



Board Packet

January 23, 2020



2020 BOARD MEETING



KENTUCKY MUNICIPAL ENERGY AGENCY

MONTH	DATE	LOCATION	MONTH	DATE	LOCATION
JANUARY	1/23 10 AM EST	KYMEA Board Room	JULY - SPECIAL MEETING	7/22 1 PM	KYMEA Board Room
FEBRUARY	2/27 10 AM EST	KYMEA Board Room	AUGUST	8/27 10 AM EST	KYMEA Board Room
MARCH	3/26 10 AM EST	KYMEA Board Room	SEPTEMBER	9/24 10 AM EST	KYMEA Board Room
APRIL - SPECIAL MEETING	4/22 1 PM CST	KMUA - Bowling Green	OCTOBER - SPECIAL MEETING	10/21 10 AM EST	KYMEA Board Room
MAY - ANNUAL MEETING	5/29 10 AM EST	KYMEA Board Room	NOVEMBER	11/18 10 AM EST	KYMEA Board Room
JUNE	6/25 10 AM EST	KYMEA Board Room	DECEMBER	12/16 10 AM EST	KYMEA Board Room

DISCOVER THE POWER OF ENERGY OPTIONS



JANUARY							FEBRUARY							MARCH							APRIL							MAY							JUNE							
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S								
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JULY							AUGUST							SEPTEMBER							OCTOBER							NOVEMBER							DECEMBER							
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26	27	28	29	30	31		23	24	25	26	27	28	29	27	28	29	30				25	26	27	28	29	30	31	29	30							27	28	29	30	31		
							30	31																																		

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

KYMEA COMMITTEE CALENDAR

2020

January 22 nd AR Rates Workshop-3pm	July
February 27 th AR Committee-10:30am	August
March 13 th IRC Committee-10am 26 th BROC Committee-8:30am 26 th AR Committee-10am	September 11 th IRC Committee-10am 24 th BROC Committee-8:30am
April	October 21 st Compensation Committee-8:30am
May	November 17 th Budget Committee-2pm 18 th Compensation Committee-8:30am
June 12 th IRC Committee-10am 25 th BROC Committee-8:30am	December 4 th IRC Committee-10am 15 th Budget Committee-2pm 16 th BROC Committee-8:30am 16 th AR Rates Workshop-2pm

JANUARY

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FEBRUARY

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MARCH

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APRIL

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JUNE

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JULY

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SEPTEMBER

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OCTOBER

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NOVEMBER

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DECEMBER

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26	27	28	29	30	31	



Committee Members	Term Limit Expiration	Next Election	Meeting Frequency
Officers			
Ron Herd (Chairman)	May 23, 2021	May 23, 2021	
Josh Callihan (Vice Chairman)		May 23, 2021	
Chris Melton (Secretary)		May 23, 2021	
Kevin Howard (Treasurer)		May 23, 2021	
Executive Committee			As Needed
Ron Herd (Chairman)		May 23, 2021	
Josh Callihan (Vice Chairman)		May 23, 2021	
Chris Melton (Secretary)		May 23, 2021	
Kevin Howard (Treasurer)		May 23, 2021	
All Requirements Project Committee			December - February
Chris Melton (Chairman)	All AR Directors hold a seat	May 23, 2021	December: Workshop - Staff presents current year proforma
All AR Directors			January: Workshop - Staff present preliminary AR rate design
KYMEA CEO (non-voting)			February: Staff presents preliminary AR rates
KYMEA CFO (non-voting)			March: Committee approval/Board Approval of AR Rates
Board Risk Oversight Committee (BROC)			Quarterly
Gary Zheng (Chairman)		May 23, 2021	March, June, September, & December
Tim Lyons		May 23, 2021	
KYMEA CEO			
KYMEA CFO			
KYMEA Legal Counsel			
Internal Risk Committee (IRC)			Quarterly
KYMEA CEO (Chairman)			March, June, September, & December
KYMEA VP of Market Analytics			
KYMEA CFO			
KYMEA Legal Counsel			
Budget Committee			November - January
Chris Melton (Chairman)		May 23, 2021	November: Staff presents preliminary budget to committee December: Complete committee changes/Budget committee approval January: No meeting, Budget presented to board February: Board approval of budget
Josh Callihan		May 23, 2021	
Mike Withrow		May 23, 2021	
KYMEA CEO (non-voting)			
KYMEA CFO (non-voting)			
Compensation Committee			October - December
Ron Herd (Chairman)		May 23, 2021	October/November: Working group to establish CEO compensation December: Committee presents the CEO's compensation to the board
Josh Callihan		May 23, 2021	
Chris Melton		May 23, 2021	
Kevin Howard		May 23, 2021	
KYMEA Legal Counsel (non-voting)			
FERC Litigation Committee			October - December
Chris Melton			Working group during FERC litigation
Gary Zheng (Chairman)			
Tim Lyons			
KYMEA CEO			
KYMEA CFO			
KYMEA Legal Counsel			



KENTUCKY MUNICIPAL ENERGY AGENCY

February 27, 2020	Committee Reports	Administration Reports	Discussion Topics	Action Items
	AR Committee	CEO	FY 2021 AR Rates Presentation	FY 2021 Budget
	Budget		Legislative Update	
		Member Communications		

March 26, 2020	Committee Reports	Administration Reports	Discussion Topics	Action Items
	IRC	CEO		FY 2021 AR Rates
	BROC	Finance and Accounting		
	AR Committee	Market Analytics		
		Member Communications		

April 22, 2020	Committee Reports	Administration Reports	Discussion Topics	Action Items
	BROC	CEO		
		Finance and Accounting		
		Market Analytics		
		Member Communications		

May 29, 2020	Committee Reports	Administration Reports	Discussion Topics	Action Items
		CEO	Cash Reserve Policy	
		Finance and Accounting		
		Market Analytics		



		Member Communications		
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June 25, 2020	Committee Reports	Administration Reports	Discussion Topics	Action Items
	BROC	CEO		
		Finance and Accounting		
		Market Analytics		
		Member Communications		

July 22, 2020	Committee Reports	Administration Reports	Discussion Topics	Action Items
		CEO		
		Finance and Accounting		
		Market Analytics		
		Member Communications		

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



KENTUCKY MUNICIPAL ENERGY AGENCY

Notice of Meeting of the KYMEA Board of Directors

Location: 1700 Eastpoint Pkwy Ste. 220

Thursday, January 23, 2020, 10 AM

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 AR Rates Committee
- D.2 Budget Committee
- D.3 Compensation Committee

E. Administration Reports

- E.1 CEO
- E.2 CFO
- E.3 Member Communications

F. Discussion Topics

- F.1 Legislative Update
- F.2 FY 2021 Administrative, General, and Capital Budget
- F.3 Open Records Request Policy

G. Action Items

- G.1 CEO Employment Agreement

H. Public Comments

I. Upcoming Meetings & Other Business

J. Closed Session

- J.1 Market Report/Hedging Strategy
- J.2 Report of potential power purchasers
- J.3 Other topics

K. Actions Related to Closed Session

L. Adjournment

Meeting Minutes





Notice of Meeting of the KYMEA Board of Directors

Location: 1700 Eastpoint Parkway Ste. 220, Louisville, KY 40223

Wednesday, December 18, 2019, 10 AM

A. Meeting Opening

A.1. Attendance: Taken at 10:24 AM

Present Board Members:

Josh Callihan

Ronald Herd

Philip King (Remote Participant, left the meeting at 11:48 AM)

Chris Melton

Mike Withrow

Kevin Frizzell

Kevin Howard

Gary Zheng

Absent Board Members:

Carl Shoupe

Doug Hammers

Ramona Williams

Staff Present:

Michelle Hixon

Heather Overby

Doug Buresh

Rob Leesman

Others Present:

Charles Musson

Vent Foster

Pat Pace

Hance Price

Tom Marshall

Anna Marie Pavlik Rosen



A.2. Guest Introductions: The Chairman thanked our guests for attending today's meeting. Tom Marshall and Anna Marie Pavlik Rosen introduced themselves from Frankfort.

A.3. Call to Order: Chairman, Ron Herd, called the meeting to order at 10:24 AM. A quorum of board members was present, and the Board was ready to proceed with business.

2. Meeting Minutes

2.1 Approval of the regular minutes of November 20, 2019

Motion Passed: Approval of the previous month's meeting minutes passed with a motion by Mike Withrow and second by Kevin Frizzell.

8 Yeas - 0 Nays.

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

C. Financial Reports

2.2 Approval of last month's Financial Reports

Motion Passed: Approval of the previous month's financial reports passed with a motion by Kevin Frizzell and second by Chris Melton.

8 Yeas - 0 Nays.

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



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

D. Committee Reports

D.1 Board Risk Oversight Committee: Chairman Gary Zheng reported a great BROCC meeting this morning before the Board meeting. The BROCC report is listed in the Board packet for review.

D.2 Budget Committee: Chairman, Chris Melton reported that the Budget Committee had a great meeting on 12/17/2019. The committee will not meet in January. The committee approved the budget and recommended it for Board review during the January Board meeting.

D.3 Compensation Committee: Chairman, Ron Herd reported that the committee is still working through a few things but expects to have a recommendation for updating the President and CEO's contract by the next meeting.

E. Administration Reports

E.1 CEO: Doug Buresh presented the CEO report regarding the agency's past and upcoming activities.

E.2 Member Communications: Michelle Hixon communicated to the board any upcoming events and member activities.

F. Discussion Topics

F.1 Legislative Update: Doug Buresh gave an update on legislative activities.

F.2 KYMEA-Year in Review: Doug gave a presentation reviewing the 2019 Agency activities and accomplishments.

G. Action Items

G.1 No action was taken

H. Public Comments



This was an opportunity for members of the public to provide input to the KYMEA Board and was limited to 5 minutes per speaker.

Tom Marshall, a citizen of Frankfort, KY asked if the Agency had information on its avoided costs and also weather the IRP would capture decline in demand due to efficiencies.

I. Upcoming Meetings and Other Business

The next meeting is Thursday, January 23rd at 10 AM

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

2020 Board Meetings

Thursday, January 23, 2020, 10:00 AM Eastern Time, KYMEA Board Room

Thursday, February 27, 2020, 10:00 AM Eastern Time, KYMEA Board Room

Thursday, March 26, 2020, 10:00 AM Eastern Time, KYMEA Board Room

Wednesday, April 22, 2020, 1:00 PM Central Time, KMUA-Hyatt Place, Bowling Green

Friday, May 29, 2020, 10:00 AM Eastern Time, KYMEA Board Room

Thursday, June 25, 2020, 10:00 AM Eastern Time, KYMEA Board Room

Wednesday, July 22, 2020, 1:00 PM Eastern Time, KYMEA Board Room

Thursday, August 27, 2020, 10:00 AM Eastern Time, KYMEA Board Room

Thursday, September 24, 2020, 10:00 AM Eastern Time, KYMEA Board Room

Wednesday, October 21, 2020, 10:00 AM Eastern Time, KYMEA Board Room

Wednesday, November 18, 2020, 10:00 AM Eastern Time, KYMEA Board Room

Wednesday, December 16, 2020, 10:00 AM Eastern Time, KYMEA Board Room



J. Closed Session

Closed Session Authorization for December 18, 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); KRS 61.878(1)(j); KRS 61.810(1)(f) and KRS 61.878(1)(a) for the purpose of:

- i. discussing proposed, potential or pending litigation relating to KYMEA and its members relating to transmission issues;
- ii. discussing the market report and KYMEA's future and potential hedging strategy; and
- iii. discussing the annual performance evaluation review of the President and CEO of KYMEA, including review of items of a personal nature, records and privacy.

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)(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.

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)(f) and 61.878(1)(a) allow for closed session where discussions of an individual as an employee and personal records or information thereof disclosed to the agency which if disclosed to the general public could constitute an unwarranted invasion of personal privacy.

Motion Passed: Motion to enter into closed session passed with a motion by Mike Withrow and a second by Josh Callihan.

8 Yeas - 0 Nays.

Josh Callihan	Yes
Ronald Herd	Yes
Chris Melton	Yes
Mike Withrow	Yes
Carl Shoupe	Absent
Philip King	Yes
Kevin Frizzell	Yes
Doug Hammers	Absent



Kevin Howard	Yes
Ramona Williams	Absent
Gary Zheng	Yes

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

7 Yeas - 0 Nays.

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

K. Actions Related to Closed Session

K.1 Winter Readiness Agreement: Kevin Frizzell was present but abstained from voting on this item.

Motion Passed: Motion to approve the proposed resolution authorizing execution of a backup power agreement with OMU passed with a motion by Josh Callihan and a second by Chris Melton.

6 Yeas - 0 Nays.

Josh Callihan	Yes
Ronald Herd	Yes
Chris Melton	Yes
Mike Withrow	Yes
Carl Shoupe	Absent
Philip King	Absent
Kevin Frizzell	Abstain
Doug Hammers	Absent



Kevin Howard	Yes
Ramona Williams	Absent
Gary Zheng	Yes

L. Adjournment

Motion Passed: Motion to adjourn the KYMEA board meeting passed with a motion by Josh Callihan and a second by Mike Withrow.

