

Kentucky Municipal Energy Agency

June 22, 2017 10:00 AM

Bowling Green Municipal Utility 801 Center St, Bowling Green, KY 42101

Attendance Taken at 10:12 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

Discussion:

Also in attendance:

Brown Thornton (Newgen Strategies)
Tom Trauger (Spiegel McDiarmid)
Charles Musson (Rubin & Hays)
Pat Pace
Herbie Bannister (Frankfort Electric Plant Board)
Fred Haddad (nFront Consulting)
John Painter (nFront Consulting)
Hance Price (Frankfort Electric Plant Board)
Mark Eakret (Big Rivers)
Bob Berry (Big Rivers)

B. INTRODUCTION OF GUESTS

Rationale:

Introduction of any guests that may be present.

Discussion:

Bob Berry from Big Rivers introduced himself and Big Rivers as he reiterated Big River's commitment to its relationship with KyMEA.

C. REPORTS

C.1. Executive Committee Report

C.2. Financial Report

Motion Passed: Motion to accept Treasurer's Report. 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

C.3. Secretary's Report

Rationale:

The City Utilities Commission of Corbin has approved Mr. Josh Trosper, CUC Electric Superintendent, as its Alternate Director for the KyMEA Board of Directors.

D. CONSENT AGENDA

D.1. Approve Minutes

Motion Passed: passed with a motion by Ed Fortner 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

E. DISCUSSION AGENDA

E.1. Interim CFO Update

Rationale:

Update on CFO activities

Member statements as of 5/31/17
Accounting Software
Upcoming APPA National Conference

Discussion:

Ms. Overby gave an update on her activities for the month. She did not attend the APPA National Conference due to a death in the family.

E.2. Transmission Arrangements Update

Rationale:

The topics to be discussed include:

Credit worthiness requirements

LGE/KU prepayment and
MISO security agreement

Arrangements for Falmouth

Discussion:

Mr. Thornton gave an update on transmission activities. LGE is refunding the KyMEA prepayment of \$80k next week. Mr. Musson and Mr. Trauger are working with MISO on a Corporate Guaranty which will grant and unsecured credit position within MISO.

E.3. FPB Review of AR Contracts and PPAs

Rationale:

E3, a consultant hired by the FPB Board, completed a review of the AR Contract and the AR Project power supply arrangements. The results of that review were summarized in a report provided to FPB that included several recommendations.

FPB and KyMEA were provided a confidential draft of the report dated May 31, 2017. Terry Naulty met with E3 on June 12 and KyMEA representatives met with E3 on June 12 and 13 to discuss the draft.

At its June 13 special meeting, FPB received presentations from E3, Terry Naulty, and KyMEA concerning the topics discussed in the E3 report. Andy McDonald from Envision Franklin County also presented prepared remarks. E3 committed to finalize the report after the 6/13 meeting.

At its 6/20 meeting, FPB plans to further discuss the E3 report and the related information provided by Terry Naulty and KyMEA. FPB is expected to consider formally accepting the E3 Report and actions related thereto at that meeting.

The purpose of this item is to make the KyMEA Board aware on FPB's ongoing review of the AR Project arrangements. We anticipate that the KyMEA Board will consider related specific requests of FPB at future meetings.

If the final E3 report is approved by FPB on 6/20, a copy of the report and related presentation material used by E3, Terry Naulty, and KyMEA at the June 13 FPB meeting will be uploaded to the portal prior to the 6/22 KyMEA Board meeting for your information.

Motion Passed: Motion for the Board to prepare a written response to FPB's List of Motions dated 6/20/17. 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

F. ITEMS PRESENTED FOR ACTION AT THIS MEETING

F.1. Credit Facility

Rationale:

An evaluation of proposals from banks to provide a credit facility for KyMEA may be provided for the Board's consideration.

Discussion:

Ms. Overby will prepare a proposed allocation of interest charges among members. She will also prepare a draft of first quarter 2018 member assessment for KyMEA start up costs.

Motion Passed: Motion to select Republic Bank to provide KyMEA a \$5 million Line of Credit subject to acceptable deposit account terms approved by the executive committee. passed with a motion by Terrance Naulty and a second by Chris Melton.

6 Yeas - 0 Nays - 1 Abstained.

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	Abstain

F.2. Update of Agency Confidentiality Policy

Rationale:

FPB has requested a revised process that would require a change to the existing policy. We expect to have a draft of the revised policy for discussion with the Board.

Motion Passed: Motion to adopt the attached updated Agency Confidentiality Policy. 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

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.

WEDNESDAY, July 26, 2017, 11:00AM EASTERN Time, Embassy Suites, 201 South Fourth St, Louisville, KY 40202 *Date and Location held in conjunction with KMUA meeting July 27-28 in Louisville. **Heather to confirm date and location
Thursday, August 24, 2017, 10:00AM Central Time, Bowling Green Municipal Utility
Thursday, September 28, 2017, 10:00AM Central Time, Bowling Green Municipal Utility

H. Approval to enter into Closed Session pursuant to KRS 61.810 (1)(k) and 61.878 (1)(c) for the purpose of:

- (i) discussing and updating indicative proposals and alternatives for providing 30 day short term power supply agreements for the month of May, 2019 to All Requirements Members;
- (ii) presenting and discussing the proposals received in response to the RFP for Renewable Resources; and
- (iii) presenting and discussing of interest from potential proposers to the Natural Gas/Combined Cycle Resource RFP.

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:

Enter into Closed Session pursuant to KRS 61.810 (1)(k) and 61.878 (1)(c) for the purpose of:

discussing and updating indicative proposals and alternatives for providing 30 day short term power supply agreements for the month of May, 2019 to All Requirements Members;

presenting and discussing the proposals received in response to the RFP for Renewable Resources; and

presenting and discussing of interest from potential proposers to the Natural Gas/Combined Cycle Resource RFP.

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) for the purpose of:(i) discussing and updating indicative proposals and alternatives for providing 30 day short term power supply agreements for the month of May, 2019 to All Requirements Members;(ii) presenting and discussing the proposals received in response to the RFP for Renewable Resources; and(iii) presenting and discussing of interest from potential proposers to the Natural Gas/Combined Cycle Resource RFP.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 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

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
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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

J. OTHER BUSINESS

J.1. Executive Search Status

Motion Passed: Motion to authorize executive recruiter to offer KyMEA President position base salary range of \$250,000 - \$300,000 per year, potential incentive compensation of up to \$50,000 per year, and standard benefit package. Position to be located in Louisville, Kentucky or elsewhere in Central Kentucky. 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

K. ADJOURNMENT

Motion Passed: Motion to adjourn. 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

Chairperson

Secretary