



# **Board Packet**

## **June 25, 2020**



## **NOTICE**

**June 25, 2020**

### **KYMEA BROCC MEETING VIA VIDEO TELECONFERENCE**

As a result of the state of emergency declared by the President of the United States, Governor of Kentucky, and Mayor of the City of Louisville due to the global COVID-19 pandemic, and in accordance with recommended and mandated precautions related thereto and Kentucky Opinion of the Attorney General 20-05, the following Meeting Notice is issued:

The Regular Meeting of the KYMEA Board Risk Oversight Committee ("BROC") for Thursday, June 25, 2020, at 8:30 a.m. ET, in the KYMEA Conference Room, 1700 Eastpoint Parkway, Suite 220, Louisville, Kentucky will be held per KRS 61.826, a video teleconference meeting. One or more members of the BROC will participate via Webex or a similar video conferencing system. The primary location will be in the KYMEA Conference Room, 1700 Eastpoint Parkway, Suite 220, Louisville, Kentucky.

Per Kentucky Attorney General Opinion 20-05, public attendance may be limited at this meeting due to the highly contagious nature of COVID-19, and it is not feasible for KYMEA to provide a large central physical location for public viewing with adequate spacing for a large public gathering. Physical attendance at the meeting will be limited to a small group to comply with social distancing declarations of government officials.

If you would like to attend the June 25<sup>th</sup> BROC video meeting please contact [mhixon@kymea.org](mailto:mhixon@kymea.org).

## **NOTICE**

**June 25, 2020**

### **KYMEA BOARD MEETING VIA VIDEO TELECONFERENCE**

As a result of the state of emergency declared by the President of the United States, Governor of Kentucky, and Mayor of the City of Louisville due to the global COVID-19 pandemic, and in accordance with recommended and mandated precautions related thereto and Kentucky Opinion of the Attorney General 20-05, the following Meeting Notice is issued:

The Regular Meeting of the Board of Directors of the Kentucky Municipal Energy Agency for Thursday, June 25, 2020, at 10:00 a.m. ET, in the KYMEA Board Room, 1700 Eastpoint Parkway, Suite 220, Louisville, Kentucky will be held per KRS 61.826, a video teleconference meeting. One or more members of the Board of Directors will participate via Webex or a similar video conferencing system. The primary location will be in the KYMEA Board Room, 1700 Eastpoint Parkway, Suite 220, Louisville, Kentucky.

Per Kentucky Attorney General Opinion 20-05, public attendance may be limited at this meeting due to the highly contagious nature of COVID-19, and it is not feasible for KYMEA to

provide a large central physical location for public viewing with adequate spacing for a large public gathering. Physical attendance at the meeting will be limited to a small group to comply with social distancing declarations of government officials. Public comments on agenda items will be accepted for the meeting, by emailing comments to [mhixon@kymea.org](mailto:mhixon@kymea.org) by Wednesday, June 24, 2020 at 4:00 p.m. ET.

If you would like to attend the June 25<sup>th</sup> Board of Directors video meeting please contact [mhixon@kymea.org](mailto:mhixon@kymea.org).

June 25, 2020	Committee Reports	Administration Reports	Discussion Topics	Action Items
	BROC	CEO	IRP Schedule	Financial Metrics
		Market Analytics	Board Retreat	CEO 2019 Performance Bonus
		Member Communications		

July 23, 2020	Committee Reports	Administration Reports	Discussion Topics	Action Items
		CEO		
		Finance and Accounting		
		Market Analytics		
		Member Communications		

August 27, 2020	Committee Reports	Administration Reports	Discussion Topics	Action Items
		CEO		
		Finance and Accounting		
		Market Analytics		
		Member Communications		

September 24, 2020	Committee Reports	Administration Reports	Discussion Topics	Action Items
		CEO		
		Finance and Accounting		
		Market Analytics		
		Member Communications		



October 21, 2020	Committee Reports	Administration Reports	Discussion Topics	Action Items
		CEO		
		Finance and Accounting		
		Market Analytics		
		Member Communications		

November 18, 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 the Meeting of the KYMEA Board of Directors**

**Location: Webex Video Meeting (if you would like to attend please contact [mhixon@kymea.org](mailto:mhixon@kymea.org))**

**1700 Eastpoint Pkwy Ste. 220, Louisville, KY 40223**

**Thursday, June 25, 2020, 10 AM**

### **A. Meeting Opening**

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

### **B. Meeting Minutes the KYMEA Board of Directors**

### **C. Financial Reports**

### **D. Committee Reports**

- D.1 BROCC

### **E. Administration Reports**

- E.1 CEO
- E.2 Member Communications
- E.3 Market Report

### **F. Discussion Topics**

- F.1 IRP Schedule
- F.2 Board Retreat

### **G. Action Items**

- G.1 Financial Metrics
- G.2 CEO 2019 Performance Bonus

### **H. Public Comments**

### **I. Upcoming Meetings & Other Business**

### **J. Closed Session**

- J.1 None expected

### **K. Actions Related to Closed Session**

- K.1 None Expected

### **L. Adjournment**

# Meeting Minutes





## Notice of the Annual Meeting of the KYMEA Board of Directors (Video Meeting)

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

Thursday, May 28, 2020, 10 AM

### A. Meeting Opening

A.1. Attendance: Taken at 10:12 AM

#### **Present Board Members:**

Josh Callihan

Ronald Herd

Philip King (Entered the meeting late at 10:27 AM)

Chris Melton

Mike Withrow

Tim Lyons (Alternate Director for Kevin Frizzell)

Kevin Howard

Susan Bishop (Alternate Director for Ramona Williams)

Gary Zheng

#### **Absent Board Members:**

Carl Shoupe

Doug Hammers

#### **Staff Present:**

Michelle Hixon

Heather Overby

Doug Buresh

Rob Leesman

#### **Others Present:**

Charles Musson

Hance Price

Pat Pace

Vent Foster

David Denton

Adrian Isaac

Andy McDonald

Anna Marie Pavlik Rosen

Jim McWilliams



Arthur Dent

A.2. Call to Order: Chairman, Ron Herd, called the meeting to order at 10:12 AM. A quorum of board members was present, and the Board was ready to proceed with business.

## B. Meeting Minutes

B.1 Approval of the minutes of the Combined AR Project Committee and Board of Directors on April 23, 2020.

**Motion Passed:** Approval of the April 23<sup>rd</sup> meeting minutes of the Combined AR Project Committee and Board of Directors passed with a motion by Mike Withrow 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	Absent
Tim Lyons	Yes
(Alternate Director for Kevin Frizzell)	
Doug Hammers	Absent
Kevin Howard	Yes
Susan Bishop	Yes
(Alternate Director for Ramona Williams)	
Gary Zheng	Yes

## C. Financial Reports

B.2 Approval of the April 2020 Financial Reports

**Motion Passed:** Approval of the April 2020 financial reports passed with a motion by Chris Melton and second by Josh Callihan.

**9 Yeas - 0 Nays**

Josh Callihan	Yes
Ronald Herd	Yes



Chris Melton	Yes
Mike Withrow	Yes
Carl Shoupe	Absent
Philip King	Yes
Tim Lyons	Yes
(Alternate Director for Kevin Frizzell)	
Doug Hammers	Absent
Kevin Howard	Yes
Susan Bishop	Yes
(Alternate Director for Ramona Williams)	
Gary Zheng	Yes

#### D. Committee Reports

D.1 BROC Committee: Chairman, Gary Zheng, gave a report last month regarding the April 23, 2020, BROC meeting. He informed the Board that the formal written minutes were included in the May Board packet for the record.

D.2 AR Project Committee: The combined minutes of April 23, 2020 AR Project Committee and the Board of Directors were approved in item B.1.

#### 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 updated the Board on upcoming events and member activities.

E.3 Market Report: Rob Leesman discussed the previous month's markets in relation to KYMEA.

#### F. Discussion Topics

F.1 Summer Preparedness: Rob Leesman advised the Board on actions taken to be prepared for the members' summer load.

