



KENTUCKY MUNICIPAL ENERGY AGENCY

Board Packet

June 27, 2019



KYMEA COMMITTEE CALENDAR

2019

January

July

February

August

March

September

15th IRC Committee
20th BROC Committee

20th IRC Committee
26th BROC Committee

April

October

23rd Compensation
Committee

May

November

19th Budget Committee
20th Compensation
Committee

June

December

13th IRC Committee
27th BROC Committee

11th Budget Committee
11th AR Committee
13th IRC Committee
18th BROC Committee

JANUARY

S	M	T	W	T	F	S
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6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

MAY

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SEPTEMBER

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FEBRUARY

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JUNE

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OCTOBER

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MARCH

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JULY

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NOVEMBER

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APRIL

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AUGUST

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DECEMBER

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29	30	31				



Committee Members	Term Limit Expiration	Next Election	Meeting Frequency
Officers			
Ron Herd (Chairman) Josh Callihan (Vice Chairman) Chris Melton (Secretary) Kevin Howard (Treasurer)	May 23, 2021	May 23, 2021 May 23, 2021 May 23, 2021 May 23, 2021	
Executive Committee			
Ron Herd (Chairman) Josh Callihan (Vice Chairman) Chris Melton (Secretary) Kevin Howard (Treasurer)		May 23, 2021 May 23, 2021 May 23, 2021 May 23, 2021	As Needed
All Requirements Project Committee			
Chris Melton (Chairman) All AR Directors KYMEA CEO (non-voting) KYMEA CFO (non-voting)	All AR Directors hold a seat	May 23, 2021	December - February December: Present prelim rates January: Complete committee changes February: Committee rates approval March: Present AR Rates to Board
Board Risk Oversight Committee			
Gary Zheng (Chairman) Tim Lyons KYMEA CEO KYMEA CFO KYMEA Legal Counsel		May 23, 2021 May 23, 2021	Quarterly
Internal Risk Committee (IRC)			
KYMEA CEO (Chairman) KYMEA VP of Market Analytics KYMEA CFO KYMEA Legal Counsel			Quarterly
Budget Committee			
Chris Melton (Chairman) Josh Callihan Mike Withrow KYMEA CEO (non-voting) KYMEA CFO (non-voting)		May 23, 2021 May 23, 2021 May 23, 2021	November - January November: present prelim to committee December: Complete committee changes January: Committee Approval of Budget February: Complete board changes
Compensation Committee			
Ron Herd (Chairman) Josh Callihan Chris Melton Kevin Howard KYMEA Legal Counsel (non-voting)		May 23, 2021 May 23, 2021 May 23, 2021 May 23, 2021	October - December December: Present CEO Compensation



KENTUCKY MUNICIPAL ENERGY AGENCY

June 27, 2019	Committee Reports	Administration Reports	Discussion Topics	Action Items
	BROC	CEO	New Meeting Format	
		Member Communications	Strategic Planning	

July 24, 2019	Committee Reports	Administration Reports	Discussion Topics	Action Items
		CEO		
		Finance and Accounting		
		Market Analytics		
		Member Communications		

August 22, 2019	Committee Reports	Administration Reports	Discussion Topics	Action Items
		CEO		
		Finance and Accounting		
		Market Analytics		
		Member Communications		

September 26, 2019	Committee Reports	Administration Reports	Discussion Topics	Action Items
	BROC	CEO		Strategic Plan Approval
		Finance and Accounting		
		Market Analytics		
		Member Communications		



KENTUCKY MUNICIPAL ENERGY AGENCY

October 23, 2019	Committee Reports	Administration Reports	Discussion Topics	Action Items
	Budget	CEO		
	Compensation	Finance and Accounting		
		Market Analytics		
		Member Communications		

November 20, 2019	Committee Reports	Administration Reports	Discussion Topics	Action Items
	Budget	CEO		
	Compensation	Finance and Accounting		
		Market Analytics		
		Member Communications		

December 18, 2019	Committee Reports	Administration Reports	Discussion Topics	Action Items
	AR Project	CEO		
	BROC	Finance and Accounting		
	Budget	Market Analytics		
	Compensation	Member Communications		

*** This calendar is intended for planning purposes and may be changed at any time.**



KENTUCKY MUNICIPAL ENERGY AGENCY

- A. Meeting Opening
 - A.1 Attendance
 - A.2 Guest Introductions
 - A.3 Call to Order
- B. Meeting Minutes
- C. Financial Reports
- D. Committee Reports
 - D.1 BROC
- E. Administration Reports
 - E.1 CEO
 - E.2 Member Communications
- F. Discussion Topics
 - F.1 New Meeting Format
 - F.2 Strategic Planning
- G. Action Items
- H. Public Comments
- I. Upcoming Meetings & Other Business
- J. Closed Session
 - J.1 Market Report/Hedging Strategy
 - J.2 Depancaking
 - J.3 Ashwood Solar Project
 - J.4 Vistra PPA
- K. Actions Related to Closed Session
- L. Adjournment

Meeting Minutes





KENTUCKY MUNICIPAL ENERGY AGENCY

Meeting Minutes of the KYMEA Board of Directors

Location: KYMEA 1700 Eastpoint Pkwy Ste. 220, Louisville, KY 40223

Thursday, May 23, 2019, 10 AM

A. Meeting Opening

Attendance: Taken at 10:02 AM

Present Board Members:

Josh Callihan
Ronald Herd
Chris Melton
Mike Withrow
Phillip King
Kevin Frizzell
Kevin Howard
Ramona Williams
Gary Zheng

Absent Board Members:

Carl Shoupe
Doug Hammers

Staff Present:

Michelle Hixon
Heather Overby
Doug Buresh
Rob Leesman

Others Present:

John Painter
Charles Musson
Pat Pace
Mitch Cotton
Vent Foster
Hance Price
Annette Dupont-Ewing
Tom Trauger



KENTUCKY MUNICIPAL ENERGY AGENCY

Anna Marie Pavlik Rosen
Brown Thornton
Latif Nurani
Susan Bishop
Walt Baldwin
Jack Sullivan

A.1. Guest Introductions

Chairman Ron Herd Called the meeting to order at 10:05 am. A quorum of board members was present, and the boaed was ready to proceed with the business.