7 Yeas - 0 Nays.

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

X

Chairperson

X

Secretary

Financial Reports





Financial Presentation

January 23, 2020

Statement of Net Position – December 2019

1. Checking account cash

2. Billing to AR & Transmission service members and ancillary services



Statements of Net Position Dec-19

HRO

	Dec 2019
ASSETS	
CURRENT ASSETS	
Cash and investments	\$ 9,607,621 ¹
Other receivables	7,146,631 ²
Prepayments	4,101
Total Current Assets	16,758,353

Statement of Net Position – December 2019

3. Collateral represents \$1.2M
at MISO and \$800k at PJM

NON-CURRENT ASSETS

Restricted Assets

Pledged collateral 1,978,471

Interest receivable -

Total Restricted Assets 1,978,471

Capital Assets

Fixed Asset Clearing Account -

Office Buildout 253,638

Meters - AR Project 210,090

Meter Comm Equipment 330,672

General Plant 739,412

Construction work in progress -

Less Accumulated Depreciation (166,434)

Net Capital Assets 1,367,378

Total Non-Current Assets 3,345,849

Total Assets 20,104,202

Statement of Net Position – December 2019

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	\$	10,690,309
Accrued Employee Benefits		89,062
Accrued interest payable		516
Total Current Liabilities		10,779,887

4

NON-CURRENT LIABILITIES

Deferred Lease Liability	35,372
Line of Credit	-
Total Non-Current Liabilities	35,372

5

6

Total Liabilities	10,815,260
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Net Position

Invested in capital assets, net of related debt	1,367,378
Restricted	-
Unrestricted	7,921,564
TOTAL NET POSITION	9,288,942

7

4. AP represents purchase power.

5. Deferred Lease Liability represents the difference in average monthly rent for term of office lease and actual lease payments.

6. Line of Credit paid off in August 2019.

7. Positive net position - LTD

Revenue, Expenses, and Changes in Net Position – December 2019

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

	December 2019	YTD FY20
OPERATING REVENUES		
Sales to members	\$ 6,359,467	\$ 42,996,091
Other revenues	98,612	595,895
TOTAL OPERATING REVENUE	6,458,079	43,591,986
OPERATING EXPENSES		
Transmission	606,527	4,069,203
Production	4,928,374	31,563,139
Administrative and General	181,547	1,066,903
Depreciation	5,603	85,177
Future recoverable costs	-	-
TOTAL PURCHASE POWER AND OPERATING EXPENSES	5,722,050	36,469,273
OPERATING INCOME	736,029	7,122,712
NON-OPERATING REVENUES (EXPENSES)		
Interest expense on debt	(3,814)	(25,744)
Interest income	-	8,597
Other non-operating expenses (income)	(2,196)	(21,142)
TOTAL NONOPERATING REVENUES (EXPENSES)	(6,010)	(38,289)
CHANGE IN NET POSITION	730,019	7,084,423
NET POSITION AT BEGINNING OF PERIOD	\$ 8,558,923	2,204,519
NET POSITION AT END OF PERIOD	\$ 9,288,942	9,288,942

8. Sales to AR Members

9. Sales of transmission and ancillary services

10. Transmission from MISO, PJM, and KU net of depancaking credit

11. All purchase power including PPA, ITO, and SEPA

12. Positive net income

Indirect Cash Flow— December 2019

13. Net Income

14. Timing of Accounts Payable has largest effect of operational items on cash.

15. Cash balance in checking account

CONSOLIDATED STATEMENT OF CASH FLOWS		CY Month Ended 12/31/2019	CY YTD FY 2020
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
NET INCOME	\$	730,019	\$ 7,084,423
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH:			
DEPRECIATION	\$	5,603	\$ 85,177
AMORTIZATION OF:			
ACQUISITION ADJUSTMENT			\$ -
CHANGES IN CURRENT & DEFERRED ITEMS:			
ACCOUNTS RECEIVABLE	\$	208,516	\$ 828,481
MATERIALS & SUPPLIES			\$ -
PREPAYMENTS & OTHER CURRENT ASSETS			\$ 1,196
DEFERRED DEBITS	\$	1,367	\$ 7,828
OTHER REG ASSETS AND DEFERRED OUTFLOW OF RESOURCES			\$ -
ACCOUNTS PAYABLE	\$	1,168,794	\$ 2,680,705
COLLATERAL DEPOSITS			\$ -
TAXES & INTEREST ACCRUED	\$	(39,613)	\$ (14,623)
OTHER CURRENT LIABILITIES	\$	2,522	\$ 549
DEFERRED CREDITS	\$	326	\$ 2,917
OTHER			\$ -
NET CASH PROVIDED BY (USED IN) OPERATION	\$	2,077,534	\$ 10,676,652
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES			
ADDITIONS TO PLANT	\$	-	\$ (89,097)
NET CHANGE IN OTHER PROP & INVEST	\$	-	\$ 297,640
PLANT SOLD (PURCHASED) - NONINSTALLMENT METHOD	\$	-	\$ -
OTHER - ASSET RETIREMENT OBLIGATIONS	\$	-	\$ -
NET CASH PROVIDED BY (USED IN) INVESTING	\$	-	\$ 208,543
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES			
LONG TERM BORROWINGS	\$	-	\$ -
PAYMENT ON LONG TERM DEBT	\$	-	\$ (9,032,768)
OTHER	\$	-	\$ -
NET CASH PROVIDED BY (USED IN) FINANCING	\$	-	\$ (9,032,768)
NET INCREASE (DECREASE) IN CASH & TEMP INVESTMENTS	\$	2,077,534	\$ 1,852,427
CASH & TEMP INVESTMENTS BEGINNING PERIOD	\$	7,530,088	\$ 7,755,194
CASH & TEMP INVESTMENTS END OF PERIOD	\$	9,607,621	\$ 9,607,621



KENTUCKY MUNICIPAL ENERGY AGENCY

Statements of Net Position
Dec-19

HRO

	Dec 2019
ASSETS	
CURRENT ASSETS	
Cash and investments	\$ 9,607,621
Other receivables	7,146,631
Prepayments	4,101
Total Current Assets	16,758,353
NON-CURRENT ASSETS	
Restricted Assets	
Pledged collateral	1,978,471
Interest receivable	-
Total Restricted Assets	1,978,471
Capital Assets	
Fixed Asset Clearing Account	-
Office Buildout	253,638
Meters - AR Project	210,090
Meter Comm Equipment	330,672
General Plant	739,412
Construction work in progress	-
Less Accumulated Depreciation	(166,434)
Net Capital Assets	1,367,378
Total Non-Current Assets	3,345,849
Total Assets	20,104,202



KENTUCKY MUNICIPAL ENERGY AGENCY

Statements of Net Position
Dec-19

HRO

Dec
2019

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	\$	10,690,309
Accrued Employee Benefits		89,062
Accrued interest payable		516
Total Current Liabilities		10,779,887

NON-CURRENT LIABILITIES

Deferred Lease Liability		35,372
Line of Credit		-
Total Non-Current Liabilities		35,372

Total Liabilities 10,815,260

Net Position

Invested in capital assets, net of related debt	1,367,378
Restricted	-
Unrestricted	7,921,564
TOTAL NET POSITION	9,288,942



KENTUCKY MUNICIPAL ENERGY AGENCY

HRO

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

	December 2019	YTD FY20
OPERATING REVENUES		
Sales to members	\$ 6,359,467	\$ 42,996,091
Other revenues	98,612	595,895
TOTAL OPERATING REVENUE	6,458,079	43,591,986
OPERATING EXPENSES		
Transmission	606,527	4,069,203
Production	4,928,374	31,563,139
Administrative and General	181,547	1,066,903
Depreciation	5,603	85,177
Future recoverable costs	-	-
TOTAL PURCHASE POWER AND OPERATING EXPENSES	5,722,050	36,469,273
OPERATING INCOME	736,029	7,122,712
NON-OPERATING REVENUES (EXPENSES)		
Interest expense on debt	(3,814)	(25,744)
Interest income	-	8,597
Other non-operating expenses (income)	(2,196)	(21,142)
TOTAL NONOPERATING REVENUES (EXPENSES)	(6,010)	(38,289)
CHANGE IN NET POSITION	730,019	7,084,423
NET POSITION AT BEGINNING OF PERIOD	\$ 8,558,923	2,204,519
NET POSITION AT END OF PERIOD	\$ 9,288,942	9,288,942



KENTUCKY MUNICIPAL ENERGY AGENCY

HRO
1/15/2020

CONSOLIDATED STATEMENT OF CASH FLOWS	CY		CY	
	Month Ended		YTD	
	12/31/2019		FY 2020	
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
NET INCOME	\$	730,019	\$	7,084,423
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH:				
DEPRECIATION	\$	5,603	\$	85,177
AMORTIZATION OF:				
ACQUISITION ADJUSTMENT			\$	-
			\$	-
CHANGES IN CURRENT & DEFERRED ITEMS:				
ACCOUNTS RECEIVABLE	\$	208,516	\$	828,481
MATERIALS & SUPPLIES			\$	-
PREPAYMENTS & OTHER CURRENT ASSETS			\$	1,196
DEFERRED DEBITS	\$	1,367	\$	7,828
OTHER REG ASSETS AND DEFERRED OUTFLOW OF RESOURCES			\$	-
ACCOUNTS PAYABLE	\$	1,168,794	\$	2,680,705
COLLATERAL DEPOSITS			\$	-
TAXES & INTEREST ACCRUED	\$	(39,613)	\$	(14,623)
OTHER CURRENT LIABILITIES	\$	2,522	\$	549
DEFERRED CREDITS	\$	326	\$	2,917
OTHER			\$	-
NET CASH PROVIDED BY (USED IN) OPERATION	\$	2,077,534	\$	10,676,652
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES				
ADDITIONS TO PLANT	\$	-	\$	(89,097)
NET CHANGE IN OTHER PROP & INVEST	\$	-	\$	297,640
PLANT SOLD (PURCHASED) - NONINSTALLMENT METHOD	\$	-	\$	-
OTHER - ASSET RETIREMENT OBLIGATIONS	\$	-	\$	-
NET CASH PROVIDED BY (USED IN) INVESTING	\$	-	\$	208,543
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES				
LONG TERM BORROWINGS	\$	-	\$	-
PAYMENT ON LONG TERM DEBT	\$	-	\$	(9,032,768)
OTHER	\$	-	\$	-
NET CASH PROVIDED BY (USED IN) FINANCING	\$	-	\$	(9,032,768)
NET INCREASE (DECREASE) IN CASH & TEMP INVESTMENTS	\$	2,077,534	\$	1,852,427
CASH & TEMP INVESTMENTS BEGINNING PERIOD	\$	7,530,088	\$	7,755,194
CASH & TEMP INVESTMENTS END OF PERIOD	\$	9,607,621	\$	9,607,621

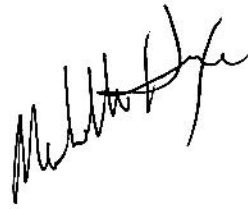
Reconciliation Transactions Report

01/14/20 11:50:31 AM

12/01/19-12/31/19 131.00 CASH

User Id: 2011

Statement Ending Balance :	9,607,621.38
Outstanding Payments(-) :	.00
Adjustments in Transit(+) :	.00
Deposits in Transit(+) :	.00
Adjusted Bank Balance :	<u>9,607,621.38</u>
Book Balance :	9,607,621.38
Pending Adjustments :	.00
Adjusted Book Balance :	<u>9,607,621.38</u>
Difference :	.00



Committee Reports

D. Committee Reports

- D.1 AR Rates Committee Report
- D.2 Budget Committee Report
- D.3 Compensation Committee





KENTUCKY MUNICIPAL ENERGY AGENCY

Report

1700 Eastpoint Pkwy Ste. 220 Louisville, KY 40223
P: (502) 242-5635 • F: (502) 242-5640
www.kymea.org

To: Board of Directors

From: AR Project Committee

Date: January 22, 2020

Re: AR Project Committee Rates Workshop on 01/22/2020

An AR Project Committee Rates Workshop was held on 01/22/2020. Chris Melton, Josh Callihan, Ron Herd, Gary Zheng, Doug Buresh, Heather Overby, Rob Leesman, Charlie Musson, Michelle Hixon, and Walt Baldwin (at 3:29 PM) were present.

The Chairman, Chris Melton called the meeting to order at 3:15 PM. He asked President Buresh to begin with a presentation regarding the preliminary FY 2021 AR Rates and financial metrics.

Feedback was given by the members for staff to run some additional scenarios to present at the next workshop.

The workshop will tentatively reconvene in February in Louisville, at a date and time to be set. A combined meeting of the Board and AR Committee is also scheduled on February 27, 2020 at 10:00 am in Louisville. The meeting was adjourned.



KENTUCKY MUNICIPAL ENERGY AGENCY

Report

1700 Eastpoint Pkwy Ste. 220 Louisville, KY 40223
P: (502) 242-5635 • F: (502) 242-5640
www.kymea.org

To: Board of Directors

From: Budget committee

Date: December 17, 2019

Re: Budget Meeting on 12/17/2019

A meeting of the Budget Committee was held on 12/17/2019. Chris Melton, Josh Callihan, Mike Withrow, Doug Buresh, Heather Overby, Rob Leesman, Charlie Musson, and Michelle Hixon were present.

The Chairman, Chris Melton, called the meeting to order at 2:09 PM. Doug presented the revised Budget based on committee feedback. The committee approved the budget and recommended it for Board review. There will not be a January 23rd Budget Committee Meeting. The budget will be presented to the Board of Directors during the January 23rd Board Meeting in Louisville.