F.2 Financial Metrics: Heather Overby presented the Agency's Financial Metrics Report as outlined in the Agency's Strategic Plan.

F.3 IRP Schedule: Doug Buresh gave an update on the IRP schedule and recent IRP activities.



F.4 Open Records Items: Charlie Musson gave an update on the Attorney General's Open Record opinion dated May 4, 2020.

F.5 Legislative Summary: Charlie Musson gave a summary for the Board's record on legislative activities during the 2020 Kentucky General Assembly that may affect or be of interest to KYMEA and its members.

**G. Committee Member Appointments:** Chairman Ron Herd gave a review of the committees and nominations to consider for the next year.

**Motion Passed:** Motion to make the following Committee member changes for the remaining term:

Executive Committee: the addition of Gary Zheng as a committee member.

AR Project Committee: No change.

Board Risk Oversight Committee: Gary Zheng to continue as the Chairman of the BROOC.

Budget Committee: the addition of Gary Zheng as a Committee member and Chris Melton as the Chairman.

Compensation Committee: Addition of Gary Zheng (Consists of members of the Executive Committee).

FERC Litigation Committee: No change.

approved 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
Philip King	Yes
Tim Lyons	Yes
(Alternate Director for Kevin Frizzell)	
Doug Hammers	Absent
Kevin Howard	Yes
Susan Bishop	Yes
(Alternate Director for Ramona Williams)	
Gary Zheng	Yes



## H. Action Items

H.1 Document Retention and Periodic Destruction Policy: The policy was presented in April for discussion and review.

**Motion Passed:** Motion to adopt the Document Retention and Periodic Destruction Policy passed with a motion by Chris Melton and second by Gary Zheng.

### 8 Yeas - 0 Nays

Josh Callihan	Yes
Ronald Herd	Yes
Chris Melton	Yes
Mike Withrow	Yes
Carl Shoupe	Absent
Philip King	Absent
Tim Lyons	Yes
(Alternate Director for Kevin Frizzell)	
Doug Hammers	Absent
Kevin Howard	Yes
Susan Bishop	Yes
(Alternate Director for Ramona Williams)	
Gary Zheng	Yes

### H.2 CEO Performance Review

**Motion Passed:** Motion to approve a 3% salary increase for the CEO passed with a motion by Gary Zheng 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	Absent
Tim Lyons	Yes
(Alternate Director for Kevin Frizzell)	
Doug Hammers	Absent





Kevin Howard	Yes
Susan Bishop	Yes
(Alternate Director for Ramona Williams)	
Gary Zheng	Yes

**Motion Passed:** Motion to for the CEO salary increase to be paid retroactive to January 1, 2020, passed with a motion by Gary Zheng and second by Chris Melton.

### 9 Yeas - 0 Nays

Josh Callihan	Yes
Ronald Herd	Yes
Chris Melton	Yes
Mike Withrow	Yes
Carl Shoupe	Absent
Philip King	Yes
Tim Lyons	Yes
(Alternate Director for Kevin Frizzell)	
Doug Hammers	Absent
Kevin Howard	Yes
Susan Bishop	Yes
(Alternate Director for Ramona Williams)	
Gary Zheng	Yes

## I. 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.

No comments were made.

## J. Upcoming Meetings and Other Business

The next meeting is Thursday, June 25<sup>th</sup> at 10 AM at the Louisville office.

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, CANCELLED  
Thursday, April 23, 2020, 10:00 AM Eastern Time, WEBEX VIDEO CALL  
Thursday, May 28, 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

#### K. Adjournment

**Motion Passed:** Motion to adjourn the KYMEA board meeting passed with a motion by Philip King and a second by Tim Lyons.

#### 9 Yeas - 0 Nays

Josh Callihan	Yes
Ronald Herd	Yes
Chris Melton	Yes
Mike Withrow	Yes
Carl Shoupe	Absent
Philip King	Yes
Tim Lyons	Yes
(Alternate Director for Kevin Frizzell)	
Doug Hammers	Absent
Kevin Howard	Yes
Susan Bishop	Yes
(Alternate Director for Ramona Williams)	
Gary Zheng	Yes



KENTUCKY MUNICIPAL ENERGY AGENCY

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X

Chairperson

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X

Secretary

# Financial Reports





# Financial Presentation

June 25, 2020

# Statement of Net Position – May 2020



KENTUCKY MUNICIPAL ENERGY AGENCY

## Statements of Net Position May-20

HRO

May  
2020

### ASSETS

#### CURRENT ASSETS

Cash and investments	\$	7,906,737	1
Other receivables		6,642,040	2
Interest receivable		-	
Prepayments		12,358	
<b>Total Current Assets</b>		<b>14,561,135</b>	

# Statement of Net Position – May 2020



KENTUCKY MUNICIPAL ENERGY AGENCY

## Statements of Net Position May-20

HRO

May  
2020

### Restricted Assets

Pledged collateral

2,678,471

3

Total Restricted Assets

2,678,471

### Unrestricted Assets

Investment in SEDC

757

Total Unrestricted Assets

757

### Capital Assets

Fixed Asset Clearing Account

-

Office Buildout

253,638

Meters - AR Project

225,359

Meter Comm Equipment

330,672

General Plant

763,663

Construction work in progress

-

Less Accumulated Depreciation

(241,961)

Net Capital Assets

1,331,371

**Total Non-Current Assets**

4,010,599

**Total Assets**

18,571,734

3. Collateral represents \$1.9M  
at MISO and \$800k at PJM.



# Statement of Net Position – May 2020



KENTUCKY MUNICIPAL ENERGY AGENCY

## Statements of Net Position May-20

HRO

	May 2020	
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 7,485,886	4
Accrued Employee Benefits	108,062	
Accrued interest payable	-	
<b>Total Current Liabilities</b>	<b>7,593,948</b>	
<b>NON-CURRENT LIABILITIES</b>		
Deferred Lease Liability	37,000	5
Line of Credit	-	6
<b>Total Non-Current Liabilities</b>	<b>37,000</b>	
<b>Total Liabilities</b>	<b>7,630,948</b>	
<b>Net Position</b>		
Invested in capital assets, net of related debt	1,331,372	
Restricted	-	
Unrestricted	9,609,414	
<b>TOTAL NET POSITION</b>	<b>10,940,786</b>	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 – May 2020



KENTUCKY MUNICIPAL ENERGY AGENCY

HRO

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

	May 2020	YTD FY20	
<b>OPERATING REVENUES</b>			
Sales to members	\$ 5,761,594	\$ 71,611,558	8
RTO Market Revenue	\$ 17,719	\$ 197,338	9
Transmission Services	75,420	\$ 1,111,362	10
Miscellaneous Revenue	-	-	
<b>TOTAL OPERATING REVENUE</b>	<b>5,854,733</b>	<b>72,920,259</b>	
<b>OPERATING EXPENSES</b>			
Transmission	542,485	6,710,883	11
Fuel	-	-	
Production	4,523,012	55,105,433	12
Administrative and General	212,883	2,153,518	
Depreciation	15,401	160,703	
Future recoverable costs	-	-	
<b>TOTAL PURCHASE POWER AND OPERATING EXPENSES</b>	<b>5,293,781</b>	<b>64,130,537</b>	
<b>OPERATING INCOME</b>	<b>560,953</b>	<b>8,789,721</b>	
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest expense on debt	-	(26,170)	
Interest income	-	19,722	
Other non-operating expenses (income)	(5,134)	(47,006)	
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(5,134)</b>	<b>(53,454)</b>	
<b>CHANGE IN NET POSITION</b>	<b>555,818</b>	<b>8,736,267</b>	
<b>NET POSITION AT BEGINNING OF PERIOD</b>	<b>\$ 10,384,968</b>	<b>2,204,519</b>	
<b>NET POSITION AT END OF PERIOD</b>	<b>\$ 10,940,786</b>	<b>10,940,786</b>	13

