at 10:00 AM Central time on said dates.

Section

3. Meeting Place. The regular meetings shall held at the Bowling Green Municipal Utility located 801 Center St, Bowling Green, KY 42101 in Bowling Green, Kentucky or at such location to be designated by the Board.

Motion Passed: Approval of Resolution Authorizing Establishment of Regular Meetings Dates, Times and Location passed with a motion by Terrance Naulty and a second by Chris Melton.

6 Yeas - 0 Nays.

Ronald Herd	Yes
Josh Callihan	Yes
Vent Foster	Yes
Chris Melton	Yes
Terrance Naulty	Yes
Mr. Mike Withrow	Yes
(Proxy for James McCarty, Jr.)	
Eddie Gooch	Absent
Phillip King	Absent
Chrissy O'Hara	Absent
Carl Shoupe	Absent
Terry England	Absent

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 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 Mr. Mike Withrow (Proxy for James McCarty, Jr.) and a second by Terrance Naulty.

6 Yeas - 0 Nays.

Ronald Herd	Yes
Josh Callihan	Yes
Vent Foster	Yes
Chris Melton	Yes
Terrance Naulty	Yes
Mr. Mike Withrow (Proxy for James McCarty, Jr.)	Yes
Eddie Gooch	Absent
Phillip King	Absent
Chrissy O'Hara	Absent
Carl Shoupe	Absent
Terry England	Absent

I. RETURN TO OPEN SESSION

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

J.1. Consider Approval of a General Resolution Authorizing the Chairman to Sign Applications and Agreements Relating to Transmission Service.

Rationale:

RESOLUTION

WHEREAS, the Kentucky Municipal Energy Agency ("KyMEA") in order to meet the needs of its Members will need to make application for and enter into contractual relationships for transmission services;

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 such applications and agreements as may be necessary for KyMEA to obtain transmission services for supplying power to its Members.

Motion Passed: Approval of a resolution authorizing the Chairman to sign applications and agreements relating to transmission service passed with a motion by Josh Callihan and a second by Chris Melton.

5 Yeas - 0 Nays - 1 Abstained.

Ronald Herd	Yes
Josh Callihan	Yes

Vent Foster	Yes
Chris Melton	Yes
Terrance Naulty	Abstain
Mr. Mike Withrow (Proxy for James McCarty, Jr.)	Yes
Eddie Gooch	Absent
Phillip King	Absent
Chrissy O'Hara	Absent
Carl Shoupe	Absent
Terry England	Absent

J.2. Paducah and Princeton Membership

Rationale:

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

Discussion:

Board will identify a small committee to have initial discussions with Paducah and Princeton concerning membership.

J.3. Establish a negotiating team to participate in the RFP evaluations and negotiations.

Discussion:

Stan Conn lead a discussion about the need for a negotiating committee and a work session be held to explain all information in detail. Chris Melton questioned if it was needed as the consultants were being paid to do the detailed investigation for the utilities. Chairman suggested a decision might be made after the closed session information was presented later in the meeting. The chairman tabled the item until after the closed session. After closed session Vent Foster volunteered to participate and Terry Naulty volunteered for only the non-coal portions due to conflict of interest issues. Consultants will send an email through the Chairman asking members if they would like the restricted documents under the NDA and provide an online workshop in January.

J.4. Consider Approval of Actions Necessary to Carry Out Closed Session Directives.

Discussion:

None

K. OTHER OLD AND NEW BUISNESS

Discussion:

None

L. ADJOURNMENT

Motion Passed: Adjourn passed with a motion by Mr. Mike Withrow (Proxy for James McCarty, Jr.) and a second by Josh Callihan.

6 Yeas - 0 Nays.

Ronald Herd	Yes
Josh Callihan	Yes

Vent Foster	Yes
Chris Melton	Yes
Terrance Naulty	Yes
Mr. Mike Withrow	Yes
(Proxy for James McCarty, Jr.)	
Eddie Gooch	Absent
Phillip King	Absent
Chrissy O'Hara	Absent
Carl Shoupe	Absent
Terry England	Absent

Chairperson

Secretary