Administration Reports

E. Administration Reports

- E.1 CEO
- E.2 CFO
- E.3 Member Communications



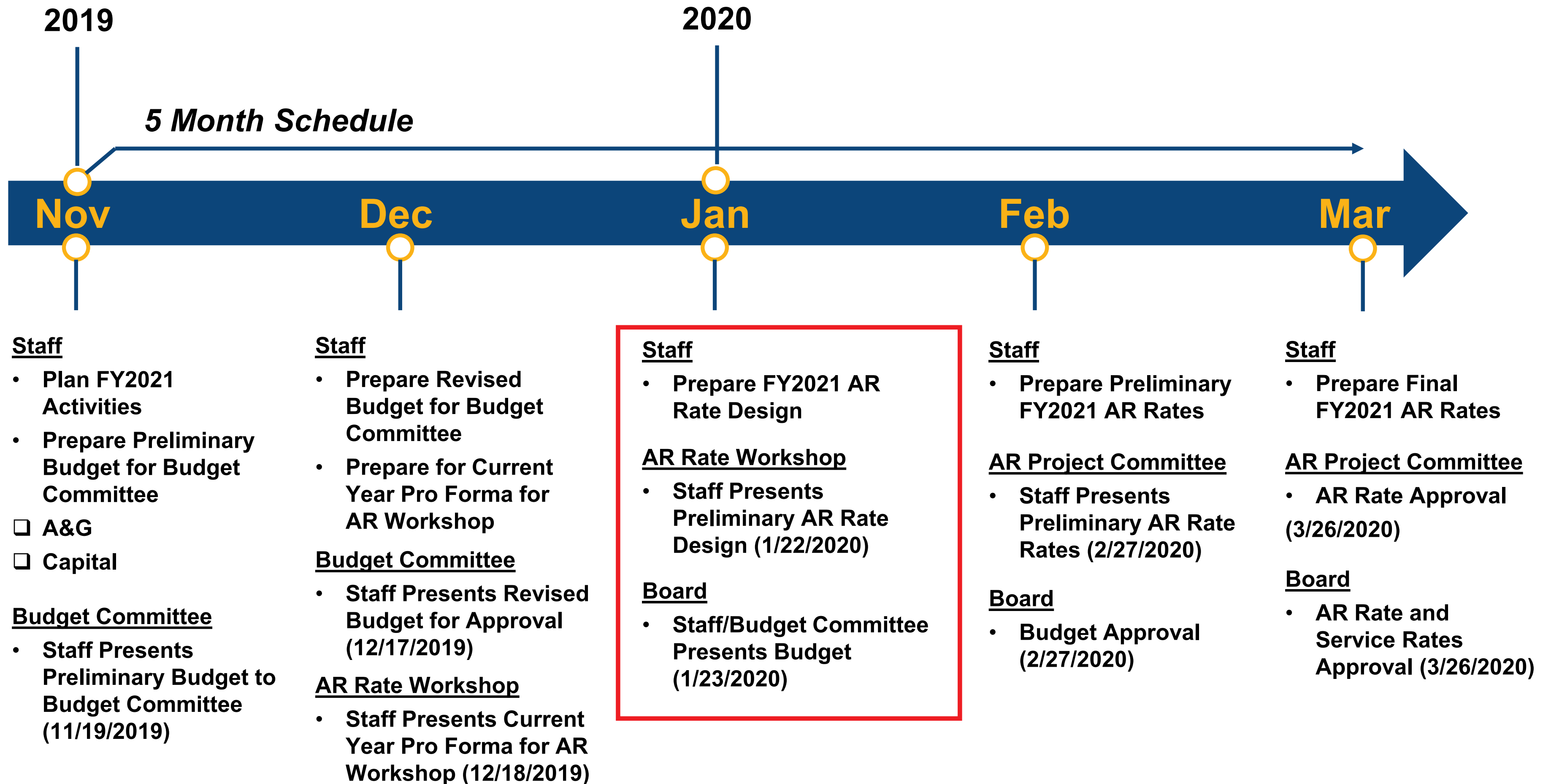


President & CEO Update

Doug Buresh

January 23, 2020

FY2021 Budget and AR Rate Process



Ashwood Solar Update

Operating Meeting Notes (KYMEA and RWE)

1. Interconnection Study Status

- Currently in suspension to postpone schedule temporarily. Will be brought out of suspension in mid-2020 to align with 24-month construction schedule.

2. MOD-32 Data

- LG&E/KU requested short circuit analysis which RWE provided in December 2019.

3. Interconnection Timeline

- 24-months to complete network upgrades for 3-breaker ring bus. Construction expected to start Q2 2020.

4. Solar Timeline

- Start construction in March 2022 with COD in December 2022.

5. Current Permitting and Study Status

- Most environmental studies/surveys have been completed.
- Beginning work siting board application and local impact studies.
- Project does not exceed FAA Notice Criteria (no glare issues) since distance to nearest airport is 8 miles away.
- Full Siting Board application package expected Q1 2020.
 - a) Potential project implications based on re-route of US Hwy 641.
 - b) Re-route of US Hwy 641 will have minimal impact to proposed project areas.

Note: Permit Application Town Hall Meeting(s) are tentatively scheduled for March 2020

APPA Legislative Rally

Legislative Rally Washington, D.C. February 24-26, 2020

KYMEA has reserved a block of rooms and has budgeted travel expenses for up to 10 people. KYMEA encourages our Directors and City Officials to attend if you are able.

The 2020 Legislative Rally will be held February 24-26, 2020, at the **Mayflower Hotel in Washington, D.C.**

As a public power advocate, you are in the best position to talk to Congress about the direct impact of federal action at the local level. Our coordinated outreach efforts are strengthened because you represent not only your public power community, but also the 49 million Americans served by public power.

Who Should Attend

- Public power staff and leaders
- Mayors, city council, and board members
- Others who want to get involved and advocate for public power

At the Legislative Rally, the American Public Power Association provides the resources, connections, and collective power to help public power communities make your voices heard in Washington, D.C.

Reasons to Attend the APPA Legislative Rally



Influence those who decide your community's future



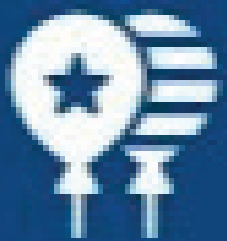
Learn more about the issues affecting public power at in-depth pre-Rally seminars



Get tools to help you advocate for public power with your elected representatives and Administration officials



Communicate public power's value and needs to Congress and the Administration during Hill visits



Network with and learn from public power peers



Help shape APPA policy on important issues at the Legislative & Resolutions Committee meeting



Hear about the political landscape from Washington insiders

Industry News – TVA Distributors

Discussion

- ❑ Two articles regarding the TVA Distributors
 - Energy and Policy Institute: *TVA attempts to chain local power companies to longer contracts in effort to prevent defection risk. September 22, 2019*
 - KYMEA is mentioned in this article.
 - Energy Central News: *TVA companies are feeling the pressure. January 10, 2020*



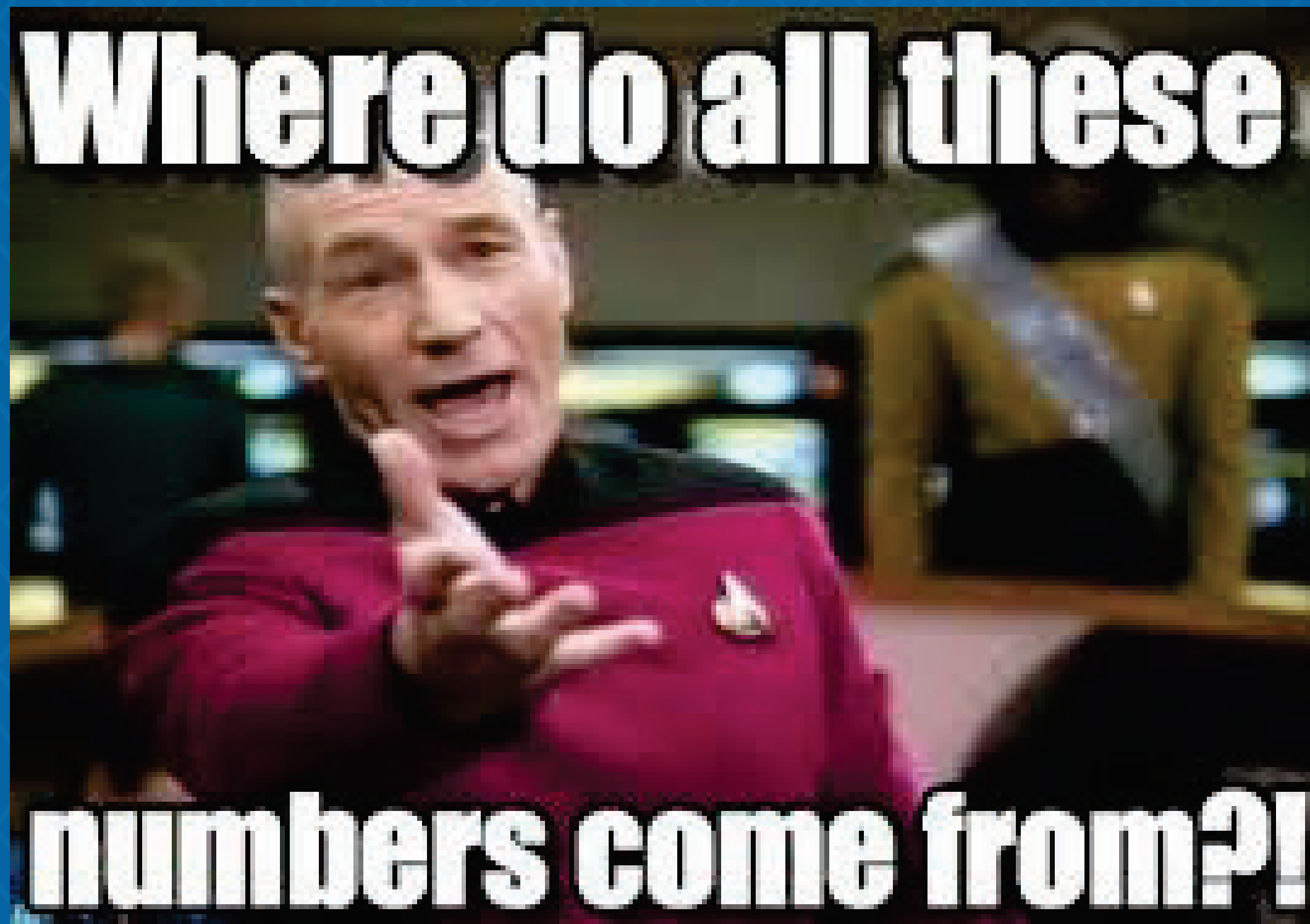
Chief Financial Officer Report

January 23, 2020
Heather Overby

Do Your Employees and Board Members Feel Like This?



CAN YOU RELATE?



DO YOU ZONE OUT WHEN YOU SEE THIS?



KENTUCKY MUNICIPAL ENERGY AGENCY

HRO

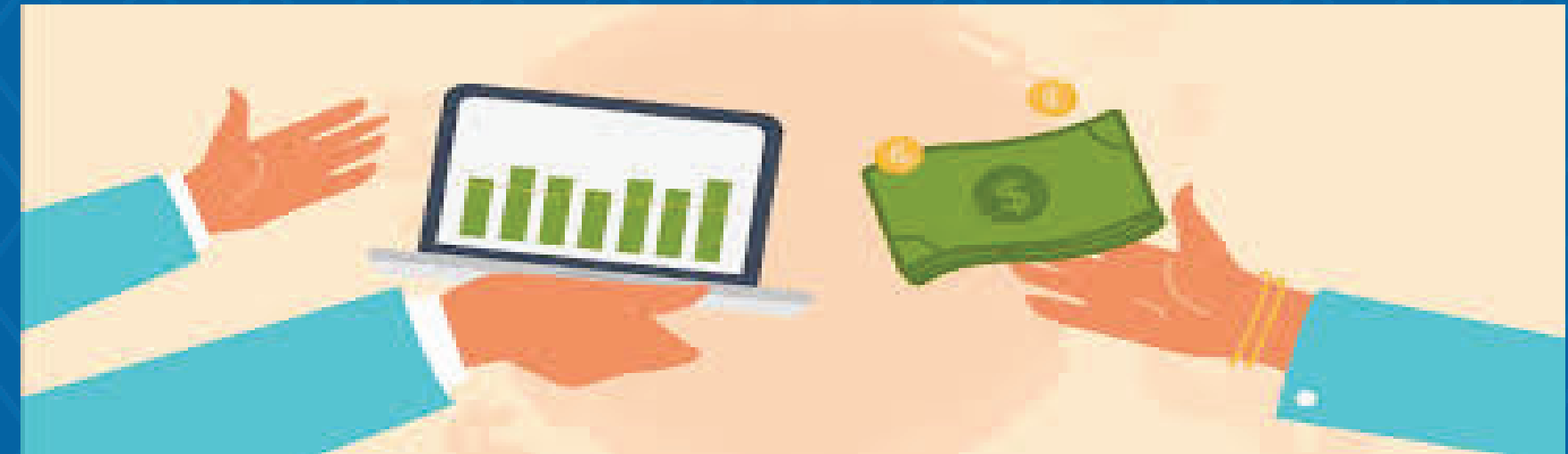
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GOOD NEWS!

KYMEA IS HOSTING A SEMINAR!!

Utility Accounting for Non-Financial Professionals



- ◆ March 11, 2020 at KYMEA
- ◆ Instructed by BKD, CPAs, KYMEA Audit firm
- ◆ All member employees, board members, counsel members, and other guests are welcome.
- ◆ No cost to attend

Utility Accounting for Non-Financial Professionals

Why Attend?

- ◆ Accounting standards continue to change and evolve.
- ◆ The objective of these changes is to bring clarity to a utility's financial reporting, but they can create confusion for those outside the finance department.

Utility Accounting for Non-Financial Professionals

Why Attend?

- ◆ This course is designed to provide a deeper understanding of the financial statements and financial reporting process for *non-finance professionals* working in the utility industry.
- ◆ Allows professionals to make more informed decisions on the direction and health of their utility.