8. Sales to AR Members

9. RTO Auction Revenue Rights,  
and Resource Adequacy  
Auction in MISO and PJM

10. Sales of transmission and  
ancillary services

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

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

13. Positive net income



# Indirect Cash Flow— May 2020

## 14. Net Income

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

## 16. Cash balance in checking account

CONSOLIDATED STATEMENT OF CASH FLOWS	HRO 6/14/2020	
	CY Month Ended 5/31/2020	CY YTD FY 2020
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
NET INCOME	\$ 555,818	\$ 8,736,267
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH:		
DEPRECIATION	\$ 15,401	\$ 160,703
CHANGES IN CURRENT & DEFERRED ITEMS:		
ACCOUNTS RECEIVABLE	\$ (977,114)	\$ 1,333,072
MATERIALS & SUPPLIES	\$ -	\$ -
PREPAYMENTS & OTHER CURRENT ASSETS	\$ 1,236	\$ (11,162)
DEFERRED DEBITS	\$ -	\$ 11,928
OTHER REG ASSETS AND DEFERRED OUTFLOW OF RESOURCES	\$ -	\$ -
ACCOUNTS PAYABLE	\$ (87,281)	\$ (525,612)
COLLATERAL DEPOSITS	\$ -	\$ -
TAXES & INTEREST ACCRUED	\$ 441	\$ (13,244)
OTHER CURRENT LIABILITIES	\$ 8,478	\$ 19,548
DEFERRED CREDITS	\$ 326	\$ 4,545
OTHER	\$ -	\$ -
<b>NET CASH PROVIDED BY (USED IN) OPERATION</b>	<b>\$ (482,695)</b>	<b>\$ 9,716,045</b>
<b>CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		
ADDITIONS TO PLANT	\$ (14,963)	\$ (128,617)
NET CHANGE IN OTHER PROP & INVEST	\$ -	\$ (403,117)
PLANT SOLD (PURCHASED) - NONINSTALLMENT METHOD	\$ -	\$ -
OTHER - ASSET RETIREMENT OBLIGATIONS	\$ -	\$ -
<b>NET CASH PROVIDED BY (USED IN) INVESTING</b>	<b>\$ (14,963)</b>	<b>\$ (531,734)</b>
<b>CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>		
LONG TERM BORROWINGS	\$ -	\$ -
PAYMENT ON LONG TERM DEBT	\$ -	\$ (9,032,768)
OTHER	\$ -	\$ -
<b>NET CASH PROVIDED BY (USED IN) FINANCING</b>	<b>\$ -</b>	<b>\$ (9,032,768)</b>
<b>NET INCREASE (DECREASE) IN CASH &amp; TEMP INVESTMENTS</b>	<b>\$ (497,658)</b>	<b>\$ 151,543</b>
<b>CASH &amp; TEMP INVESTMENTS BEGINNING PERIOD</b>	<b>\$ 8,404,395</b>	<b>\$ 7,755,194</b>
<b>CASH &amp; TEMP INVESTMENTS END OF PERIOD</b>	<b>\$ 7,906,737</b>	<b>\$ 7,906,737</b>



KENTUCKY MUNICIPAL ENERGY AGENCY

**Statements of Net Position**  
**May-20**

HRO

	May 2020
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and investments	\$ 7,906,737
Other receivables	6,642,040
Interest receivable	-
Prepayments	12,358
<b>Total Current Assets</b>	<b>14,561,135</b>
<b>NON-CURRENT ASSETS</b>	
Restricted Assets	
Pledged collateral	2,678,471
<b>Total Restricted Assets</b>	<b>2,678,471</b>
Unrestricted Assets	
Investment in SEDC	757
<b>Total Unrestricted Assets</b>	<b>757</b>
Capital Assets	
Fixed Asset Clearing Account	-
Office Buildout	253,638
Meters - AR Project	225,359
Meter Comm Equipment	330,672
General Plant	763,663
Construction work in progress	-
Less Accumulated Depreciation	(241,961)
<b>Net Capital Assets</b>	<b>1,331,371</b>
<b>Total Non-Current Assets</b>	<b>4,010,599</b>
<b>Total Assets</b>	<b>18,571,734</b>



KENTUCKY MUNICIPAL ENERGY AGENCY

**Statements of Net Position**  
**May-20**

HRO

May  
2020

***LIABILITIES***

**CURRENT LIABILITIES**

Accounts Payable	\$	7,485,886
Accrued Employee Benefits		108,062
Accrued interest payable		-
<b>Total Current Liabilities</b>		<b>7,593,948</b>

**NON-CURRENT LIABILITIES**

Deferred Lease Liability	37,000
Line of Credit	-
<b>Total Non-Current Liabilities</b>	<b>37,000</b>

**Total Liabilities** 7,630,948

***Net Position***

Invested in capital assets, net of related debt	1,331,372
Restricted	-
Unrestricted	9,609,414
<b>TOTAL NET POSITION</b>	<b>10,940,786</b>



KENTUCKY MUNICIPAL ENERGY AGENCY

HRO

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

	<b>May 2020</b>	<b>YTD FY20</b>
<b>OPERATING REVENUES</b>		
Sales to members	\$ 5,761,594	\$ 71,611,558
RTO Market Revenue	\$ 17,719	\$ 197,338
Transmission Services	75,420	\$ 1,111,362
Miscellaneous Revenue	-	-
<b>TOTAL OPERATING REVENUE</b>	<b>5,854,733</b>	<b>72,920,259</b>
<b>OPERATING EXPENSES</b>		
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Fuel	-	-
Production	4,523,012	55,105,433
Administrative and General	212,883	2,153,518
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Future recoverable costs	-	-
<b>TOTAL PURCHASE POWER AND OPERATING EXPENSES</b>	<b>5,293,781</b>	<b>64,130,537</b>
<b>OPERATING INCOME</b>	<b>560,953</b>	<b>8,789,721</b>
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<b>CHANGE IN NET POSITION</b>	<b>555,818</b>	<b>8,736,267</b>
<b>NET POSITION AT BEGINNING OF PERIOD</b>	<b>\$ 10,384,968</b>	<b>2,204,519</b>
<b>NET POSITION AT END OF PERIOD</b>	<b>\$ 10,940,786</b>	<b>10,940,786</b>



KENTUCKY MUNICIPAL ENERGY AGENCY

HRO  
6/14/2020

**CONSOLIDATED STATEMENT OF CASH FLOWS**

CONSOLIDATED STATEMENT OF CASH FLOWS	CY Month Ended 5/31/2020	CY YTD FY 2020
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
NET INCOME	\$ 555,818	\$ 8,736,267
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OTHER		\$ -
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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	\$ (497,658)	\$ 151,543
CASH & TEMP INVESTMENTS BEGINNING PERIOD	\$ 8,404,395	\$ 7,755,194
CASH & TEMP INVESTMENTS END OF PERIOD	\$ 7,906,737	\$ 7,906,737

## Reconciliation Transactions Report

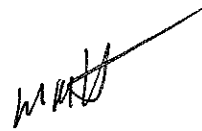
06/15/20 12:13:07 PM

05/01/20-05/31/20 131.00 CASH

User Id: 2011

---

Statement Ending Balance :	7,906,736.96
Outstanding Payments(-) :	.00
Adjustments in Transit(+) :	.00
Deposits in Transit(+) :	.00
Adjusted Bank Balance :	<u>7,906,736.96</u>
Book Balance :	7,906,736.96
Pending Adjustments :	.00
Adjusted Book Balance :	<u>7,906,736.96</u>
Difference :	.00