B. Reports

B.1 Financial Reports: This was an update from the CFO on the previous month's financial reports.

Motion Passed: Motion to approve the presented financial reports from the prior month passed with a motion by Mike Withrow and a second by Kevin Frizzell.

9 Yeas - 0 Nays.

Josh Callihan	Yes
Ronald Herd	Yes
Chris Melton	Yes
Mike Withrow	Yes
Carl Shoupe	Absent
Phillip Kin	Yes
Kevin Frizzell	Yes
Doug Hammers	Absent
Kevin Howard	Yes
Ramona Williams	Yes
Gary Zheng	Yes

C. Consent Agenda

C.1 Approve Minutes: Meeting minutes from April 24, 2019 were presented and approval from the KYMEA Board was requested.

Motion Passed: Approval of the meeting minutes passed with a motion by Mike Withrow and a second by Josh Callihan.



9 Yeas - 0 Nays.

Josh Callihan	Yes
Ronald Herd	Yes
Chris Melton	Yes
Mike Withrow	Yes
Carl Shoupe	Absent
Phillip King	Yes
Kevin Frizzell	Yes
Doug Hammers	Absent
Kevin Howard	Yes
Ramona Williams	Yes
Gary Zheng	Yes

D. Discussion Agenda

D.1 Update from KYMEA's CEO Regarding Ongoing Activities: This was an update from Doug Buresh on activities during the past month and planned for the coming month.

D.2 Planning Processes: This was a review of the strategic planning, and IRP expected timelines.

E. Action Items

E.1 Election of Officers: The board elected officers for the next term.

Motion Passed: Motion to elect the existing officers: Chairman Ron Herd, Vice Chairman Josh Callihan, Secretary Chris Melton, and Treasurer Kevin Howard for another 2 year term passed with a motion by Gary Zheng and a second by Phillip King.

9 Yeas - 0 Nays.

Josh Callihan	Yes
Ronald Herd	Yes
Chris Melton	Yes
Mike Withrow	Yes
Carl Shoupe	Absent
Phillip King	Yes
Kevin Frizzell	Yes
Doug Hammers	Absent
Kevin Howard	Yes
Ramona Williams	Yes



Gary Zheng Yes

E.2 Committees: The board discussed the committee members and meeting schedules for the next term. The AR Project Committee requested to call a short AR Project Committee Meeting to order upon adjournment of the Board Meeting. The Budget Committee members will remain unchanged with the following members until the next budget cycle:

- Chris Melton (Chairman)
- Josh Callihan
- Mike Withrow
- KYMEA CEO (non-voting)
- KYMEA CFO (non-voting)

The Board Risk Oversight Committee (BROC) and Internal Risk Committee (IRC) members will also remain unchanged with the following members:

BROC

- Gary Zheng (Chairman)
- Tim Lyons
- KYMEA CEO
- KYMEA CFO
- KYMEA Legal Counsel

IRC

- KYMEA CEO (Chairman)
- KYMEA VP of Market Analytics
- KYMEA CFO
- KYMEA Legal Counsel

Motion Passed: Motion to continue with the existing Executive Committee members: Chairman Ron Herd, Vice Chairman Josh Callihan, Secretary Chris Melton, and Treasurer Kevin Howard for this next term passed with a motion by Mike Withrow and a second by Ramona Williams.

9 Yeas - 0 Nays.

Josh Callihan	Yes
Ronald Herd	Yes
Chris Melton	Yes



Mike Withrow	Yes
Carl Shoupe	Absent
Phillip King	Yes
Kevin Frizzell	Yes
Doug Hammers	Absent
Kevin Howard	Yes
Ramona Williams	Yes
Gary Zheng	Yes

Motion Passed: Motion to name the members of the Executive Committee as the members of the Compensation Committee, which include; Ron Herd (Chairman), Josh Callihan, Chris Melton, and Kevin Howard. passed with a motion by Mike Withrow and a second by Phillip King.

9 Yeas - 0 Nays.

Josh Callihan	Yes
Ronald Herd	Yes
Chris Melton	Yes
Mike Withrow	Yes
Carl Shoupe	Absent
Phillip King	Yes
Kevin Frizzell	Yes
Doug Hammers	Absent
Kevin Howard	Yes
Ramona Williams	Yes
Gary Zheng	Yes

E.3 Credit Policy: The board was presented with the Credit Policy as outlined in section 1.10 of the Enterprise Risk Management Policy. Board approval was requested.

Motion Passed: Motion to approve the attached Credit Policy resolution passed with a motion by Mike Withrow and a second by Chris Melton.

9 Yeas - 0 Nays.

Josh Callihan	Yes
Ronald Herd	Yes
Chris Melton	Yes
Mike Withrow	Yes
Carl Shoupe	Absent



Phillip King	Yes
Kevin Frizzell	Yes
Doug Hammers	Absent
Kevin Howard	Yes
Ramona Williams	Yes
Gary Zheng	Yes

F. Closed Session

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

- a) discussing proposed, potential or pending litigation relating to KYMEA and its members relating to transmission issues; and
- b) discussing the preliminary financial forecasts and recommendations for exercising a right of first refusal for additional supply pursuant to the Ashwood Solar Project.