Utility Accounting for Non-Financial Professionals

What Will I Learn?

◆ Participants will:

- Learn about financial statements “beyond the numbers”
- Learn how to use financial statements as a resource and strategic planning tool
- Learn how to use financial measures to evaluate program objectives and successes

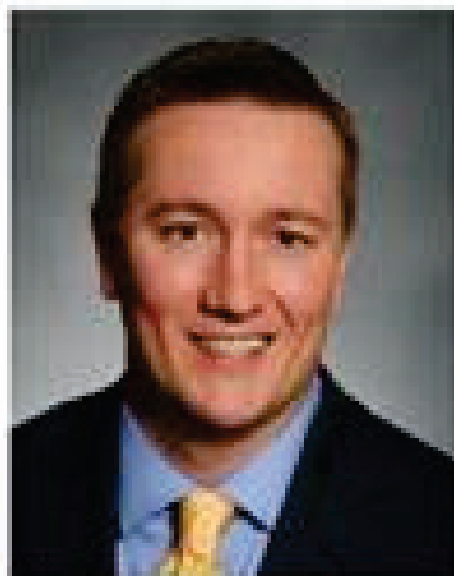
Utility Accounting for Non-Financial Professionals

Not only for Non-Accountants!

- ◆ Utility Financial Professionals will :
 - Gain valuable financial analytical tools
 - Learn how to relate financial statements to non-financial stakeholders
 - Earn Continuing Professional Education credits

Utility Accounting for Non-Financial Professionals

Who is presenting?



Chris J. Lindner, CPA, CGFM®
Partner

Chris, a member of BKD National Public Sector Group and BKD National Energy & Natural Resources Practice, has more than 13 years of experience in public accounting, specializing in providing audit and consulting services to governmental and utility entities.

He is a member of the American Institute of CPAs and Nebraska Society of Certified Public Accountants where he chairs the State & Local Governmental Accounting & Auditing Committee. He also is involved with Leadership Lincoln, League of Nebraska Municipalities, Government Finance Officers Association (GFOA) and American Public Power Association (APPA).

Chris is a regular presenter at the Great Plains chapter of GFOA and APPA conferences, speaking on a variety of topics, including implementation of new accounting standards, financial reporting changes and internal control considerations. He also is a Certified Government Financial Manager® (CGFM®).

He serves on the Nebraska BKD Foundation Committee and on the board of directors for the YMCA of Lincoln.

Chris is a *summa cum laude* graduate of Peru State College, Nebraska, with a B.S. degree in business administration.

Utility Accounting for Non-Financial Professionals

Who is presenting?



Amy K. Shreck, CPA
Director

Amy is a member of BKD National Public Sector Group and has more than 13 years of experience working with governmental entities. She leads the BKD Public Sector Center of Excellence, an internal committee of leaders across the firm who discuss a variety of issues important to the public sector.

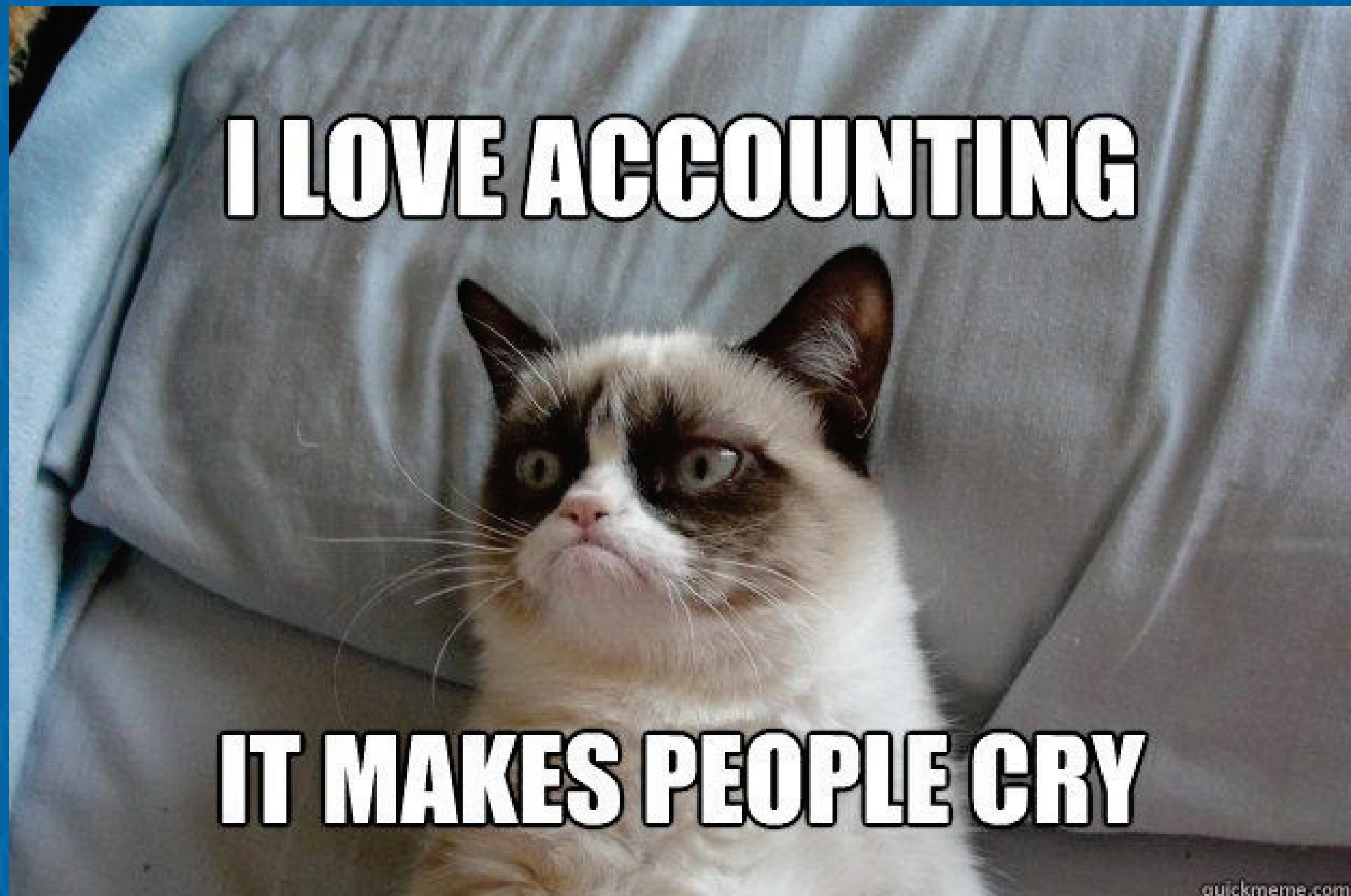
She recently completed a two-year term as a practice fellow with GASB at its headquarters, where she helped to formulate standards and assisted with technical inquiries. Amy's experience at GASB allows her to help clients better understand GASB standards and the thought process behind the standards.

Amy is a member of the American Institute of CPAs and Nebraska Society of Certified Public Accountants. She also is a frequent presenter at the Great Plains chapter of GFOA conferences, speaking on financial reporting changes, including new GASB statements and projects.

She is a graduate of Leadership Omaha Class 37. She previously served on the Goodwill Industries Serving Southeast Nebraska board of directors and the University of Nebraska-Lincoln School of Accountancy Junior Advisory Board. She currently serves on the Nebraska BKD Foundation Advisory Committee.

Amy is a graduate with highest distinction of University of Nebraska-Lincoln with a B.S. degree in business administration and an M.P.A. degree.

HOW WILL YOU FEEL AFTER?



Utility Accounting for Non-Financial Professionals

How Can I Register?

Watch for the registration instructions in your email

OR

Send an email now to mhixon@kymea.org



Member Communications

January 23, 2020

2020 Member Directory

Please fill it out and return it via email or the next board meeting.



2020 Directory Update Form

Member Information

Member Name _____

KYMEA Board Representatives

Director Name _____

Email _____

Phone _____

Alternate Name _____

Email _____

Phone _____

Governing Body (board members, commissioners, etc.)

Name _____

Title _____

Name _____

Title _____

Name _____

Title _____

Name _____

Title _____

Name _____

Title _____

Name _____

Title _____

Name _____

Title _____

Name _____

Title _____

Name _____

Title _____

Name _____

Title _____

City Officials

Mayor Name _____

Other _____

Legal Counsel

Attorney _____

Consultant _____

Dates to Remember



Mark your
calendar!

Plan to Attend Upcoming Meetings



Wednesday, January 22

3:00 PM AR Project Committee Meeting

Thursday, January 23

10:00 AM Board Meeting

Thursday, February 27

10:00 AM Combined Meeting of the KYMEA Board and
AR Project Committee

Wednesday, March 11

9:00 AM Utility Accounting for Non-Accountants Training

Thursday, March 26

8:30 AM Board Risk Oversight Committee Meeting

10:00 AM Combined Meeting of the KYMEA Board and
AR Project Committee

KMUA Activities

January KYMEA Board & KMUA Meeting

Thursday, January 23

10:00 AM KYMEA Board Meeting in Louisville
4:45 PM KMUA Buffalo Trace Tour
6:00 PM KMUA Reception at Buffalo Trace
7:00 PM KMUA Dinner at Buffalo Trace

Friday, January 24

8:00 AM KMUA Breakfast & Meeting at Fairfield Inn



Frankfort Hotel Reservations

Fairfield Inn & Suites

40 Chenault Rd
Frankfort, KY 40601
TEL: (502) 695-8881

Directions

Reserve your room today.

APPA Legislative Rally

Date: February 24-26, 2020

Location: Washington, DC

RSVP: by January 30th

Preliminary Agenda of Activities

Monday, February 24th

AM: APPA Sessions
PM: Meetings with Kentucky representatives

Tuesday, February 25th

AM: APPA Sessions
PM: Meetings with Kentucky representatives

Wednesday, February 26th

AM: APPA Sessions
PM: Head Home



Tabard Inn
1739 N St NW
Washington, DC 20036
TEL: (202) 785-1277

Room Reservation

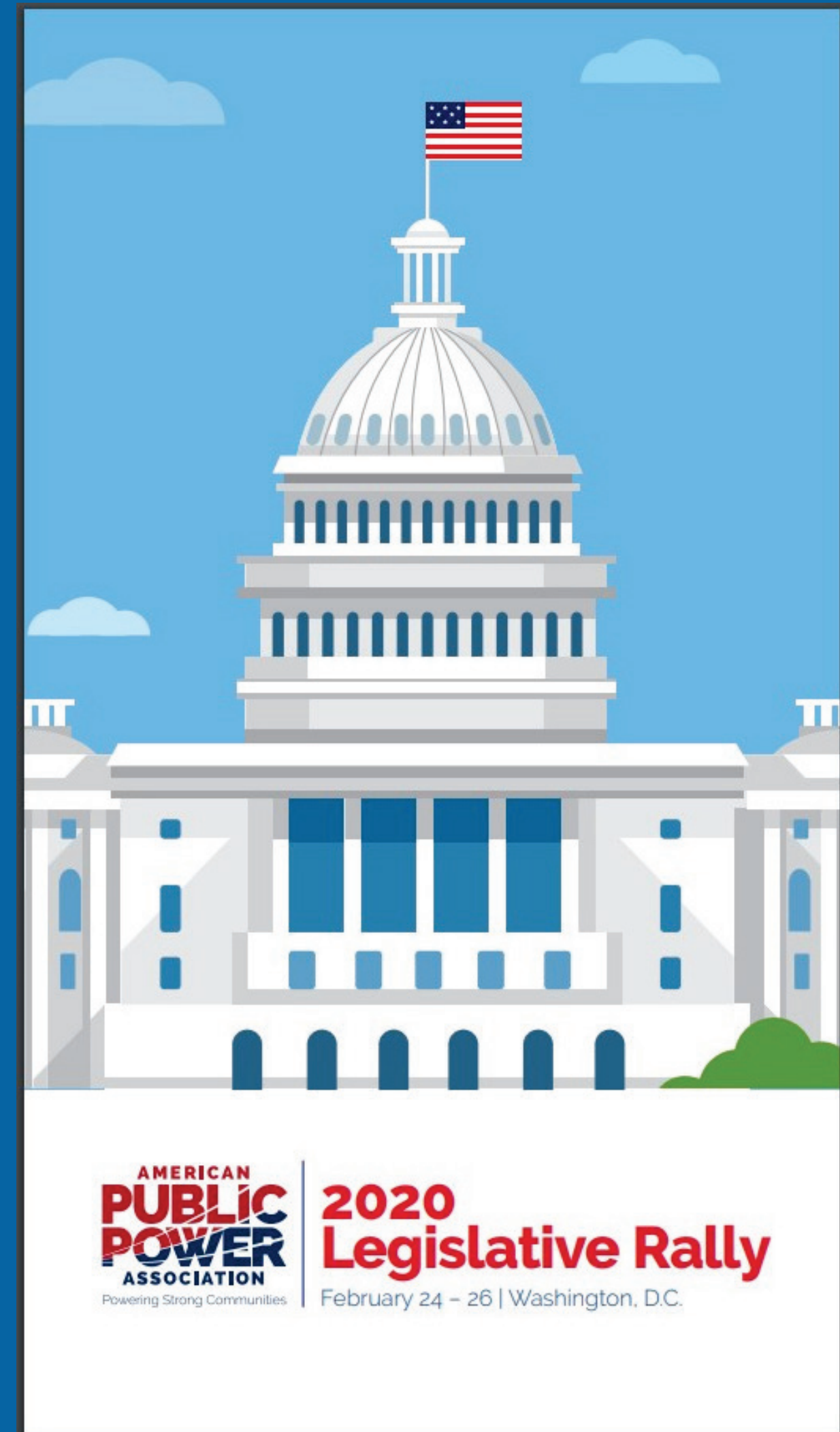
Would you like KYMEA to reserve your room?