# Committee Reports

## D. Committee Reports

### D.1 BROCC





# Administration Reports

## E. Administration Reports

E.1 CEO

E.2 Member Communications

E.3 Market Report



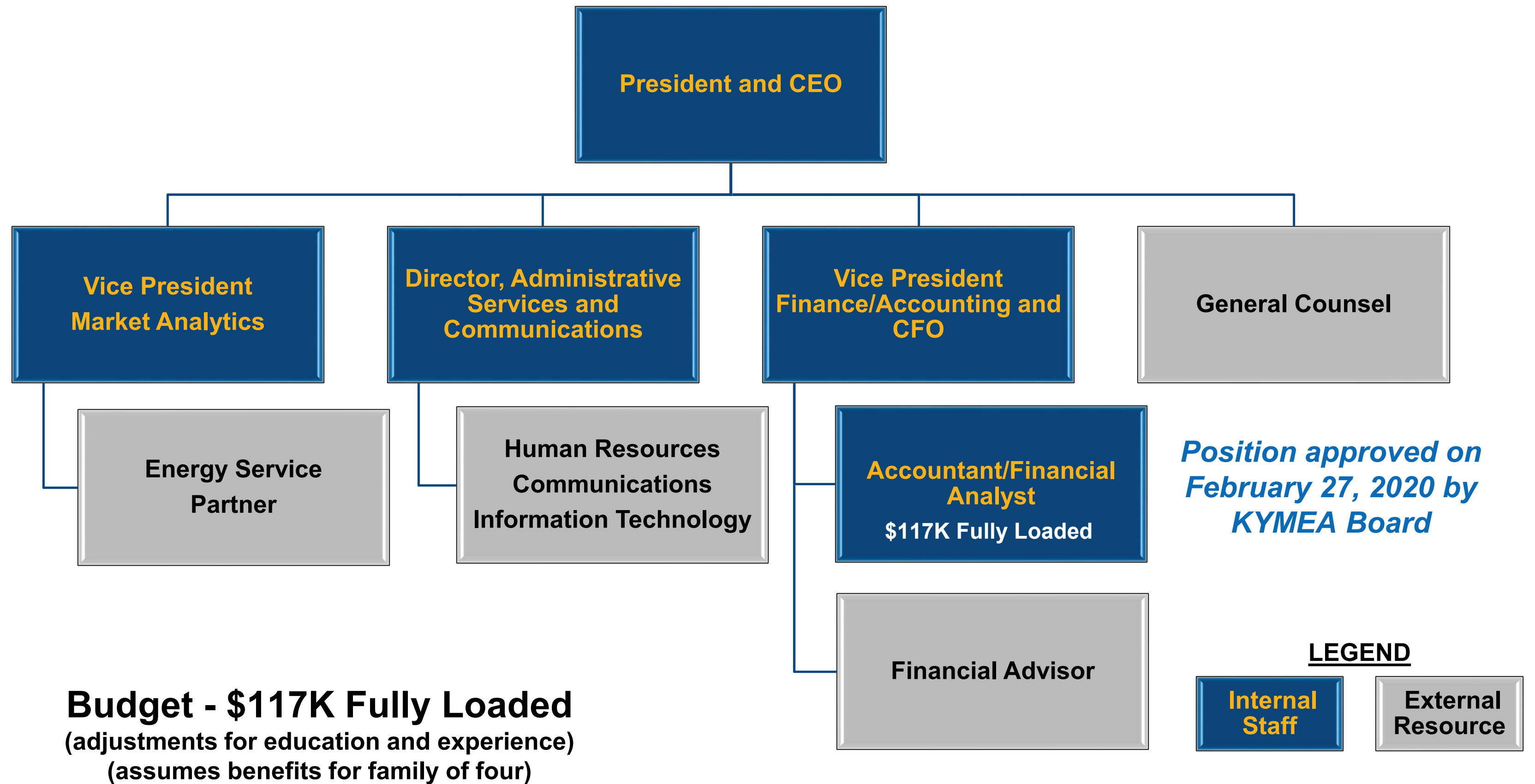


# President & CEO Update

**Doug Buresh**

June 25, 2020

# FY2021 One Additional Staff



# Accountant/Financial Analyst

## Accountant/Financial Analyst

Supports VP, Finance/Accounting & CFO

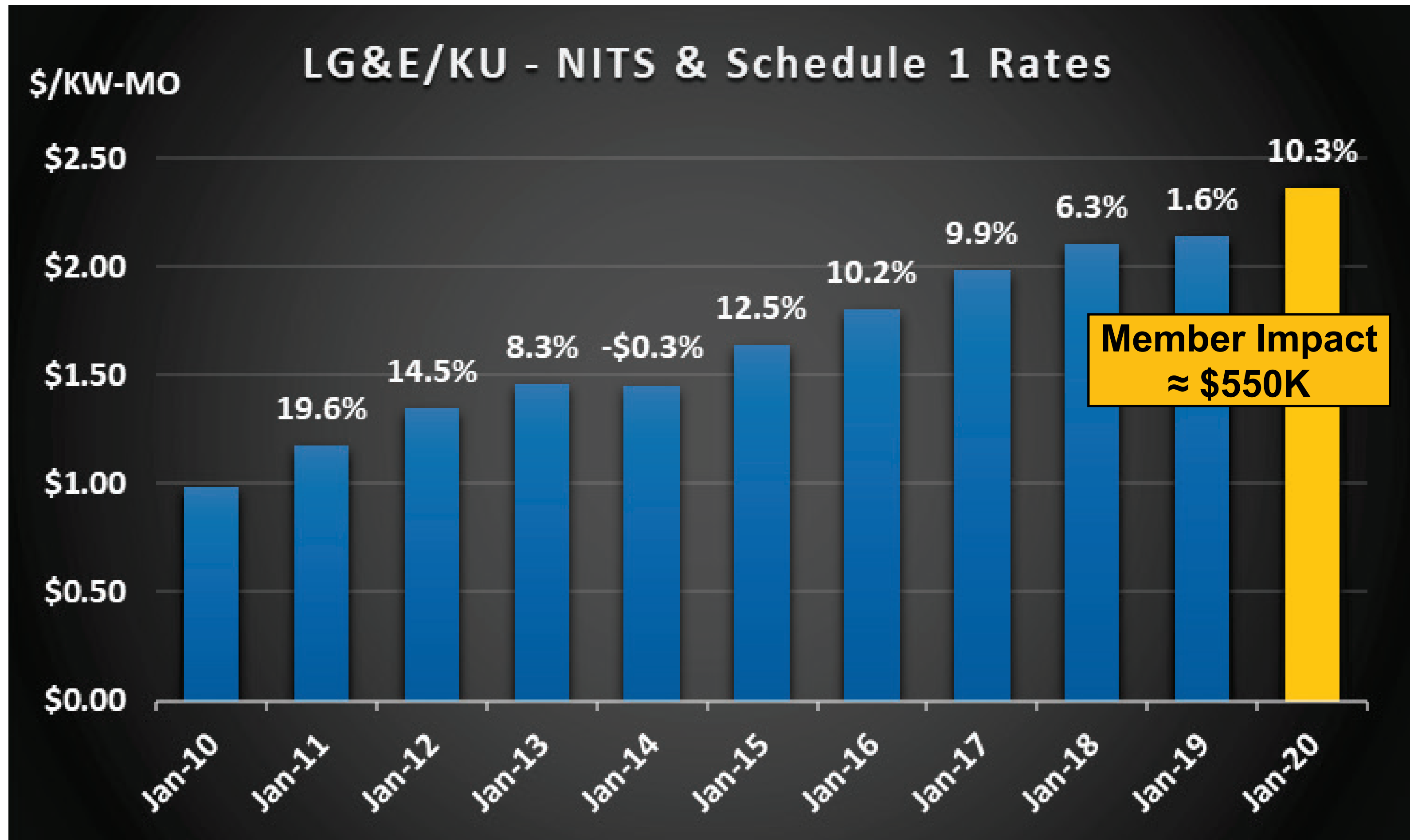
- Accounts Payable
- Bank Accounts
- Journal Entries
- Audit and 1099s
- Unclaimed Property
- Document Retention

# Hiring Plan

## Hiring Plan

- Begin recruitment in July/August
- ZipRecruiter, Indeed, etc.
- Nearby Colleges
  - ✓ Looking for someone to help with accounting/finance
  - ✓ Also looking for a strong analyst with the ability to wear many hats
- Hire by this Fall

# LG&E/KU Transmission Service Increase





# Annual Report 2020

## Beginning In July

- Develop Theme
- Preliminary Design
- Artwork, Photographs, etc.