KRS 61.810(1)(c) allows for closed session for the purpose of discussing proposed, potential and pending litigation relating to the agency.

KRS 61.810(1)(k) and 61.878(1)(j) allow for closed session where presentation, discussion and review of preliminary recommendations and preliminary memoranda in which opinions are expressed or policies formulated or recommended.

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: Motion to enter into closed session passed with a motion by Josh Callihan and a second by Chris Melton.

9 Yeas - 0 Nays.

Josh Callihan	Yes
Ronald Herd	Yes
Chris Melton	Yes
Mike Withrow	Yes
Carl Shoupe	Absent
Phillip King	Yes
Kevin Frizzell	Yes



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Doug Hammers	Absent
Kevin Howard	Yes
Ramona Williams	Yes
Gary Zheng	Yes

G. Return to Open Session

Motion Passed: Motion to return to open session passed with a motion by Josh Callihan and a second by Ramona Williams.

9 Yeas - 0 Nays.

Josh Callihan	Yes
Ronald Herd	Yes
Chris Melton	Yes
Mike Withrow	Yes
Carl Shoupe	Absent
Phillip King	Yes
Kevin Frizzell	Yes
Doug Hammers	Absent
Kevin Howard	Yes
Ramona Williams	Yes
Gary Zheng	Yes

H. Actions Related to Matters Discussed in Closed Session

H.1 Ashwood Solar: This was discussed in closed session and any action necessary was brought into open session.

I. Public Comments

No Comments Made

J. Upcoming Meetings

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



KENTUCKY MUNICIPAL ENERGY AGENCY

Eastern time on said dates. The regular meetings shall be held at the KYMEA Board Room, 1700 Eastpoint Pkwy, Suite 220, Louisville, Kentucky.

K. Other Business

L. Adjournment

Motion Passed: Motion to adjourn the KYMEA board meeting passed with a motion by Kevin Frizzell and a second by Ramona Williams.

9 Yeas - 0 Nays.

Josh Callihan	Yes
Ronald Herd	Yes
Chris Melton	Yes
Mike Withrow	Yes
Carl Shoupe	Absent
Phillip King	Yes
Kevin Frizzell	Yes
Doug Hammers	Absent
Kevin Howard	Yes
Ramona Williams	Yes
Gary Zheng	Yes

X

Chairperson

X

Secretary



Financial Reports





KENTUCKY MUNICIPAL ENERGY AGENCY

**Statements of Net Position
May-19**

HRO

ASSETS	May 2019
CURRENT ASSETS	
Cash and investments	\$ 628,851
Other receivables	7,338,751
Prepayments	11,713
Total Current Assets	7,979,315
NON-CURRENT ASSETS	
Restricted Assets	
Ashwood Solar Pledged Collateral	-
Pledged collateral	2,270,000
Interest receivable	-
Total Restricted Assets	2,270,000
Capital Assets	
Fixed Asset Clearing Account	1,149,423
Land	-
Structures	-
Generation	-
Meters - AR Project	259,484
General Plant	252,433
Construction work in progress	-
Less Accumulated Depreciation	(45,576)
Net Capital Assets	1,615,764
Total Non-Current Assets	3,885,764
Total Assets	11,865,079
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	\$ 3,970,942
Tax Collection Payable	-
Accrued Employee Benefits	85,732
Accrued interest payable	-
Total Current Liabilities	4,056,675
NON-CURRENT LIABILITIES	
Line of Credit	6,332,768
Miscellaneous Liabilities - Ashwood Solar	-
Total Non-Current Liabilities	6,332,768
Total Liabilities	10,389,443
Net Position	
Invested in capital assets, net of related debt	(5,866,426)
Restricted	-
Unrestricted	7,342,062
TOTAL NET POSITION	1,475,636



KENTUCKY MUNICIPAL ENERGY AGENCY

HRO

**CONSOLIDATED STATEMENTS OF REVENUE, EXPENSES, AND
CHANGES IN NET POSITION**

	May FY19	YTD FY19
OPERATING REVENUES		
Sales to members	\$ 6,441,640	\$ 8,095,948
Other revenues	91,965	451,054
TOTAL OPERATING REVENUE	6,533,605	8,547,002
OPERATING EXPENSES		
Transmission	1,886,837	2,261,059
Fuel	-	-
Production	1,997,799	2,208,207
Local facilities	-	7,722
Other operating	448,975	2,208,613
Maintenance	159	6,634
Depreciation	5,736	43,453
Future recoverable costs	-	-
TOTAL PURCHASE POWER AND OPERATING EXPENSES	4,339,505	6,735,688
OPERATING INCOME	2,194,100	1,811,314
NON-OPERATING REVENUES (EXPENSES)		
Interest expense on revenue bonds	(13,943)	(81,302)
Interest charged to construction	-	5,706
Other non-operating expenses (income)	(4,544)	(43,751)
Regulatory Credit/Debit - Cost to Be Recovered	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(18,487)	(119,347)
CHANGE IN NET POSITION	2,175,613	1,691,967
NET POSITION AT BEGINNING OF PERIOD	\$ (699,977)	(216,331)
NET POSITION AT END OF PERIOD	\$ 1,475,636	1,475,636