Yes

Select

No

Select



Discussion Topics and Miscellaneous Materials

F. Discussion Topics

- F.1 Legislative Update
- F.2 FY 2021 Administrative, General, and Capital Budget
- F.3 Open Records Request Policy



FY2021 Operation (A&G) Budget

Total Operational Costs					
Administration/Advisory/Projects		FY2020	FY2021	Variance	
100	Salaries, Benefits, Retirement, Accrued PTO	\$ 1,108,091	\$ 1,356,371	\$ 248,280	Market Adjustment + Accountant II
200	Legal Counsel	\$ 96,000	\$ 117,000	\$ 21,000	Slightly increased number of hours
300	Advisory Support	\$ 397,056	\$ 164,300	\$ (232,756)	Decreased number of hours
400	Office Space Lease & Costs	\$ 165,000	\$ 175,478	\$ 10,478	Scheduled increase + lease accounting
500	Member Services, Board Meetings, Training	\$ 119,643	\$ 129,000	\$ 9,357	Increase for strategic/legislative goals
600	Auto Expense	\$ 10,702	\$ 13,808	\$ 3,107	Better estimate based on actuals
700	IT/AV/Software	\$ 107,148	\$ 133,427	\$ 26,279	Updated with IT Service and SEDC
800	Insurance	\$ 9,491	\$ 14,303	\$ 4,813	Better estimate based on actuals
900	Advertising & Marketing	\$ 19,400	\$ 17,612	\$ (1,788)	Better estimate based on actuals
1000	Audit & Annual Report	\$ 55,000	\$ 55,840	\$ 840	Little change
1100	Rating Agency	\$ 10,000	\$ 30,000	\$ 20,000	Fitch + Moody's and S&P
1200	Associations & Lobbyist	\$ 29,150	\$ 57,780	\$ 28,630	Added TAPS
1300	Project Planning	\$ 75,000	\$ 72,000	\$ (3,000)	Transmission Studies + Retreat
Subtotals - Administration/Advisory/Projects		\$ 2,201,680	\$ 2,336,920	\$ 135,240	
Dispatch, Scheduling, Modeling					
1400	Energy Services Partner	\$ 789,655	\$ 613,129	\$ (176,526)	Less ACES studies
1500	MAC Software, Data, Training, Studies, and Subscriptions	\$ 160,519	\$ 187,941	\$ 27,422	Increase for Load Forecasting
1600	MDMS/Communications/Meters	\$ 121,912	\$ 121,016	\$ (896)	Better estimate based on actuals
Subtotals - Dispatch, Scheduling, Modeling		\$ 1,072,086	\$ 922,086	\$ (150,000)	
Total Budget		\$ 3,273,766	\$ 3,259,006	\$ (14,760)	0.5% Under over FY2020 Budget

100. Salaries, Benefits, Retirement, Accrued PTO

\$1,356,371 Salaries, Medical, Dental, Vision, Life, Disability. Includes accrued vacation and personal leave and one new position (Accountant II).

200. Legal Counsel

\$117,000 General legal support

300. Advisory Support

\$164,300 Special Counsel and Advisory. FERC and specialized legal support, transmission and communications support, and power supply advisory support. Represents a \$232,756 advisory support reduction from FY2020 Budget (\$397,056). Advisory services are expected to drop under the normal course of business. Exceptions would be RFP and PPA development or some unforeseen legal expense not related to depancaking.

400. Office Space Lease & Costs

\$175,478 Lease, IT closet utilities, maintenance

500. Member Services, Board Meetings, Training

\$129,000 Member meetings including annual meeting, portal design, member services travel. Training and fees to APPA, TAPS, legislative, HR, member communications, financial, software classes, certifications, etc.

600. Auto Expense

\$13,808 CEO vehicle fuel, maintenance, insurance, taxes, staff vehicle mileage

700. IT/AV/Software

\$133,427 Phones, copier, office supplies, IT service contract, internet, software subscriptions

800. Insurance

\$14,303 Property and professional liability

900. Advertising & Marketing

\$17,612 Newsletters, website support, branding

1000. Audit & Annual Report

\$55,840 Audit, annual report production and printing

1100. Rating Agency

\$30,000 Rating Agencies (Fitch + Moody's and S&P)

1200. Associations and Lobbyist

\$57,780 APPA, TAPS, and KYMEA Lobbyists

1300. Project Planning

\$72,000 Strategic planning retreat and transmission studies

1400. Energy Services Partner

\$613,129 ESP services, model runs, trading accounts, trading fees and services

1500. MAC Software, Data, Training, and Subscriptions

\$187,941 Optimization model, data and market intelligence, load forecasting, RTO membership, travel, training, events, contingency

1600. MDMS/Communications/Meters

\$121,016 MDMS license and maintenance, communications expense, meter testing

TOTAL OPERATION (A&G) BUDGET

\$3,259,006

Budget Committee Approved (12/17/2019)



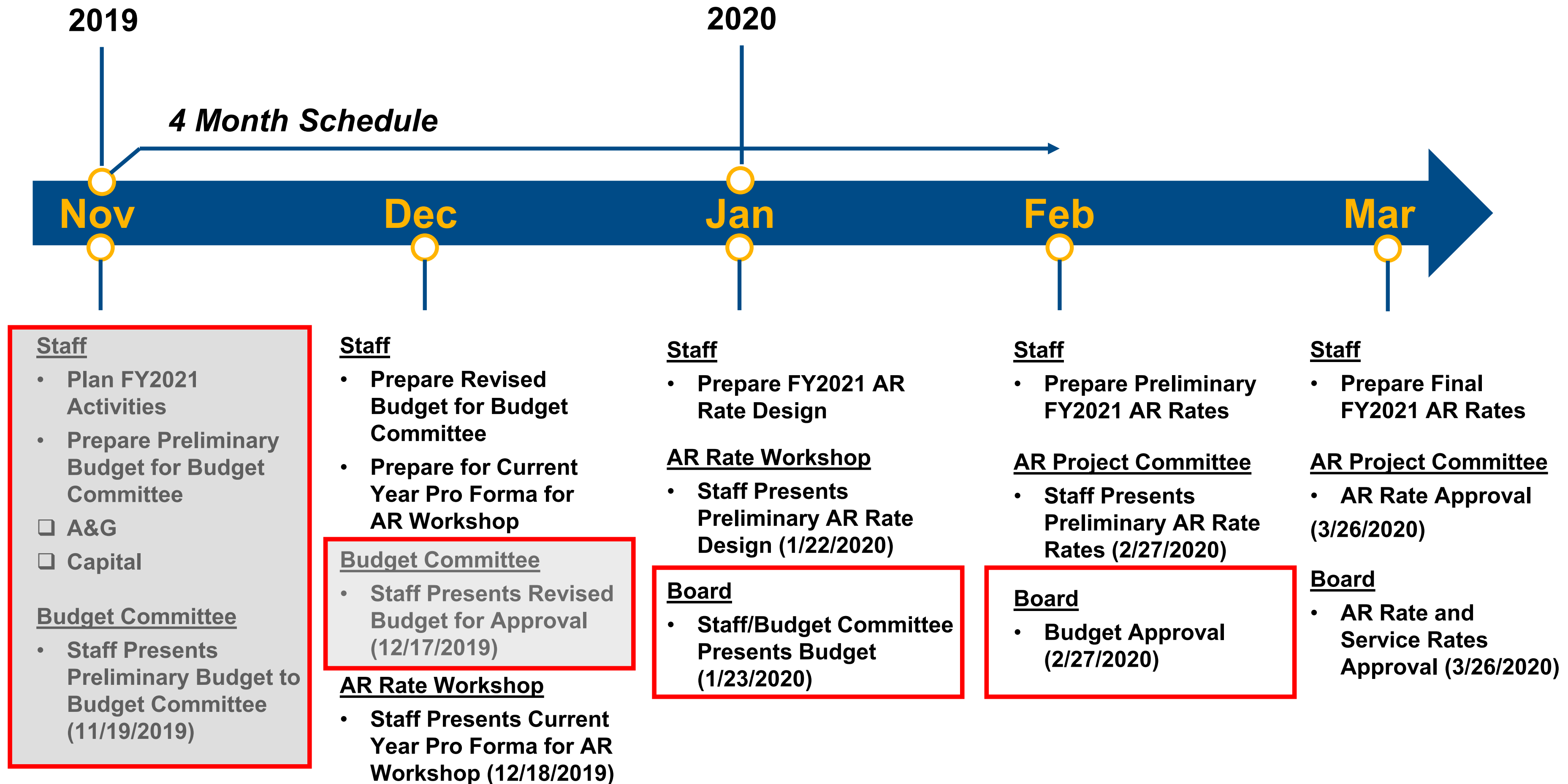
FY2021 Operating and Capital Budget

KYMEA BOARD Presentation

Staff/Budget Committee Recommendation

January 23, 2020

FY2021 Operating Budget Process





Market Analytics Center Activities

- Front/Middle/Back Office
- Portfolio Optimization
- Integrated Resource Planning
- MDMS Operation/Proficiency
- Modeling/Financial Workflow
 - Budget/Actual/Projection
 - Updated Monthly for Markets/Portfolio
 - Rate Model/ECA/Financial Metrics
- Engineering/Testing

Energy Service Partner (ESP)

ACES Power Marketing acts as KYMEA's Agent

Front/Middle/Back Office

<div> ACES <small>excellence in energy</small></div> <div>Role of Energy Services Partner</div>		<div> KYMEA</div> <div>Division of Duties</div>
<div>FRONT OFFICE SERVICES</div> <div><ul style="list-style-type: none">• Portfolio Strategy• Short-Term Trading and Operations• Short-Term Load Forecasting• Origination and Long-Term Trading• Portfolio Dispatch and Optimization• Delegated Electric Reliability Standard Compliance• Power Transmission Scheduling and Tagging• Physical Gas Trading and Scheduling• Financial Gas Trading• Gas Service Consulting• Coal and Emissions Consulting• Renewable Analysis and Transactions• Financial Transmission Right Evaluations and Hedge Execution• Transmission Analysis and Advice• Long-Term Generation and Transmission Planning Studies• Standard Portfolio Model and Risk Analytics</div>	<div>Market Analytics</div> <div><p>Front Office: Coordinates and handles all the needs with respect to hedging and 24 hour dispatch operations.</p><hr/><p><i>Responsibility: Vice President, Market Analytics</i></p><hr/><p><i>Oversight: President and CEO</i></p><hr/></div>	
<div>MIDDLE OFFICE SERVICES</div> <div><ul style="list-style-type: none">• Credit Analysis and Counterparty Monitoring• Credit Exposure Monitoring and Management• Credit Negotiations• Credit Reports• ISO/RTO Credit Monitoring Service• Master Agreement Negotiations• Emissions Allowances and Renewable Energy Credits Agreement Negotiations• Contract Monitoring and Administration• Trade Capture and Validation• Policy Compliance Monitoring• Forward Curve Development and Mark-to-Market Valuations• Risk Management Policy Development• Education and Training• Regulatory and Market Development Participation• Reliability Compliance Consulting• Dodd-Frank Compliance</div>	<div>Accounting and Finance</div> <div><p>Middle Office: Ensures the control and processing of the Front Office.</p><p>Back Office: Monitors the post-market processing of transactions: confirmation, payment, settlement and accounting.</p><hr/><p><i>Responsibility: Vice President, Finance and Accounting and CFO</i></p><hr/><p><i>Oversight: President and CEO</i></p><hr/><p><i>Subject to External Audit</i></p><hr/></div>	
<div>BACK OFFICE SERVICES</div> <div><ul style="list-style-type: none">• Bilateral Power and Transmission Settlements• Bilateral Natural Gas and Transportation Settlements• RTO/ISO Pool Settlements• Energy Imbalance Validation• Cost Allocation Settlement Model• Electric Quarterly Report (EQR) Filing Support</div>		

Power Monitoring Expert



Customized real-time monitoring

- Access real-time status of sensitive power distribution components
- Trend chart tools with customized views to reveal patterns and anomalies quickly

Data analytics and visualization

- Smart dashboards with configurable presentation widgets and kiosk options
- Powerful graphics templates and libraries
- Automated power quality reports and waveform analysis tools
- Comprehensive templates for energy and power reporting, with flexible report distribution options