## Report Released in November

- Annual Report
- Independent Auditor's Report



# Industry News – More Kentucky Solar Announced

## Project “Unbridled”

- Big Rivers Electric Corporation
- Developed by Geronimo Energy
- 160 MW (1,500 acres)
- 2023 on-line date

### Television Report

<https://www.14news.com/2020/05/28/solar-power-farms-coming-henderson-webster-co-line/>

### News Release

[https://www.wkms.org/post/beshear-approves-land-purchase-henderson-co-solar-farm?utm\\_source=Energy+News+Network+daily+email+digests&utm\\_campaign=d541ca32ee-EMAIL\\_CAMPAIGN\\_2020\\_05\\_11\\_11\\_39\\_COPY\\_01&utm\\_medium=email&utm\\_term=0\\_724b1f01f5-d541ca32ee-89279503#stream/0](https://www.wkms.org/post/beshear-approves-land-purchase-henderson-co-solar-farm?utm_source=Energy+News+Network+daily+email+digests&utm_campaign=d541ca32ee-EMAIL_CAMPAIGN_2020_05_11_11_39_COPY_01&utm_medium=email&utm_term=0_724b1f01f5-d541ca32ee-89279503#stream/0)



# Next KYMEA Board Meeting – July 23<sup>rd</sup>

## July 2020 KYMEA Board Meeting

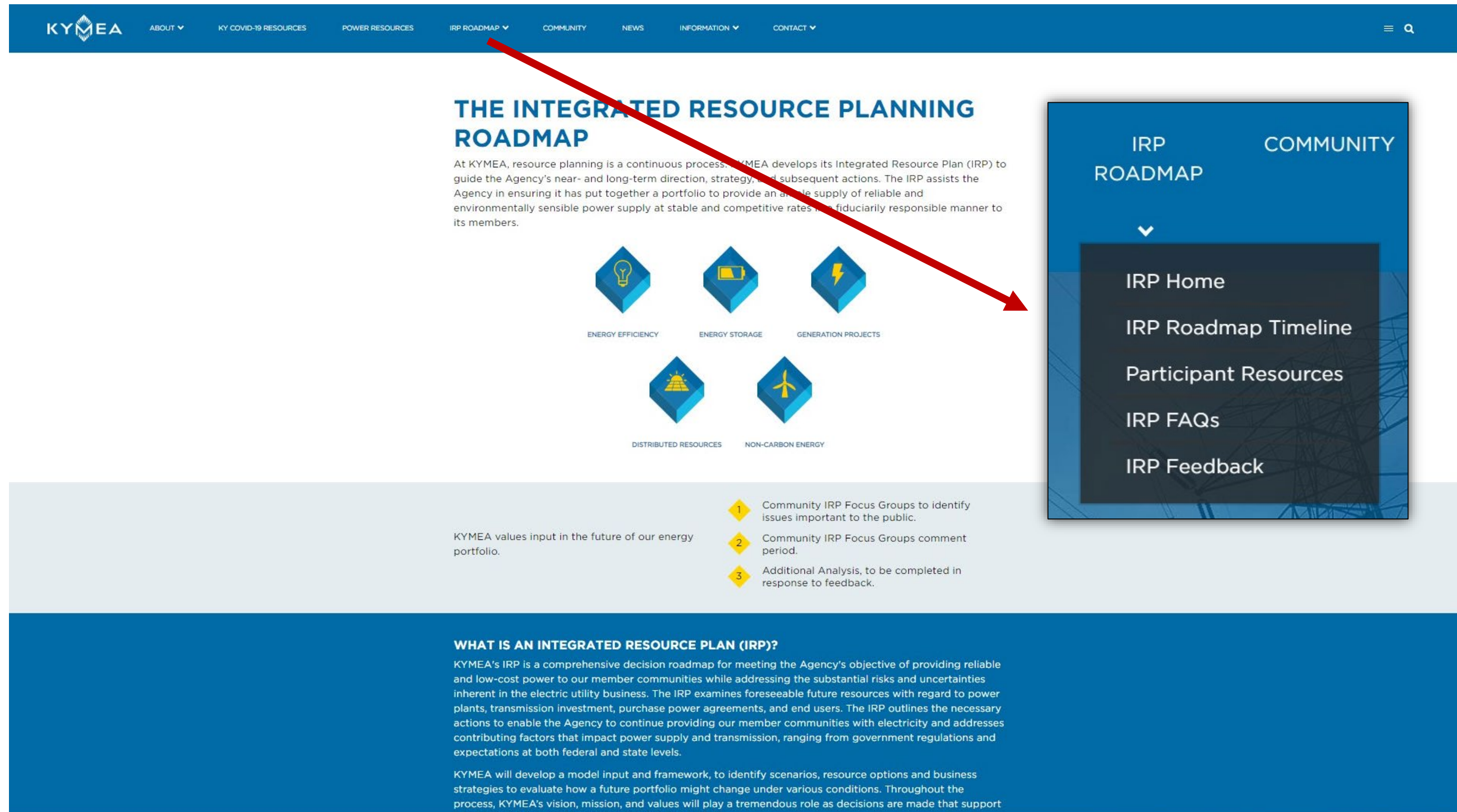
- ❑ Reopening Kentucky: Groups of 50 people or fewer beginning June 29, 2020.
- Beginning July 23, 2020, KYMEA Board Meetings will resume as in-person meetings.
- KYMEA will:
  1. Take temperatures
  2. Provide hand sanitizer
  3. Provide masks (if required)
  4. Accommodate social distancing of 6 feet (if required)
  5. Provide box lunches to limit contact exposure



# Member Communications

June 25, 2020


# 2020 IRP Website





**KYMEA** ABOUT ▼ KY COVID-19 RESOURCES POWER RESOURCES **IRP ROADMAP ▼** COMMUNITY NEWS INFORMATION ▼ CONTACT ▼


## THE INTEGRATED RESOURCE PLANNING ROADMAP


At KYMEA, resource planning is a continuous process. KYMEA develops its Integrated Resource Plan (IRP) to guide the Agency's near- and long-term direction, strategy, and subsequent actions. The IRP assists the Agency in ensuring it has put together a portfolio to provide an ample supply of reliable and environmentally sensible power supply at stable and competitive rates in a fiduciarily responsible manner to its members.

  
ENERGY EFFICIENCY

  
ENERGY STORAGE

  
GENERATION PROJECTS

  
DISTRIBUTED RESOURCES

  
NON-CARBON ENERGY

KYMEA values input in the future of our energy portfolio.

- 1 Community IRP Focus Groups to identify issues important to the public.
- 2 Community IRP Focus Groups comment period.
- 3 Additional Analysis, to be completed in response to feedback.

### WHAT IS AN INTEGRATED RESOURCE PLAN (IRP)?

KYMEA's IRP is a comprehensive decision roadmap for meeting the Agency's objective of providing reliable and low-cost power to our member communities while addressing the substantial risks and uncertainties inherent in the electric utility business. The IRP examines foreseeable future resources with regard to power plants, transmission investment, purchase power agreements, and end users. The IRP outlines the necessary actions to enable the Agency to continue providing our member communities with electricity and addresses contributing factors that impact power supply and transmission, ranging from government regulations and expectations at both federal and state levels.