KENTUCKY MUNICIPAL ENERGY AGENCY

CONSOLIDATED STATEMENT OF CASH FLOWS	HRO	
	CY Month Ended 5/31/2019	CY YTD FY 2019
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
NET INCOME	\$ 2,175,613	\$ 1,691,967
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH:		
DEPRECIATION	\$ 5,736	\$ 43,453
AMORTIZATION OF:		
ACQUISITION ADJUSTMENT		\$ -
		\$ -
CHANGES IN CURRENT & DEFERRED ITEMS:		
ACCOUNTS RECEIVABLE	\$ (6,983,276)	\$ (6,999,175)
MATERIALS & SUPPLIES		\$ -
PREPAYMENTS & OTHER CURRENT ASSETS	\$ 1,188	\$ (3,263)
DEFERRED DEBITS		\$ -
OTHER REG ASSETS AND DEFERRED OUTFLOW OF RESOURCES		\$ -
ACCOUNTS PAYABLE	\$ 3,688,401	\$ 3,358,832
COLLATERAL DEPOSITS	\$ -	\$ (3,263)
TAXES & INTEREST ACCRUED	\$ (21,433)	\$ (1,103)
OTHER CURRENT LIABILITIES	\$ 3,010	\$ 58,625
DEFERRED CREDITS		\$ -
OTHER		\$ -
NET CASH PROVIDED BY (USED IN) OPERATION	\$ (1,130,761)	\$ (1,853,927)
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
ADDITIONS TO PLANT	\$ (211,356)	\$ (1,252,691)
NET CHANGE IN OTHER PROP & INVEST	\$ (1,700,000)	\$ (2,266,737)
PLANT SOLD (PURCHASED) - NONINSTALLMENT METHOD	\$ -	\$ -
OTHER - ASSET RETIREMENT OBLIGATIONS	\$ -	\$ -
NET CASH PROVIDED BY (USED IN) INVESTING	\$ (1,911,356)	\$ (3,519,427)
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
LONG TERM BORROWINGS	\$ 1,000,000	\$ 6,090,763
PAYMENT ON LONG TERM DEBT	\$ -	\$ (150,000)
OTHER	\$ -	\$ -
NET CASH PROVIDED BY (USED IN) FINANCING	\$ 1,000,000	\$ 5,940,763
NET INCREASE (DECREASE) IN CASH & TEMP INVESTMENTS	\$ (2,042,117)	\$ 567,409
CASH & TEMP INVESTMENTS BEGINNING PERIOD	\$ 2,670,968	\$ 61,442
CASH & TEMP INVESTMENTS END OF PERIOD	\$ 628,851	\$ 628,851

System: 6/19/2019 9:29:43 AM
User Date: 6/19/2019

KyMEA
RECONCILIATION POSTING JOURNAL
Bank Reconciliation

Page: 1
User ID: sa

Audit Trail Code: CMADJ00000026
Checkbook ID: OPER
Description: Operating Checking

Bank Statement Ending Balance: 709,830.59
Bank Statement Ending Date: 5/31/2019
Cutoff Date: 5/31/2019

Statement Ending Balance	709,830.59
Outstanding Checks (-)	80,350.53
Deposits in Transit (+)	-629.39

Adjusted Bank Balance	628,850.67

Checkbook Balance as of Cutoff	628,850.61
Adjustments	0.06

Adjusted Book Balance	628,850.67

Difference	0.00
	=====

deb

Committee Reports





KENTUCKY MUNICIPAL ENERGY AGENCY

To: KYMEA Board of Directors

From: Board Risk Oversight Committee (BROC)

Date: June 27, 2019

Re: BROC Meeting on 6/27/2019

A meeting of the Board Risk Oversight Committee was held on 06/27/2019. Gary Zheng (Chairman), Tim Lyons, Doug Buresh, Heather Overby, Charlie Musson, Rob Leesman, and Michelle Hixon were present.

The chairman called the meeting to order and Doug Buresh began with an update from the IRC. The committee reviewed the following key responsibilities of the BROC:

- a. **Monitors the activities of the IRC to ensure compliance with the Enterprise Risk Management Policy;** the BROC notes that the IRC is in compliance.
- b. **Receives and reviews from the Internal Risk Committee quarterly Risk Management reports on Business Operations, Energy, and Financial activities;** The BROC reviewed the quarterly report from the 06/14/2019 IRC meeting.
- c. **Reports annually on the Risk Management activities and results to the KYMEA Board;** An Annual report will be presented in September, after the annual audit has been completed.
- d. **Reviews and recommends changes of the Risk Management Policies to the KYMEA Board as it deems appropriate.** The ERM was approved by the board in April and no additions are needed at this time.

Action Items

There were no actionable items.

Attachments

IRC Report – 06/14/2019



KENTUCKY MUNICIPAL ENERGY AGENCY

To: Board Risk Oversight Committee (BROC)

From: Internal Risk Committee (IRC)

Date: June 14, 2019

Re: IRC Meeting on 6/14/2019

A meeting of the Internal Risk Committee was held on 06/14/2019. Doug Buresh (Chairman), Heather Overby, Rob Leesman, Charlie Musson, and Michelle Hixon were present.

Doug opened the meeting and began a discussion regarding the status of enabling agreements (ISDA and EEI). Rob gave an update on where we are with the individual contracts. The Chairman went through our Enterprise Risk Management Policy, and the following risk categories were discussed.