Modeling/Financial Workflow

1

KYMEA - Pro Forma													
Line No.	Month	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
	Item	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020
Revenue													
1	AR Project	\$ 7,934,079	\$ 7,833,750	\$ 7,210,226	\$ 6,044,441	\$ 5,999,882	\$ 6,589,337	\$ 6,839,847	\$ 6,432,711	\$ 6,025,348	\$ 5,699,333	\$ 6,660,718	\$ 7,412,702
2	Transmission Services	56,962	56,477	54,276	41,801	47,697	58,059	73,796	65,434	53,807	43,787	49,707	56,090
3	Energy Services	44,470	41,218	35,355	31,566	29,100	32,001	34,042	28,343	29,781	28,190	38,026	42,593
4	Market Sales	-	-	-	-	-	-	-	-	-	-	-	-
5	ST - Revenue	\$ 8,035,510	\$ 7,931,445	\$ 7,299,857	\$ 6,117,808	\$ 6,076,679	\$ 6,679,397	\$ 6,947,685	\$ 6,526,488	\$ 6,108,936	\$ 5,771,310	\$ 6,748,451	\$ 7,511,385
Expenses													
6	Purchased Power	\$ 6,072,022	\$ 5,964,593	\$ 5,225,455	\$ 4,871,137	\$ 4,996,832	\$ 5,227,136	\$ 5,398,346	\$ 5,069,711	\$ 4,900,517	\$ 4,934,140	\$ 5,429,618	\$ 5,947,971
7	Transmission Services	903,033	887,349	820,253	663,199	672,644	744,059	791,323	740,601	666,204	631,239	758,167	849,286
8	Energy Service, Schedule and Dispatch	41,613	41,613	41,613	41,613	41,613	41,613	41,613	41,613	41,613	41,613	41,613	41,613
9	Administration & General	192,757	192,688	192,688	192,021	190,902	207,371	215,654	215,654	217,604	219,827	219,552	218,361
10	ST - Operating Expenses	\$ 7,209,425	\$ 7,086,243	\$ 6,280,009	\$ 5,767,970	\$ 5,901,991	\$ 6,220,180	\$ 6,446,936	\$ 6,067,580	\$ 5,825,937	\$ 5,826,819	\$ 6,448,949	\$ 7,057,232
11	Operating Income	\$ 826,085	\$ 845,202	\$ 1,019,848	\$ 349,838	\$ 174,687	\$ 459,217	\$ 500,749	\$ 458,908	\$ 282,998	\$ (55,509)	\$ 299,502	\$ 454,153
Non-Operating Expenses													
12	Depreciation	\$ 23,169	\$ 23,169	\$ 23,169	\$ 23,169	\$ 23,169	\$ 23,169	\$ 23,169	\$ 23,169	\$ 23,169	\$ 23,169	\$ 23,169	\$ 23,169
13	Interest Payment	34,029	34,029	32,929	34,029	32,929	34,029	34,029	31,830	34,029	32,929	34,029	32,929
14	Other Non-Operating Expense	-	-	-	-	-	-	-	-	-	-	-	-
15	ST - Non-Operating Expense	\$ 57,198	\$ 57,198	\$ 56,098	\$ 57,198	\$ 56,098	\$ 57,198	\$ 57,198	\$ 54,999	\$ 57,198	\$ 56,098	\$ 57,198	\$ 56,098
16	Net Margin	768,887	788,004	963,750	292,640	118,589	402,019	443,551	403,909	225,801	(111,608)	242,304	398,055
17	Funds Available for Debt Service and Capital	\$ 826,085	\$ 845,202	\$ 1,019,848	\$ 349,838	\$ 174,687	\$ 459,217	\$ 500,749	\$ 458,908	\$ 282,998	\$ (55,509)	\$ 299,502	\$ 454,153

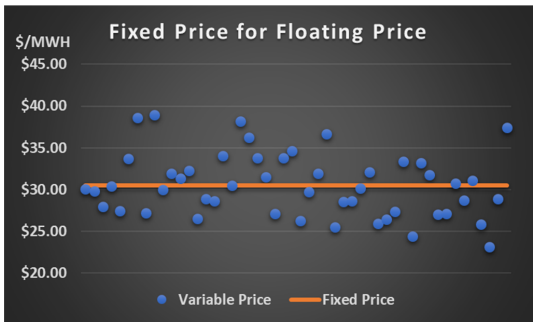
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Risk Management Hedge Adjustments



Fixed Price
Cash Settlement
Floating Index

Swap
Provider

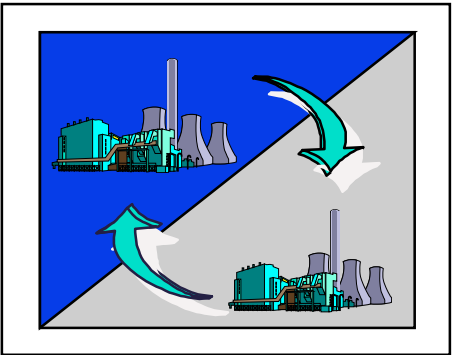


2

Jul
2020
\$ 8,047,234
57,861
44,470
-
\$ 8,149,565
\$ 6,215,163
918,250
42,778
237,592
\$ 7,413,783
\$ 735,782
\$ 23,169
34,029
-
\$ 57,198
678,584
\$ 735,782

3

Projected Months



Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020
\$ 7,935,837	\$ 7,313,806	\$ 6,130,334	\$ 6,082,731	\$ 6,674,236	\$ 6,941,972	\$ 6,434,980	\$ 6,115,493	\$ 5,784,827	\$ 6,761,314	\$ 7,514,284
57,218	55,100	42,424	48,455	58,863	74,744	67,572	54,644	44,582	50,529	57,006
41,218	35,355	31,566	29,100	32,001	34,042	28,343	29,781	28,190	38,026	42,593
-	-	-	-	-	-	-	-	-	-	-
\$ 8,034,273	\$ 7,404,261	\$ 6,204,323	\$ 6,160,286	\$ 6,765,101	\$ 7,050,758	\$ 6,530,895	\$ 6,199,918	\$ 5,857,600	\$ 6,849,868	\$ 7,613,883
\$ 6,269,145	\$ 5,436,216	\$ 5,059,056	\$ 5,204,792	\$ 5,345,077	\$ 5,502,808	\$ 5,238,107	\$ 4,971,672	\$ 4,986,171	\$ 5,497,639	\$ 6,085,384
900,263	836,870	676,099	685,844	757,370	805,415	768,125	679,621	644,130	773,379	865,241
42,778	42,778	42,778	42,778	42,778	42,778	42,778	42,778	42,778	42,778	42,778
237,592	237,133	235,534	235,277	235,277	240,881	240,881	241,147	243,798	243,514	242,288
\$ 7,449,778	\$ 6,552,998	\$ 6,013,468	\$ 6,168,692	\$ 6,380,502	\$ 6,591,882	\$ 6,289,892	\$ 5,935,218	\$ 5,916,876	\$ 6,557,310	\$ 7,235,691
\$ 584,495	\$ 851,263	\$ 190,855	\$ (8,406)	\$ 384,599	\$ 458,876	\$ 241,004	\$ 264,700	\$ (59,276)	\$ 292,558	\$ 378,192
\$ 23,169	\$ 23,169	\$ 23,169	\$ 23,169	\$ 23,169	\$ 23,169	\$ 23,169	\$ 23,169	\$ 23,169	\$ 23,169	\$ 23,169
34,029	32,929	34,029	32,929	34,029	34,029	30,730	34,029	32,929	34,029	32,929
-	-	-	-	-	-	-	-	-	-	-
\$ 57,198	\$ 56,098	\$ 57,198	\$ 56,098	\$ 57,198	\$ 57,198	\$ 53,900	\$ 57,198	\$ 56,098	\$ 57,198	\$ 56,098
527,297	795,165	133,657	(64,504)	327,401	401,678	187,104	207,502	(115,375)	235,360	322,094
\$ 584,495	\$ 851,263	\$ 190,855	\$ (8,406)	\$ 384,599	\$ 458,876	\$ 241,004	\$ 264,700	\$ (59,276)	\$ 292,558	\$ 378,192

Strategic Goals

3

RESOURCE PLANNING

The KYMEA resource planning process applies modern portfolio theory when assembling its power supply portfolio; focusing on long-term, low-cost, reliable, and sustainable supply while minimizing risk.

- 3.1 **Long-Term Planning:** KYMEA will investigate, analyze, and report on potential resource, and transmission options as part of its 2020 Integrated Resource Plan with updates thereafter.
- 3.2 **Low-Cost Power Supply:** Develop wholesale rate benchmarks for the agency by June 30, 2021 and refresh annually thereafter.

- 3.3 **Risk Mitigation:** The Internal Risk Committee (IRC) and Board Risk Oversight Committee (BROC) will, at a minimum, hold quarterly meetings to assess, report on, and develop mitigation measures for the board's consideration regarding identified business, energy, and financial risks.

Portfolio Optimization Integrated Resource Planning

ENCOMPASS
POWER PLANNING SOFTWARE

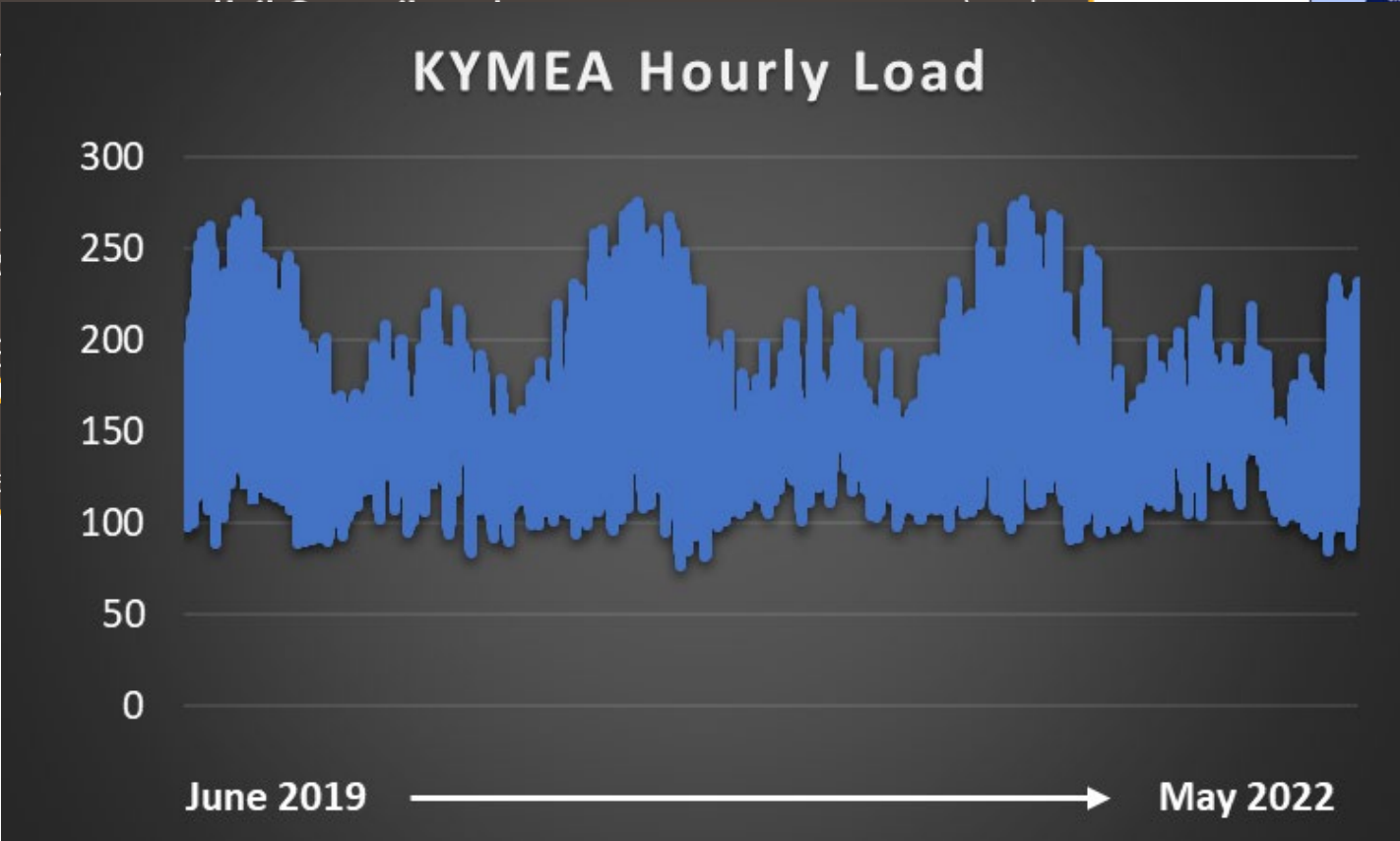
Optimize Decisions Across Multiple Commodities