KYMEA will develop a model input and framework, to identify scenarios, resource options and business strategies to evaluate how a future portfolio might change under various conditions. Throughout the process, KYMEA's vision, mission, and values will play a tremendous role as decisions are made that support

**IRP ROADMAP**  
▼  
IRP Home  
IRP Roadmap Timeline  
Participant Resources  
IRP FAQs  
IRP Feedback



# Dates to Remember

**July 23<sup>rd</sup>**

**Board Meeting (10 AM) at KYMEA  
Board Room (In-Person Meeting)**

**August 27<sup>th</sup>**

**Board Meeting (10 AM) at KYMEA  
Board Room (In-Person Meeting)**

**August 27<sup>th</sup>**

**Board Member Strategic Retreat  
(1 PM – 4PM) at KYMEA Office**

**Sep 2<sup>nd</sup>**

**Community IRP Focus Group  
10 AM-12 PM, 1 PM-3 PM  
(In-Person Meeting)**



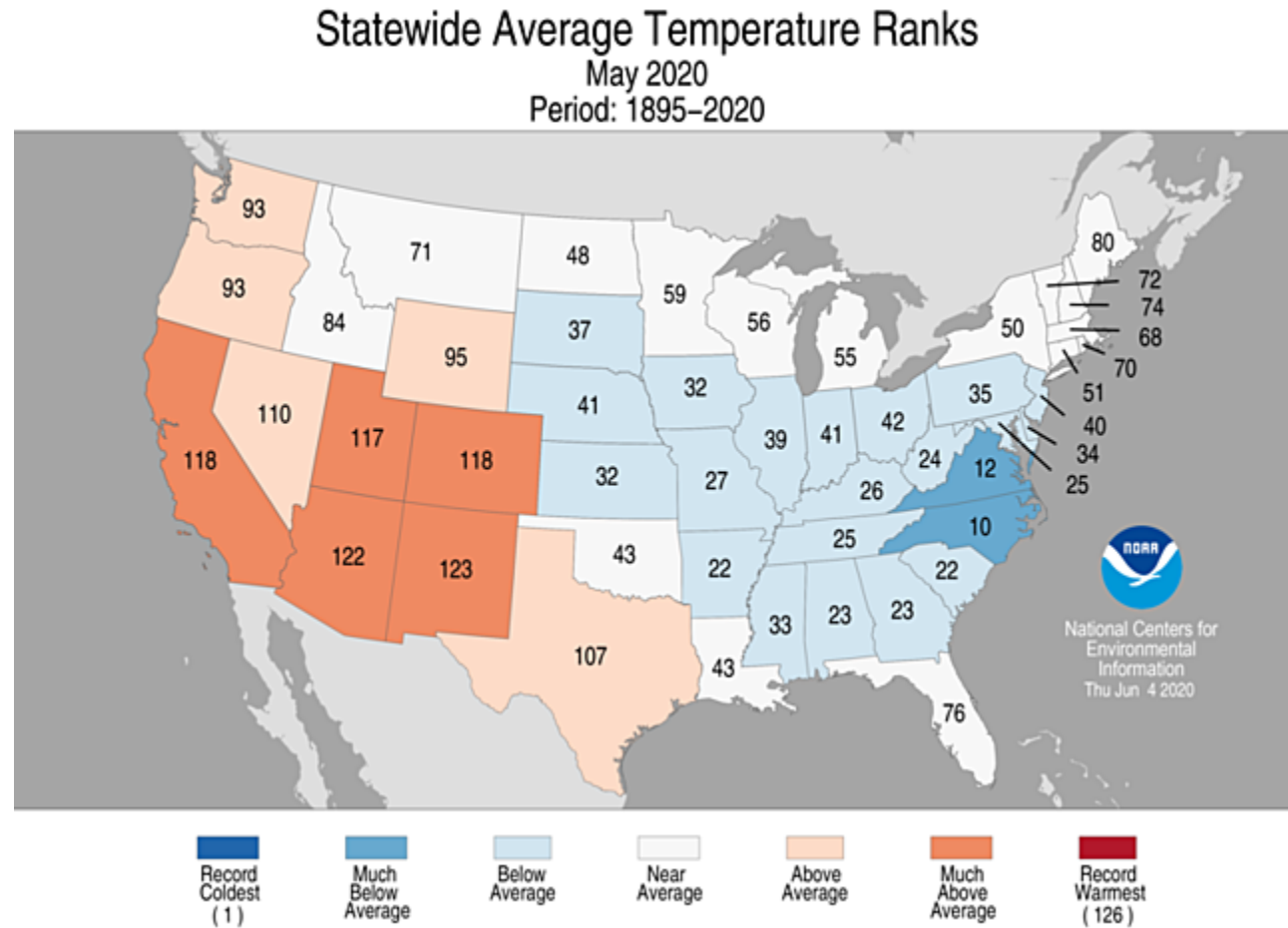
*Mark your  
calendar!*



# May 2020 in Review

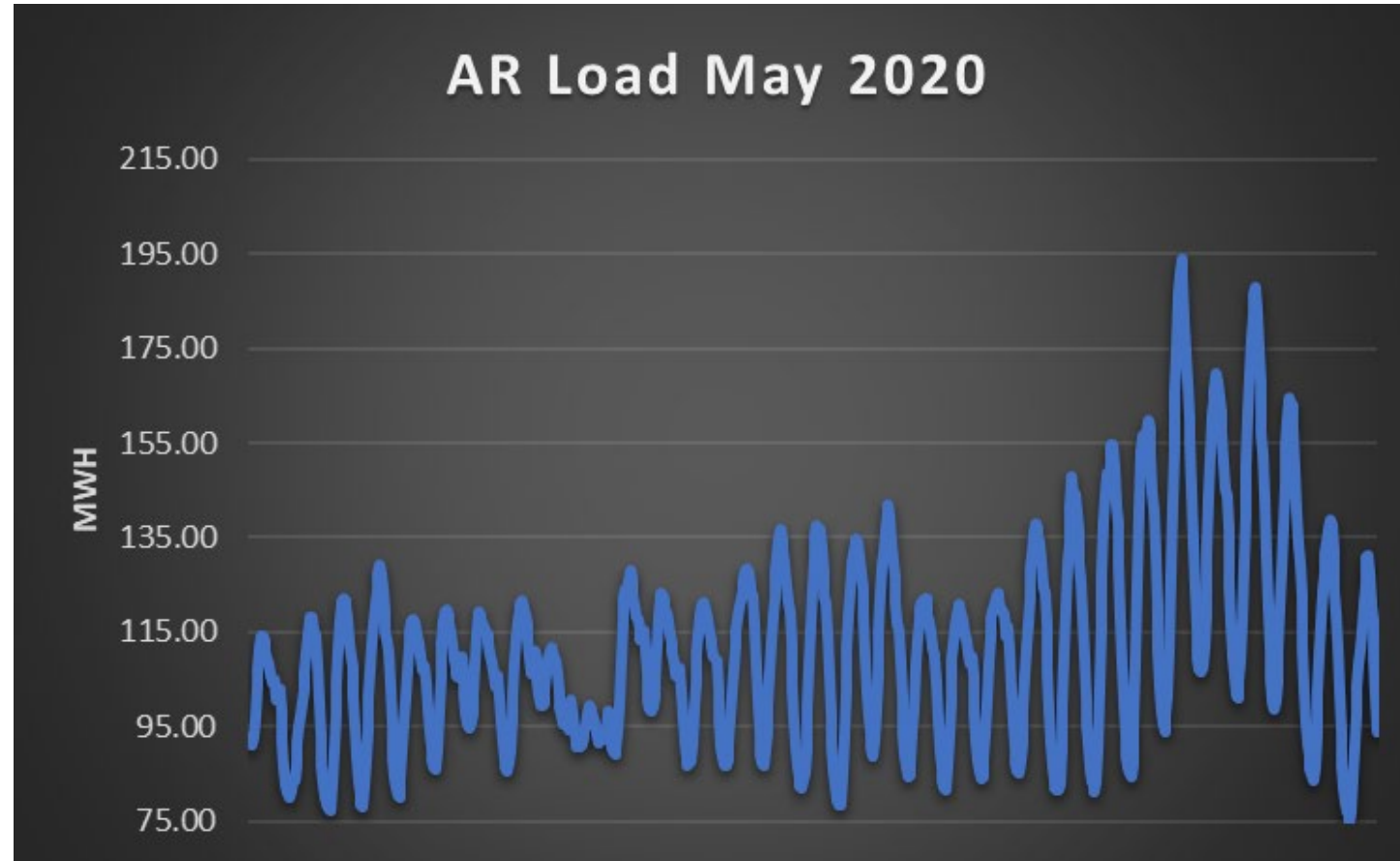
June 25, 2020

# May 2020 Temperature Ranks

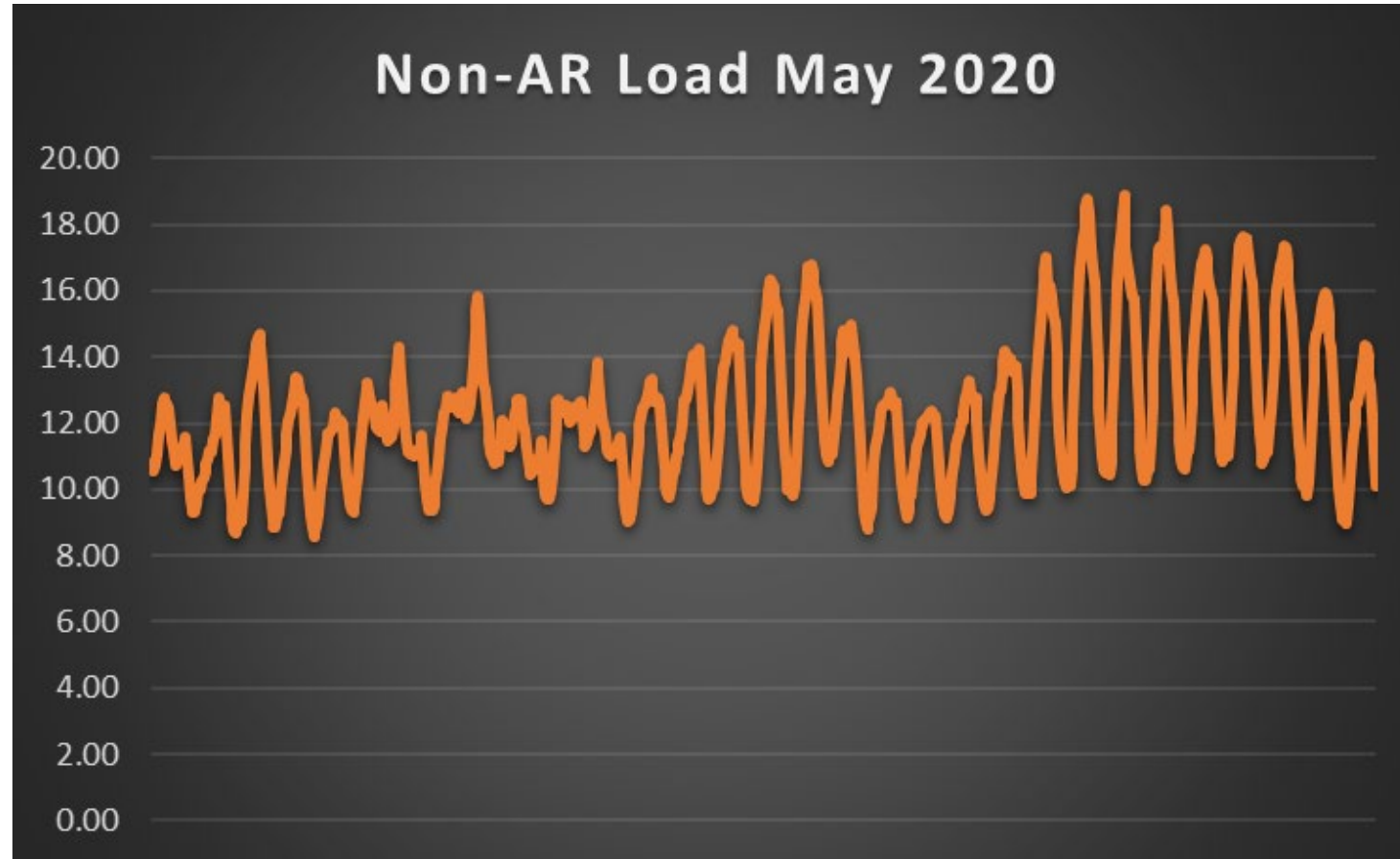


<https://www.ncdc.noaa.gov/temp-and-precip/us-maps/>

# May 2020 AR Load



# May 2020 Non-AR Load

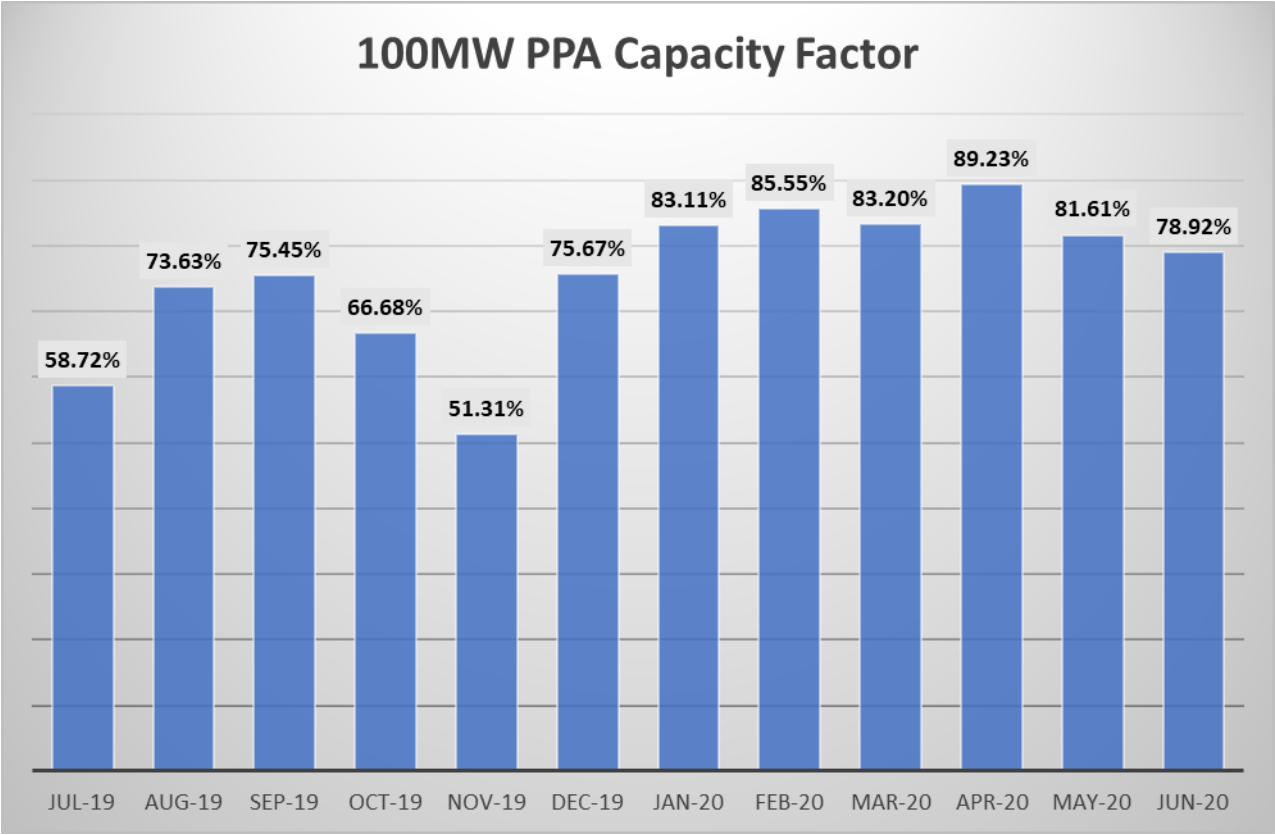




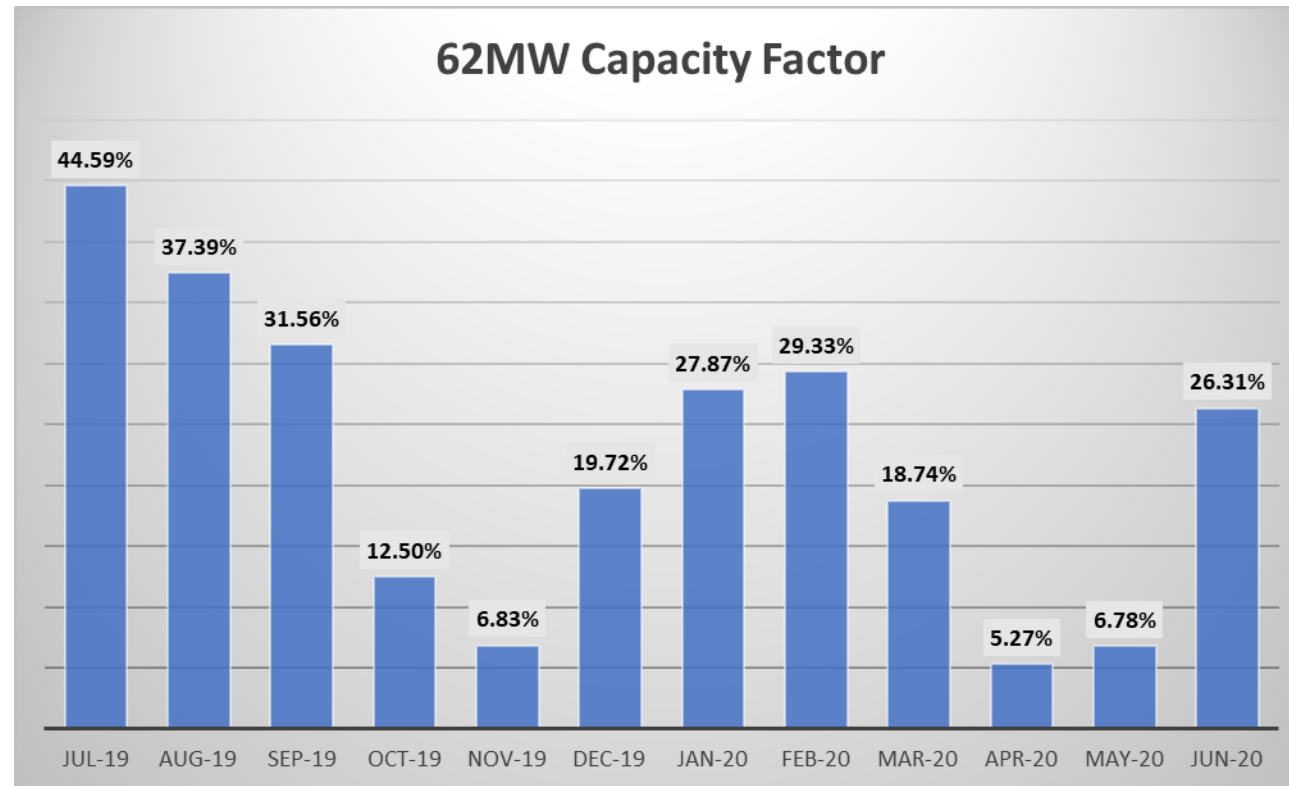
# May 2020 Snapshot

May-20							
Member	Budget Energy (MWh)	Actual Energy (MWh)	Actual vs. Budget Energy	Budget NCP (MW)	Actual NCP (MW)	Actual vs. Budget NCP	Timestamp (HE EST)