1. Business Operations Risks

- a. **Operational risk:** Is the risk of loss from inadequate or failed internal processes, people, and systems. KYMEA has put in place a number of systems to address operational risk. In the finance and accounting area, the agency implemented the procedures recommended by BKD (external auditor). The CEO pre-approves all agency expenditures, and each check is signed by both the CEO and CFO. The Director, Administrative Services and Communications performs the bank reconciliation and opens all incoming mail before it is distributed to the CFO. The CEO and CFO have access to on-line banking and serve as the administrator for each other. In the market analytics area, Board approved procedures and limits are in place. The front office is managed by the VP, Market Analytics, and the middle and back office is managed by the CFO. The CEO and ACES risk management provide oversight of each area. Hedges greater than or equal to one year require Board approval. Trades limits are established by the position report.
- b. **Contract Counterparty performance risk:** Is the risk of a counterparty's failure to perform. Counterparty risk has been addressed in KYMEA's PPA's. Further, each new counterparty (trading counterparty) undergoes a credit check by the CFO, General Counsel, and ACES.
- c. **Facility Operations risk:** Is the risk associated with power generation. These risks have been addressed in PPA's with penalty's associated with availability.
- d. **Physical and cyber security risk:** Is the risk to physical assets and information systems. At the



KYMEA office, there are locks, cameras, and electronic access in place for exterior doors. Inside the office, there are additional locks for the IT Closet, the MAC, and each file drawer. The agency has a six-foot fire safe for sensitive documents. Cybersecurity network security, passwords, and best practices have been implemented through a third-party IT security company. KYMEA has also contracted with a third party company to remove and shred any sensitive documents. These documents are stored in a locked bin until shredded.

- e. **Business interruption risk:** Is the risk that business is interrupted and will be unable to continue operations. In the event KYMEA HQ has a catastrophic business interruption (i.e., fire, tornado, etc.) The software and data for conducting day-to-day business are stored on the cloud and can be retrieved to a new location on new hardware if necessary. For the more critical second-by-second function of the MAC, an exact replica of the current meter data server has been purchased providing realtime redundancy. Once the final configuration of the primary system is complete, the backup system will be installed in a rack at a secure and geographically diverse location. In the event of a less cataclysmic event such as a power outage, the MAC has both battery back-up for a short period of time as well as generator backup for an extended period. A failover test is conducted semiannually. The most recent test was conducted on 6/22/2019, and all systems passed (see attachment).
- f. **Regulatory compliance risk:** Is the risk of failing to comply with local, state, and federal regulatory requirements. These risks are monitored and discussed with KYMEA's general counsel, FERC counsel, internal staff, and ACES. The agency makes best efforts to keep abreast of changing regulations, although somewhat difficult with limited staff.
- g. **Reliability compliance risk:** Is the risk of failing to comply with reliability requirements. As a participant in three balancing authorities (LKE, MISO, and PJM), the agency works with outside experts and ACES to monitor and ensure compliance. KYMEA's next task is to submit the MOD 32 to LG&E/KU in September.

2. Energy Risks

- a. **Commodity market price risk:** KYMEA is constructing market and portfolio models to assess the commodity price risk. ACES and S&P Global provide market intelligence, and the agency is in constant contact with power markets to keep abreast of market price fundamentals.
- b. **Contract Counterparty performance risk:** Counterparty performance risk is addressed in the KYMEA PPA's and through credit worthy counterparties as vetted through the ISDA and EEI process.
- c. **Concentration (lack of diversity) risk:** Is addressed in our integrated resource planning process.
- d. **Delivery risk:** Is addressed by having market access to both MISO and PJM with firm transmission to MISO, EEI (Joppa), and TVA (SEPA) as well as internal generation from PPS and Paris.
- e. **Forced outage and de-rate risk:** Is addressed in the Vistra, Paducah, and Paris agreements. There is no risk associated with the BREC agreement.

f. **Volumetric risk**

- i. **Load forecast/weather variability risk:** Near-term load forecast/weather variability risk is managed with the ITRON load forecasting software, ACES, and flexibility embedded in KYMEA PPA's (heat rate call options). Long-term volumetric risk will be addressed as part of the Integrated Resource Planning process.
- ii. **Loss of load risk:** This risk is addressed in the AR contract signed by the AR group.
- g. **Environmental Emission Allowances risk:** The possibility of a change in laws and carbon gives KYMEA mild exposure to this risk through the Big Rivers contract.
- h. **Renewable Energy Attributes risk:** While this is no specific REC risk at this time, this potential risk is partially addressed with the Ashwood Solar contract.

3. **Financial Risks**

- a. **Financial risk:** In the near-term, this risk is addressed through the budget/actual projections of revenues, expenses, and cash flow due to changing market and volumetric conditions. In the long-term, the financial metrics will be a key component of the Integrated Resource Planning process. There are no past due receivables. All member receivables are set up on monthly ACH. The annual audit is scheduled for August.
- b. **Cash margin risk:** This risk is low due to receivables being set up on monthly ACH and the agency's 30-million-dollar line of credit.
- c. **Credit risk:** The agency has collateral in place to help mitigate this risk. The agency and ACES are monitoring day-to-day market prices.

Attachments

Failover Semi-Annual Testing Report from 6/22/2019



Failover Semi-Annual Testing Report

Conducted 6/22/2019 by Walker Mills from Strategic Communications

This report has been prepared to document that all critical systems are connected to the UPS and will successfully failover to battery backup and then to Eastpoint Parkway facility backup generation (Cummins Diesel Unit) in the event power is disrupted to the KYMEA office.

KYMEA Server Failover Testing				
Semi Annual				
Equipment ID	Equipment Description	UPS	6/22/2019	12/14/2019
KLOUSRV01	Domain Server	[Yellow Highlight]	PASS	
ESX01	Phone Server		PASS	
CMS1000	Meeting Server		PASS	
D6L38CS2	PME Server		PASS	
KYMEASW01	IT Switch		PASS	
KYMEARTR01	Main Phone Router		PASS	
	Encompass Workstation		PASS	
SG350X-48MP	AV Switch		PASS	
	Spectrum Unit		PASS	
VIDEOWALL 3-6	MAC Minis		PASS	

Walker Mills from Strategic Communications reported that all systems connected to the UPS successfully failed over during power disruption to the backup power supply and therefore passed the test.