Capital Projects
Multiple annual plans with capital costs and constraints

Capacity
Regional reserve margin requirements with demand curves

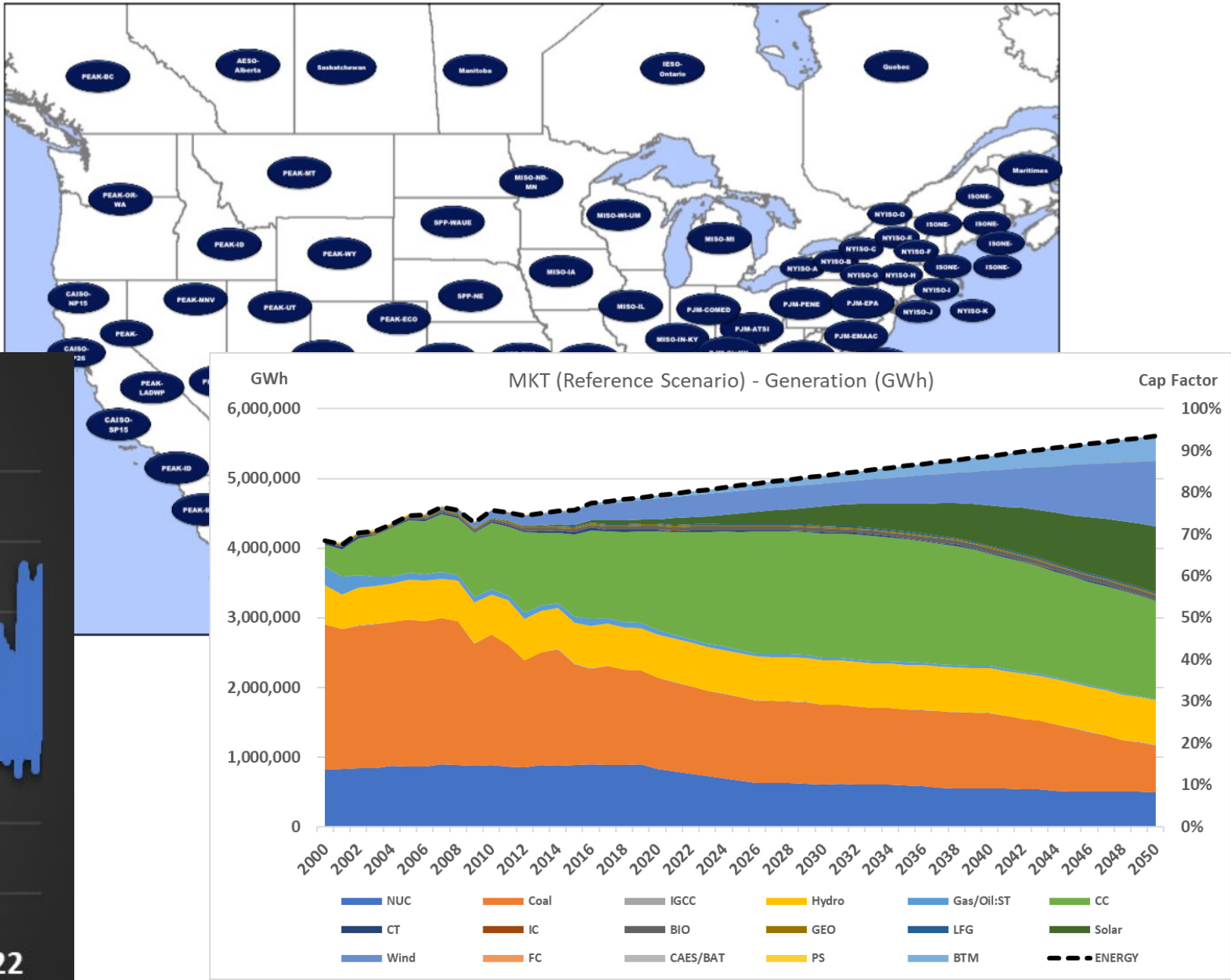
Environmental Programs
Renewable portfolio standards, mass and rate-based emissions

Full commodity
Dispatch
Fuel
Reserve
Nodal /
Maintenance



National Database/Market Intelligence

Market Price Forecasting
Policy Analysis



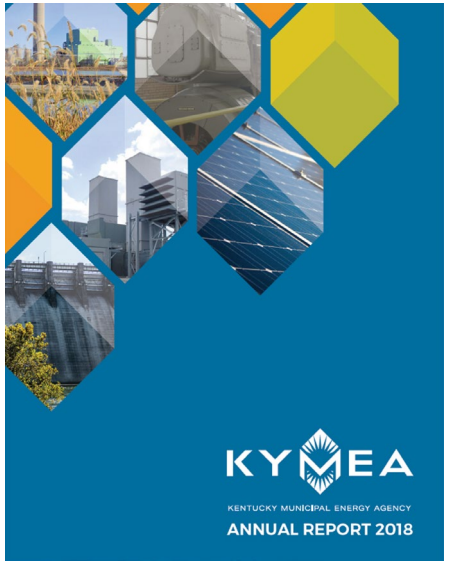
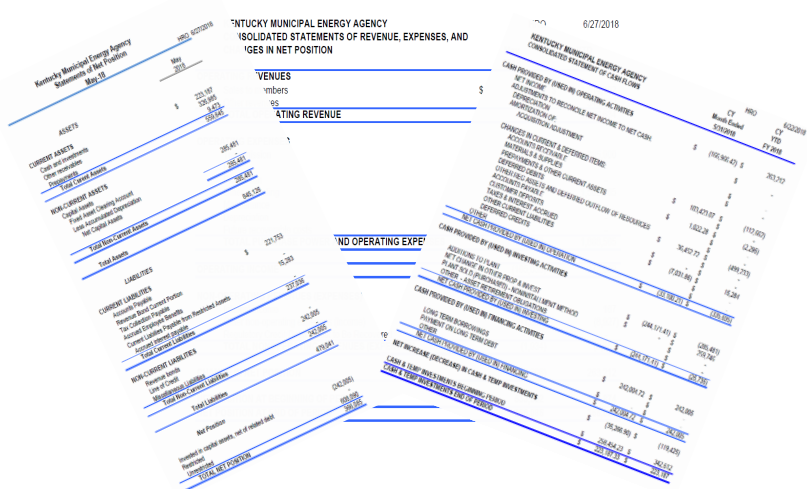
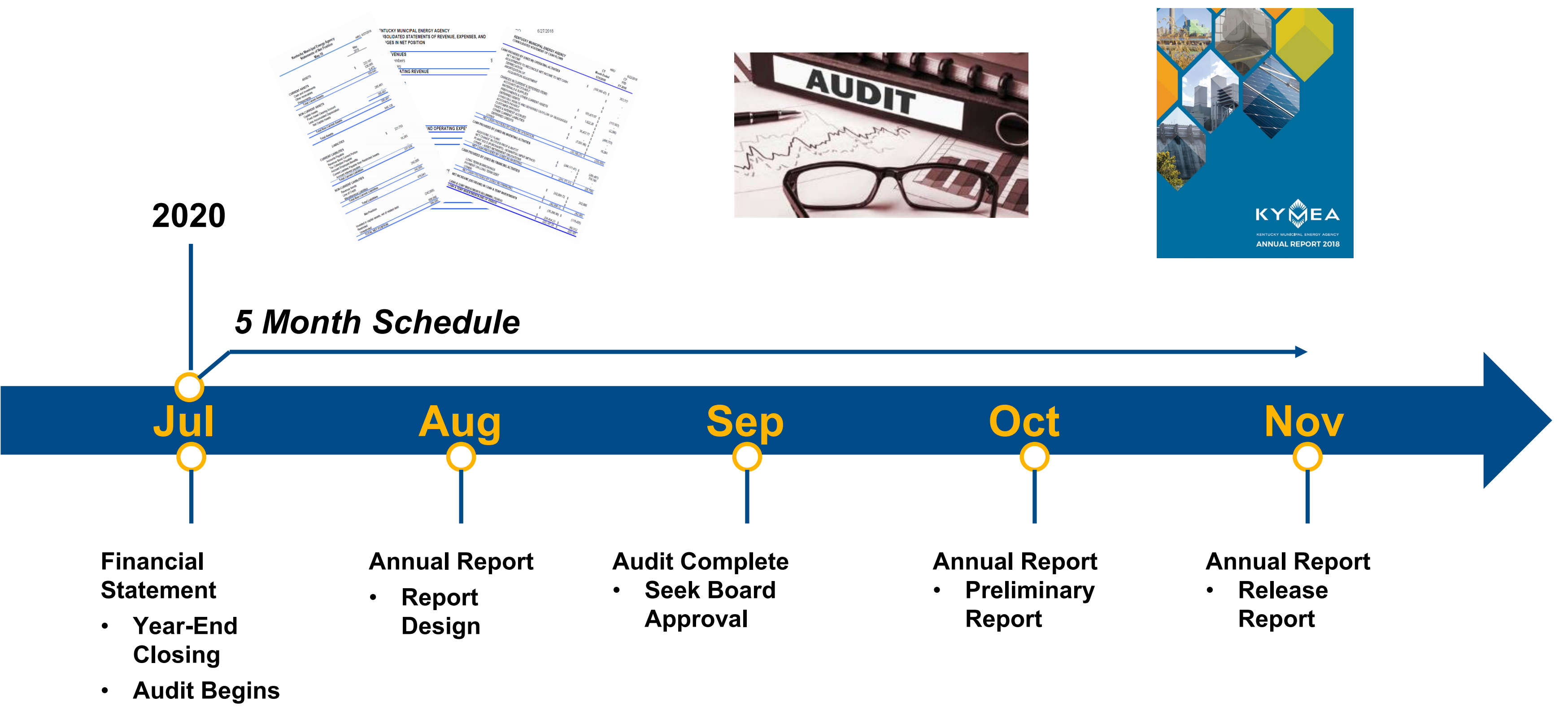
Budget – Dispatch, Scheduling, Modeling

Dispatch, Scheduling, Modeling	FY2020	FY2021	Notes
1400. Energy Services Partner			
1400.01 ACES - Standard Service	\$ 456,140	\$ 469,220	24-Hour Service/Support
1400.02 ACES - Additional Services	\$ 108,615	\$ 57,587	Congestion/model runs
1400.03 ACES - Additional RTOs	\$ 80,000	\$ 41,402	PJM
1400.04 Front/Middle/Back Office Services	\$ 144,900	\$ 40,719	Market accounts, ISDA support
1400.05 Back-Up Server	\$ -	\$ 4,200	ACES Back-Up Server Fee
Energy Services Partner	\$ 789,655	\$ 613,129	
1500. MAC Software, Data, Training, Studies, Subscriptions			
1500.01 MAC Software	\$ 47,500	\$ 43,981	Optimization, Load Forecasting
1500.02 Data and Market Intelligence	\$ 45,500	\$ 36,360	Data and market intelligence
1500.03 RTO Membership Fee	\$ 5,000	\$ 5,000	PJM Fee
1500.04 Training	\$ 22,000	\$ 17,600	Training and Fees
1500.05 Studies/Support	\$ 40,519	\$ 85,000	Optimization, Load Forecasting
MAC Software, Data, Training, Studies, and Subscriptions	\$ 160,519	\$ 187,941	
1600. MDMS/Communications/Meters			
1600.01 Annual License/Maintenance	\$ 82,203	\$ 68,461	Schneider MDMS, SQL
1600.02 Communications	\$ 26,110	\$ 8,555	Verizon
1600.03 Engineering Support/Meter Testing	\$ 13,599	\$ 44,000	P&D Engineering
MDMS/Communications/Meters	\$ 121,912	\$ 121,016	
Subtotal Dispatch, Scheduling, Modeling	\$ 1,072,086	\$ 922,086	\$150,000 decrease (14%)
		\$ (150,000)	

Administration/Project Activities

- Legal Counsel/Advisory Support
- Office Space/Costs/Insurance
- Software/IT/Infrastructure/Auto
- Rating Agency
- Audit and Annual Report
- Strategic Goals/Retreat
- Transmission Studies
- Members Services
- Communications
- Government Relations/Lobbyist

Audit and Annual Report



Member Communications

- KYMEA News
- Published Quarterly
- Audience
 - Member Community Stakeholders



Strategic Goals

1

FINANCIAL STABILITY

KYMEA will provide stable and competitive rates in a fiduciarly responsible manner.

1.1 Rates: Annually establish rates that support the agency's financial health metric and cash reserve policy.

1.2 Reserve Fund: Adopt cash reserve policy by June 30, 2020.

1.3 Financial Health Metrics: Develop financial health metrics scorecard for the agency by June 30, 2020 and score annually thereafter.

Strategic Goals

2 GROWTH

KYMEA will promote organic growth within our communities and seek mutually beneficial new membership opportunities.

2.1 **Communication & Education:**
Enhance KYMEA's brand by hosting two training and educational events annually, beginning January 1, 2020.

2.2 **Membership Growth:** Seek to grow membership by visiting three potential members annually over the next three years.

2.3 **Member Services:** KYMEA will identify and evaluate a minimum of one new member service annually for the next three years that brings value to the agency and the communities we serve.

Strategic Goals

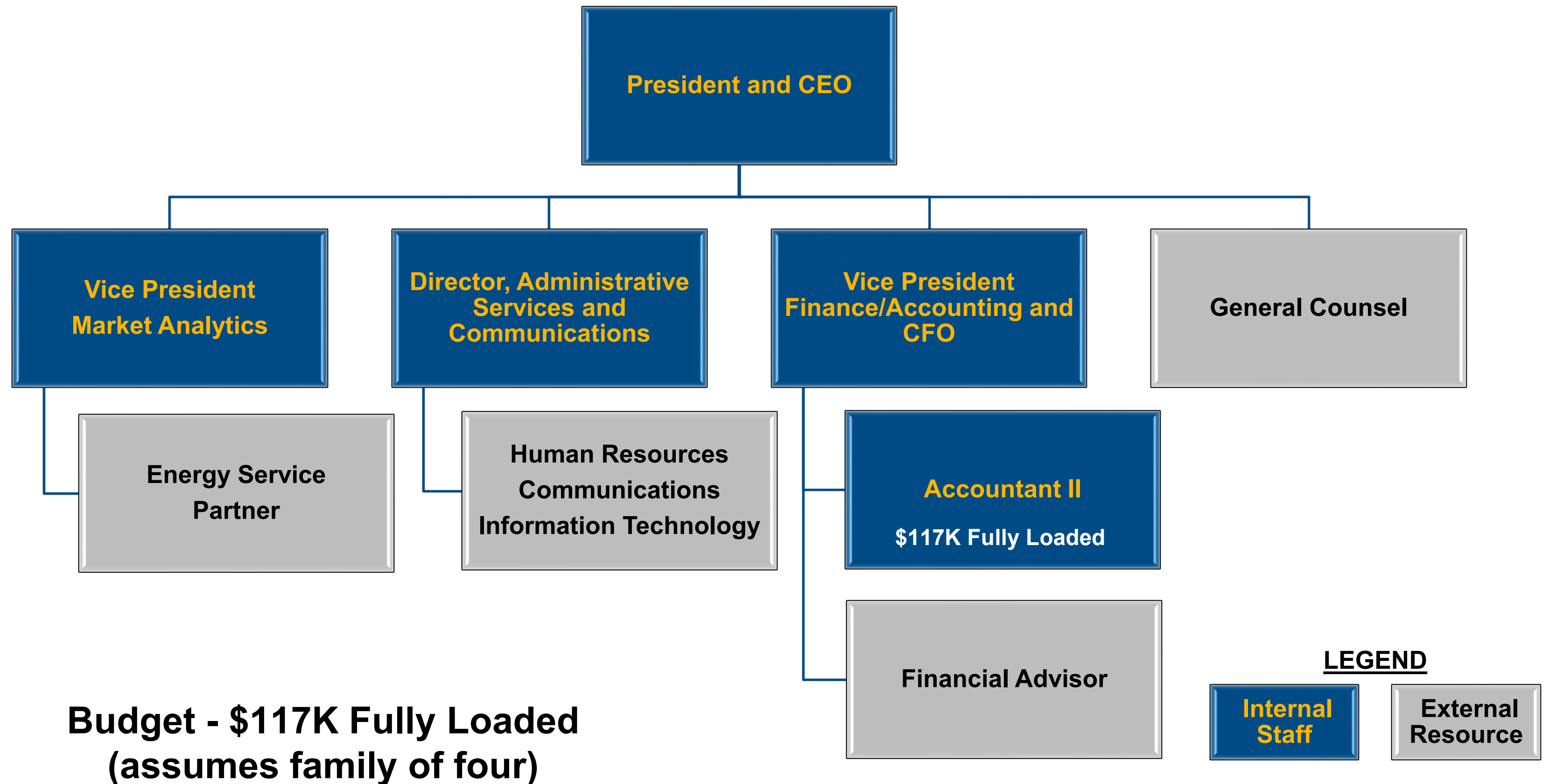
4

ORGANIZATION

KYMEA will achieve and maintain an organizational structure that supports our vision, mission, and core values.