Administration Reports





President & CEO Update

Doug Buresh

June 27, 2019

Legislative Activities

Amending certain provisions of Kentucky Revised Statutes Chapter 65.

- **Coordinating with management contracts with organizations of governmental entities which have specific expertise in their respective municipal areas such as the Kentucky League of Cities, Kentucky Association of Counties, the Kentucky School Boards Association, the Kentucky Rural Water Association and the Kentucky Municipal Utility Association.**

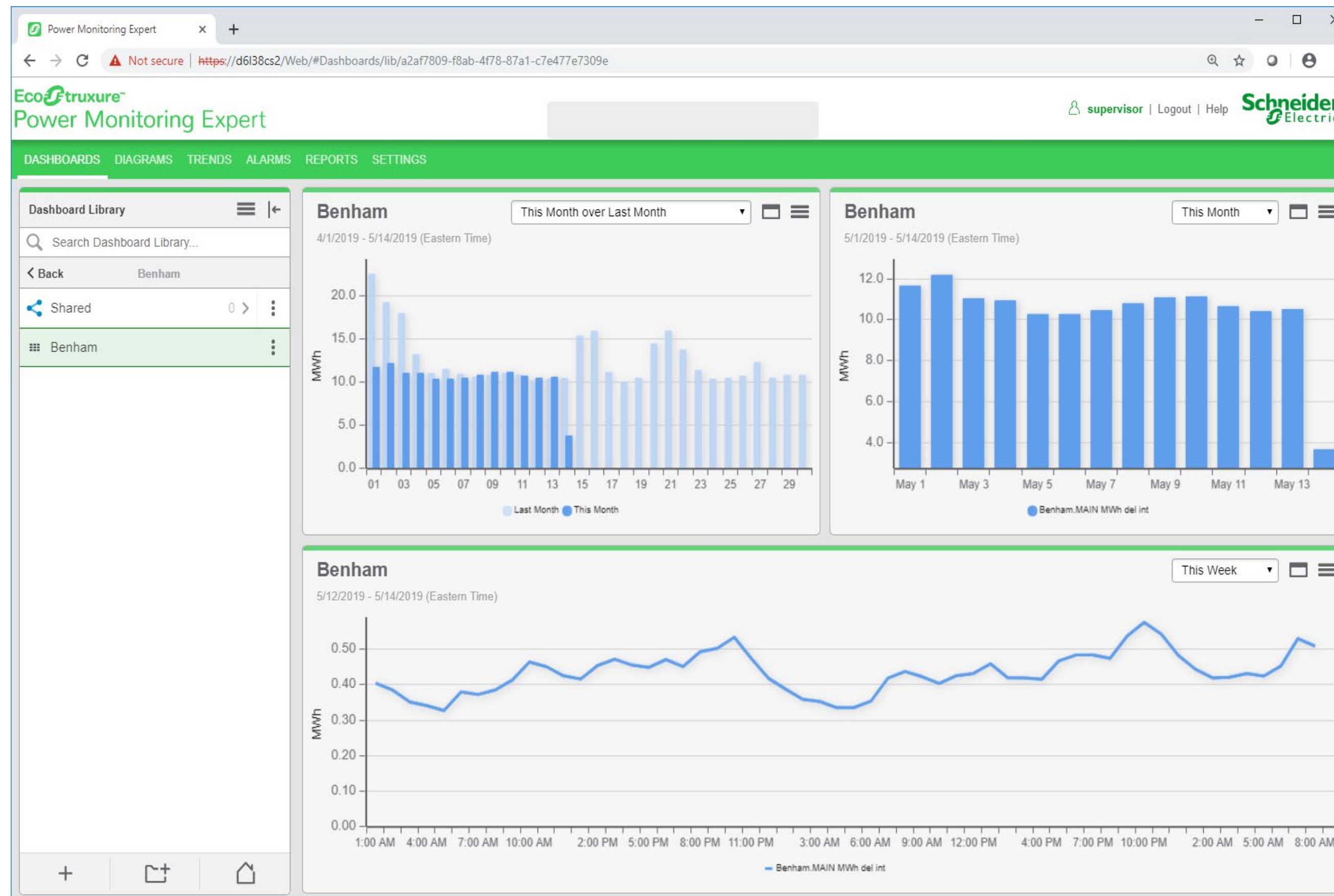
Amending KRS Chapter 65

Amending certain provisions of Kentucky Revised Statutes Chapter 65 (the Interlocal Governmental Cooperation Act) will provide greater flexibility for governmental entities to act jointly in undertaking joint public projects and conducting joint operations.

- 1. Streamline the governing body of the joint agency. Especially helpful for large groups.**
- 2. Provide the agency to issue revenue bonds with terms of up to 40 years similar to its members.**
- 3. Provide for regionalization, joint projects, economic development opportunities, etc. without the need for returning to the Kentucky General Assembly for enabling legislation. For example, joint sanitary sewer operations, joint jail authorities, joint power projects, regional water treatment and distribution systems, joint purchasing services, joint emergency services, etc.**