-
- | | |
|--|--|
| <p>4.1 Operations: The budget committee and staff will evaluate resource needs, compare operations to industry benchmarks, and recommend necessary solutions for the boards consideration as part of the annual budget process.</p> <p>4.2 Governance: KYMEA will annually provide Board member orientation and materials containing information needed to fulfill their role in the organization.</p> | <p>4.3 Legislation: Promote and support federal, state, and local legislative initiatives that benefit KYMEA and its communities through lobbying efforts by participating in a minimum of two legislative events annually.</p> <p>4.4 Strategic Retreat: KYMEA will facilitate an annual strategic retreat with the Board of Directors as a way to review and update the agency's strategic plan.</p> |
|--|--|

FY2021 One Additional Staff



Finance/Accounting Staff Needs

Accountant II

Supports VP, Finance/Accounting & CFO

- Accounts Payable
- Bank Accounts
- Journal Entries
- Audit and 1099s
- Unclaimed Property
- Document Retention

Accountant II Hiring Plan

Hiring Plan

- Zip Recruiter
- College Grads
- APPA Job Posting
- ✓ Looking for someone to help with accounting/finance
- ✓ Also looking for a strong analyst with the ability to wear many hats

Budget – Administrative & General

Total Operational Costs					
Administration/Advisory/Projects		FY2020	FY2021	Notes	
100	Salaries, Benefits, Retirement, Accrued PTO	\$ 1,108,091	\$ 1,356,371	Market Adjustment + Accountant II	
200	Legal Counsel	\$ 96,000	\$ 117,000	Slightly increased number of hours	
300	Advisory Support	\$ 397,056	\$ 164,300	Decreased number of hours	
400	Office Space Lease & Costs	\$ 165,000	\$ 175,478	Scheduled increase + lease accounting	
500	Member Services, Board Meetings, Training	\$ 119,643	\$ 129,000	Increase for strategic/legislative goals	
600	Auto Expense	\$ 10,702	\$ 13,808	Better estimate based on actuals	
700	IT/AV/Software	\$ 107,148	\$ 133,427	Updated with IT Service and SEDC	
800	Insurance	\$ 9,491	\$ 14,303	Better estimate based on actuals	
900	Advertising & Marketing	\$ 19,400	\$ 17,612	Better estimate based on actuals	
1000	Audit & Annual Report	\$ 55,000	\$ 55,840	Little change	
1100	Rating Agency	\$ 10,000	\$ 30,000	Fitch + Moody's and S&P	
1200	Associations & Lobbyist	\$ 29,150	\$ 57,780	Added TAPS	
1300	Project Planning	\$ 75,000	\$ 72,000	Transmission Studies + Retreat	
Subtotal Administration/Advisory/Projects		\$ 2,201,680	\$ 2,336,920	\$135,240 increase (6.1%)	
			\$ 135,240		

Total Operating Budget

Total Operational Costs

Administration/Advisory/Projects		FY2020	FY2021	Variance	
100	Salaries, Benefits, Retirement, Accrued PTO	\$ 1,108,091	\$ 1,356,371	\$ 248,280	Market Adjustment + Accountant II
200	Legal Counsel	\$ 96,000	\$ 117,000	\$ 21,000	Slightly increased number of hours
300	Advisory Support	\$ 397,056	\$ 164,300	\$ (232,756)	Decreased number of hours
400	Office Space Lease & Costs	\$ 165,000	\$ 175,478	\$ 10,478	Scheduled increase + lease accounting
500	Member Services, Board Meetings, Training	\$ 119,643	\$ 129,000	\$ 9,357	Increase for strategic/legislative goals
600	Auto Expense	\$ 10,702	\$ 13,808	\$ 3,107	Better estimate based on actuals
700	IT/AV/Software	\$ 107,148	\$ 133,427	\$ 26,279	Updated with IT Service and SEDC
800	Insurance	\$ 9,491	\$ 14,303	\$ 4,813	Better estimate based on actuals
900	Advertising & Marketing	\$ 19,400	\$ 17,612	\$ (1,788)	Better estimate based on actuals
1000	Audit & Annual Report	\$ 55,000	\$ 55,840	\$ 840	Little change
1100	Rating Agency	\$ 10,000	\$ 30,000	\$ 20,000	Fitch + Moody's and S&P
1200	Associations & Lobbyist	\$ 29,150	\$ 57,780	\$ 28,630	Added TAPS
1300	Project Planning	\$ 75,000	\$ 72,000	\$ (3,000)	Transmission Studies + Retreat
Subtotals - Administration/Advisory/Projects		\$ 2,201,680	\$ 2,336,920	\$ 135,240	
Dispatch, Scheduling, Modeling					
1400	Energy Services Partner	\$ 789,655	\$ 613,129	\$ (176,526)	Less ACES studies
1500	MAC Software, Data, Training, Studies, and Subscriptions	\$ 160,519	\$ 187,941	\$ 27,422	Increase for Load Forecasting
1600	MDMS/Communications/Meters	\$ 121,912	\$ 121,016	\$ (896)	Better estimate based on actuals
Subtotals - Dispatch, Scheduling, Modeling		\$ 1,072,086	\$ 922,086	\$ (150,000)	
Total Budget		\$ 3,273,766	\$ 3,259,006	\$ (14,760)	0.5% Under over FY2020 Budget
			\$ (14,760)		

FY2021 Capital Budget

- Capital Budget Needs (\$100,000)
- IT Equipment - \$25,000
- Transmission Contingency
 - Delivery Equipment - \$75,000

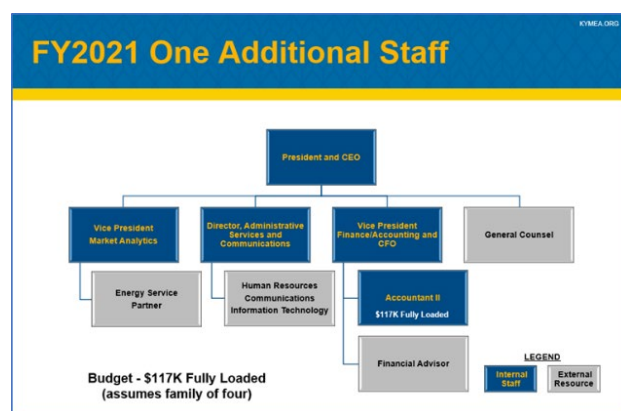
No Change from FY2020 Capital Budget

KYMEA FY2021 Operating Budget Update January 23, 2020

1. New Staff – Benefit/Cost Analysis

Included in the FY2021 Budget is one additional staff position as illustrated in the organizational chart to the right.

The Accountant II has an estimated salary of \$70,000 (\$117K fully loaded).



Accountant II

The Accountant II reports to the Vice President, Finance and Accounting and CFO. The tasks identified for the Accountant II position are currently performed by the CFO leaving less time for the CFO to perform senior level financial and accounting activities. Since these activities could potentially be outsourced, the benefit/cost analysis is directly comparable to lost time the CFO is needed to perform Accountant II activities. Those activities are identified below.

Accountant II Reoccurring Activities

- Accounts Payable: 10-12 hours per week
- Financial Statement Preparation: 10 hours per month
- Member Billing: 16 hours per month
- Segregation of Duties: 5 hours per month (bank reconciliation, ach and wire, check received processing)
- Document Retention Maintenance: 5 hours per month

1. The reoccurring activities identified above equate to 1,056 hours. Assuming a consulting rate of \$185/hr, the avoided outside expense would be \$195K. The fully loaded expense of the accountant II position is \$117K, creating a benefit/cost ratio of 1.67 (195K/117K).



-
2. From a different perspective, the break-even utilization point is 29% (605 hours). In other words, if the Accountant II is able to offset an outside consultant at least 29% of his or her time, the position pays for itself.
 3. In addition to the positive Benefit/Cost Ratio, the new position provides redundancy and as well as risk oversight. The risk oversight aspect incorporates industry best practices where the accounting activity does not reside with a single employee (e.g. VP of Finance and Accounting and CFO). This was a recommendation by KYMEA's outside auditor (BKD).
 4. With the additional staff position, the CFO is able to concentrate on:
 - Budgeting/Forecasting
 - Ratemaking
 - Strategic planning and business unit financial structure development
 - Member and Legislative activities
 - Risk management (middle and back office duties)

Sincerely,



Doug Buresh
President & CEO
Kentucky Municipal Energy Agency

Position: Accountant II
Department: Finance and Accounting

JOB SUMMARY:

To maintain accurate accounting records that result in balance sheets and income statements that reflect the true financial position of the Agency.

The list of duties below in no way states or implies that these are the only duties to be performed in the position of Accountant II. The position will be required to follow any other instructions and/or to perform any other duties as requested by his/her Supervisor.

RESPONSIBILITIES:

A. Accounts Payable

1. Completing Vendor credit applications, sales tax exemption certificates
2. Setting up new Vendor information, including W-9 information
3. Distributing all invoices to proper departments for approval
4. Matching invoices with purchase orders & receiving reports as appropriate
5. Enter all approved invoices into the A/P system for payment
6. Produce checks or schedule ACH payments
7. Post all payments made via ACH/Wire in the A/P system
8. Scan all paid invoices into the imaging system
9. Process checks and forward to Vice President of Finance and Accounting for final signature
10. Reconcile Accounts Payable statements to ensure all vendor accounts are in good standing
11. Process all payroll withholdings and remit payments bi-weekly
12. Process all retiree health insurance reimbursements, life, dental and supplemental insurance payments

B. Bank Accounts

1. Deposit Accounts Receivable checks via remote bank deposit and record in accounting system

C. Journal Entries

1. Verify all subledger G/L accounts balance to the G/L balances
2. Make necessary monthly routine journal entries and vouchers
3. Post monthly entry for bank fees and interest revenue, payroll account clearing, and reserve/rate stabilization funds

D. Audit

1. Compile all necessary information at the auditor's request onto shared drive
2. Assist auditors with questions or problems throughout the audit process

E. 1099s

1. Maintain current W-9 records on all active vendors
2. Prepare 1099 Vendor listing, process 1099 reports and submit 1096/1099 to IRS

F. Unclaimed Property

1. Clear stale checks by fiscal year, 3 years prior to current fiscal year, and make coordinating entries to remove from the G/L
2. Prepare and submit the holder report for unclaimed refunds to the Kentucky State Treasurer
3. Collect & shred all checks held in the vault for the appropriate time period of remitted property

G. Document Retention

1. Scan, index, tag as appropriate Agency records such as contracts, accounts payable, correspondence, purchase orders, etc.
2. Maintain Agency Records Retention schedule
3. In the event of an open records request, work with Agency attorney and Vice President of Finance and Accounting to identify, redact as necessary, and deliver appropriate records.
4. Retrieve documents for Agency staff, consultants, and Board Members

EDUCATION AND EXPERIENCE:

1. Bachelor's Degree in finance or accounting.
2. CPA desired.
3. Three to five years of utility experience preferred.
4. Travel is periodically required.

REPORTS TO: Vice President, Finance and Accounting / CFO

SUPERVISES: None

This job description does not constitute an employment agreement between the employer and employee.

Action Items

G. Action Items

G.1 CEO Employment Agreement



Public Comments

This is an opportunity for members of the public to provide input to the KYMEA Board and is limited to 5 minutes per speaker. KYMEA welcomes your questions and requests that you submit them in writing so that we can provide an accurate response at a later date.



Upcoming Meetings and Other Business

Next Meeting is Thursday, February 27th at 10 AM

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



Closed Session

J. Closed Session

- J.1 Market Report/Hedging Strategy
- J.2 Report of Potential Power Purchasers
- J.3 Other topics



Closed Session Authorization for January 23, 2020 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 and cost adjustments;
- (ii) discussing proposed or potential power purchases or sales that have been disclosed in confidentiality to KYMEA; and
- (iii) 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)(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.

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.

Actions Related to Matters Discussed in Closed Session

K. Actions Related to Closed Session

None expected



Adjournment