PME Member Access

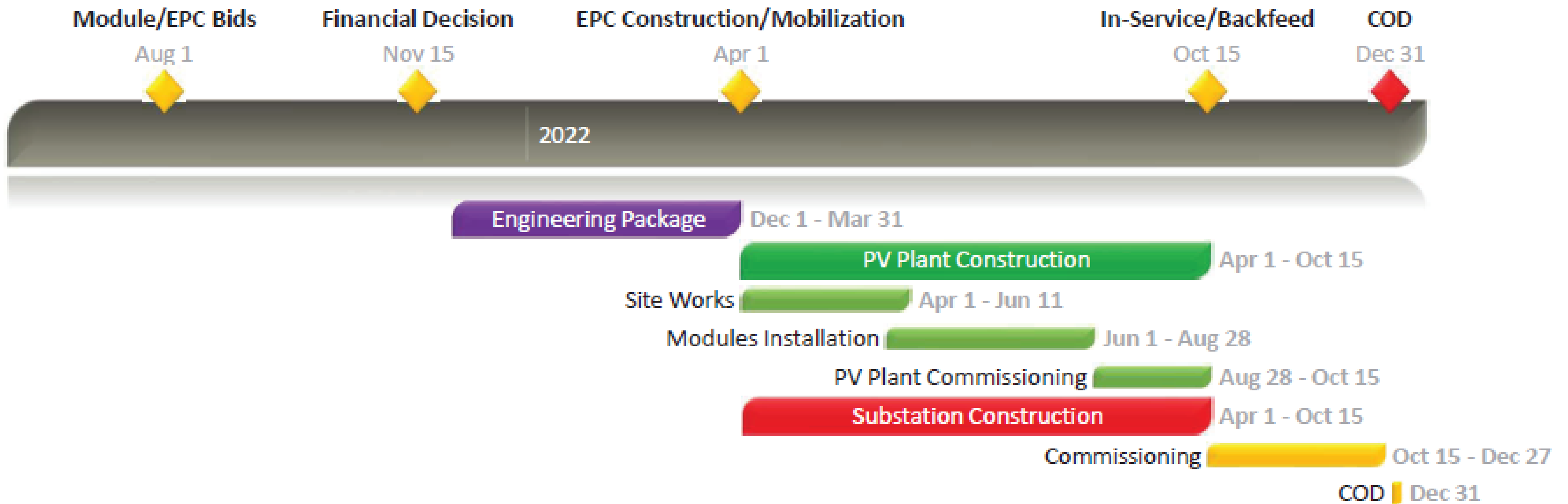
Rob will assist you if you are interested in PME Access.



Ashwood Construction Schedule

Ashwood (86 MWac)

2021





Member Communications

June 27, 2019

Annual Meeting Attendance Certificate

Your certificate was sent to you in the mail.

	Continuing Education Credit Form Annual Meeting 2019 May 22, 2019 • Embassy Suites Louisville East •
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Please fill in your personal information the way you want it to appear on your certificate.

NAME _____
First Middle Last

ADDRESS _____

City State Zip

PHONE _____ EMAIL _____

Utility or Organization Name _____

TIME	SESSION TITLE	Speaker	Duration	✓
11:00 AM	Market Volatility	Andy Whitesitt	50 min	
<small>Natural gas and power market volatility, past, present and future. A look at the trends in pricing of natural gas and power markets specific to KYMEA's region with highlights of fundamentals impacting price volatility from around the country. Andy Whitesitt, VP of Business Development, ACES, Master's Degree in Business Administration and Finance .1 CEUs .1.0 PDHs .1.0 CPEs</small>				
11:50 AM	Hedging: What, Why, and How?	Rob Leesman & Heather Overby	30 min	
<small>KYMEA manages energy market volatility in order to keep member rates stable. In this presentation, KYMEA staff will explain the risks inherent in RTO and non-RTO energy markets, the Agency's speculation-free hedging methodology, the tools hedging provides to lower market risk, and the internal controls in place around the hedging program. Heather Overby, VP of Finance and Accounting/CFO, KYMEA, Master's Degree in Business Administrations and Finance Rob Leesman, VP of Market Analytics, KYMEA, Bachelor of Science Degree in Electrical Engineering .05 CEUs .5 PDHs .5 CPEs</small>				
1:30 PM	Public Finance	Mark Rawlings	60 min	
<small>A comprehensive but concise overview of municipal bonds with a particular focus on public power, covering a wide-range of topics including a basic introduction to what municipal bonds are, how the markets work, various types of bonds/financing instruments, and the process for securing financing from start to finish. Discussion will also cover credit ratings, identifying the various involved parties, and a post-issuance compliance plan. Mark Rawlings, Senior Vice President, Public Finance, Hilliard Lyons, Bachelor Degree in Business Economics .1 CEUs 1.0 PDHs 1.0 CPEs</small>				
2:30 PM	Strategic Planning	Tim Blodgett	60 min	
<small>Change is the only constant factor that the electric industry is experiencing today. New technologies, new power sources, new competitors, changing customer expectations, evolving regulations and a changing workforce are some of the uncertainties public power utilities are facing every day. Strategic planning is the process that enables utilities and agencies to create a shared purpose and define a roadmap to the future they want to create. This session will walk your through the why, what and how of strategic planning. Tim Blodgett, President and CEO, Hometown Connections, Bachelor of Arts Degree in Business Management .1 CEUs 1.0 PDHs 1.0 CPE's</small>				

SIGN _____ DATE _____

Your certificate will be mailed to the address above.

Kentucky Municipal Energy Agency
 1700 Eastpoint Parkway, Ste. 220, Louisville, KY 40223
 502-242-5635

Upcoming Board Meetings

July Board & KMUA Meeting

Wednesday, July 24

1:00 PM KYMEA Board Meeting at [Courtyard Marriott](#)

6:00 PM Dinner: [Guthrie's Grill](#)

Thursday, July 25

10:00 AM KMUA Activity

6:00 PM Reception & Dinner

Friday, July 26

9:00 AM KMUA Board Meeting:



Somerset Hotel Reservations

Courtyard by Marriott

2254 South Highway 27
Somerset, KY 42501
TEL: (606) 679-0090

Directions

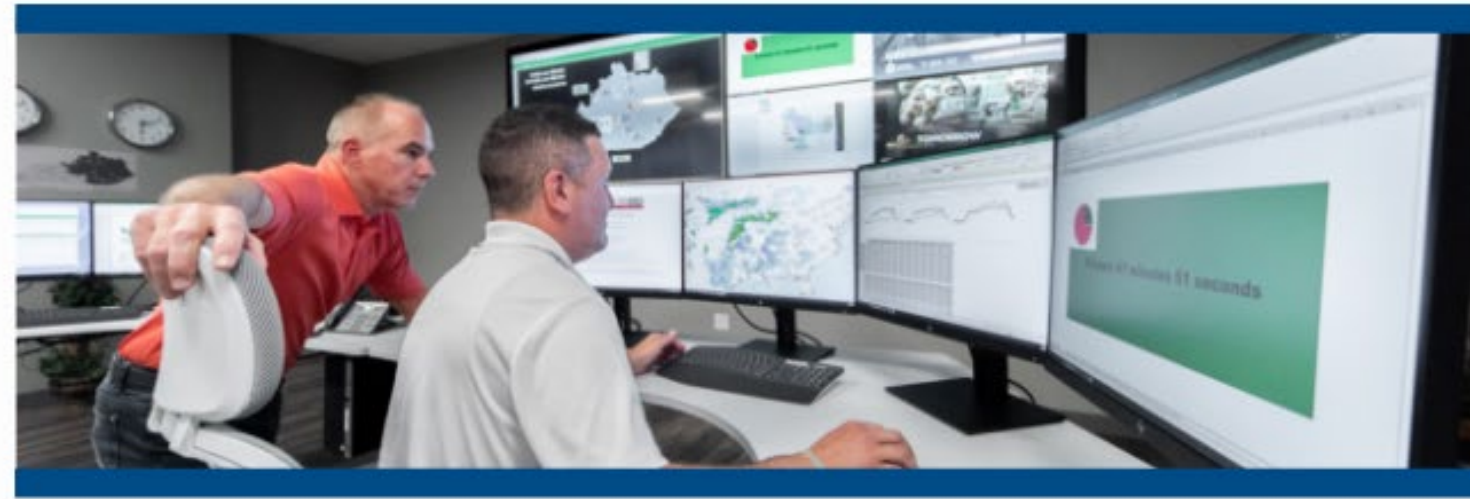
Reserve your room today.

2nd Quarter KYMEA Power Post

If you would like to be added to the distribution list, please send an email to mhixon@kymea.org

KYMEA POWER POST

A Quarterly Publication by KYMEA.



KYMEA and 11 Municipals Reach a Major Milestone MAY 1, 2019

At the stroke of midnight on May 1, a new electric power era began for eight communities that are members of the Kentucky Municipal Energy Agency (KYMEA). After decades of purchasing electricity from Kentucky Utilities Company, the Frankfort Plant Board and the municipal electric utilities of Barbourville, Bardwell, Corbin, Falmouth, Madisonville, Paris, and Providence are now being served by KYMEA. After years of planning and preparation, the May 1 switch to begin deliveries from the new KYMEA power supply portfolio occurred seamlessly, without so much as a blink in the lights in the thousands of homes served by the members. This "Go-Live" beginning of the new operations marks a major milestone for our member communities.

The event represents an important step toward achieving KYMEA's municipal members' goal of having greater control over their own power supply and associated services, while being able to reduce the costs of the power they provide to their residents and businesses. KYMEA offers wholesale electric power supply, transmission, and power dispatch and planning services to the municipal utilities of its eleven member communities, which include Owensboro Municipal Utilities, Berea and Benham.

Continue on page 2

Important Dates

JUNE

27th KYMEA Board Meeting

JULY

4th Independence Day

24th KYMEA Board Meeting

25-26th KMUA Somerset, KY

AUGUST

22nd KYMEA Board Meeting

P.3 A Message From the President and CEO

P.4 KYMEA Visits PPA Partners

P.5 Annual Meeting

P.7 Welcome to Our Board Meeting

Discussion Topics and Miscellaneous Materials



New Board Packet Format

Board Packet updated to reflect the Agency is now operational.

A. Meeting Opening

- A.1 Attendance
- A.2 Guest Introductions
- A.3 Call to Order

B. Consent Agenda

- B.1 Approval of Minutes
- B.2 Approval of Financial Reports

C. Committee Reports

- C.1 Executive
- C.2 All Requirements Project
- C.3 BROCC
- C.4 Budget
- C.5 Compensation

D. Administration Reports

- D.1 CEO
- D.2 Finance & Accounting
- D.3 Market Analytics
- D.4 Member Communications

E. Discussion Topics

F. Action Items

G. Public Comments

H. Upcoming Meetings & Other Business

I. Closed Session

- I.1 Market Report/Hedging Strategy
- I.2 Other topics

J. Actions Related to Closed Session

K. Adjournment

Reworking KYMEA website to accommodate Board Packets and Meeting Schedules.

Closed Session Authorization for June 27, 2019 KYMEA Board Meeting

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

- (i) discussing proposed, potential or pending litigation relating to KYMEA and its members relating to transmission issues;
- (ii) discussing matters regarding the IPMC PPA which may lead to potential litigation to preserve KYMEA rights under the PPA as a result of recent decisions of the Illinois Pollution Control Board;
- (iii) discussing the preliminary financial forecasts and recommendations for exercising a right of first refusal for additional supply pursuant to the Ashwood Solar Project; and
- (iv) discussing the market report and KYMEA's future and potential hedging strategy

KRS 61.810(1)(c) allows for closed session for the purpose of discussing proposed, potential and pending litigation relating to the agency.

KRS 61.810(1)(k) and 61.878(1)(j) allow for closed session where presentation, discussion and review of preliminary recommendations and preliminary memoranda in which opinions are expressed or policies formulated or recommended.

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.