Barbourville	7,144	6,027	84%	16.29	13.36	82%	5/26/2020 3:00 PM
Bardwell	669	609	91%	1.63	1.59	98%	5/25/2020 4:00 PM
Benham	317	378	119%	0.76	1.04	136%	5/10/2020 7:00 AM
Berea	9,397	8,819	94%	20.67	18.33	89%	5/25/2020 3:00 PM
Corbin	6,974	5,782	83%	16.30	13.79	85%	5/26/2020 3:00 PM
Falmouth	1,534	1,370	89%	3.69	3.35	91%	5/26/2020 3:00 PM
Frankfort	59,862	43,706	73%	125.42	103.27	82%	5/26/2020 3:00 PM
Madisonville	25,960	19,378	75%	53.54	43.23	81%	5/26/2020 4:00 PM
Owensboro	68,630	58,205	85%	151.00	125.00	83%	
Paris	4,129	4,295	104%	9.98	11.29	113%	5/26/2020 3:00 PM
Providence	2,431	1,980	81%	6.06	4.91	81%	5/25/2020 6:00 PM

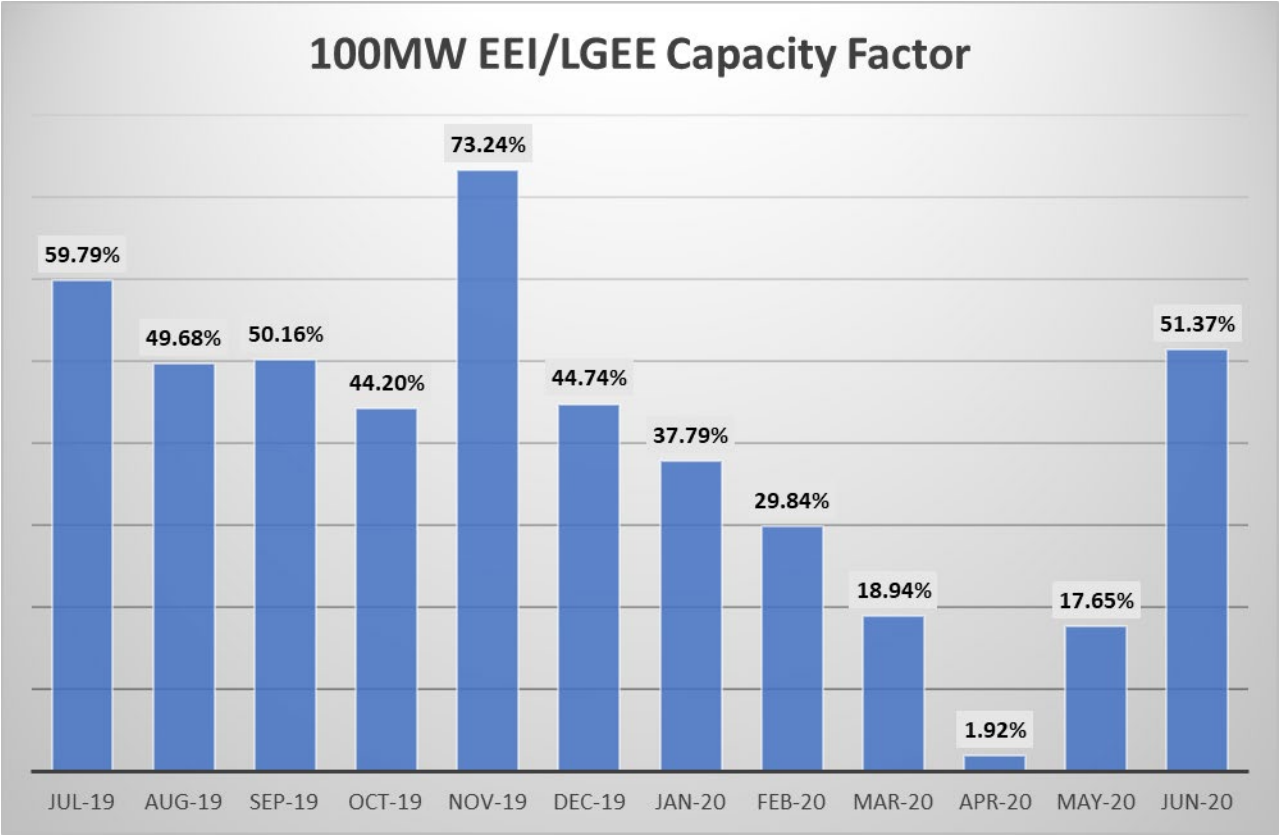
# BREC PPA Capacity Factor



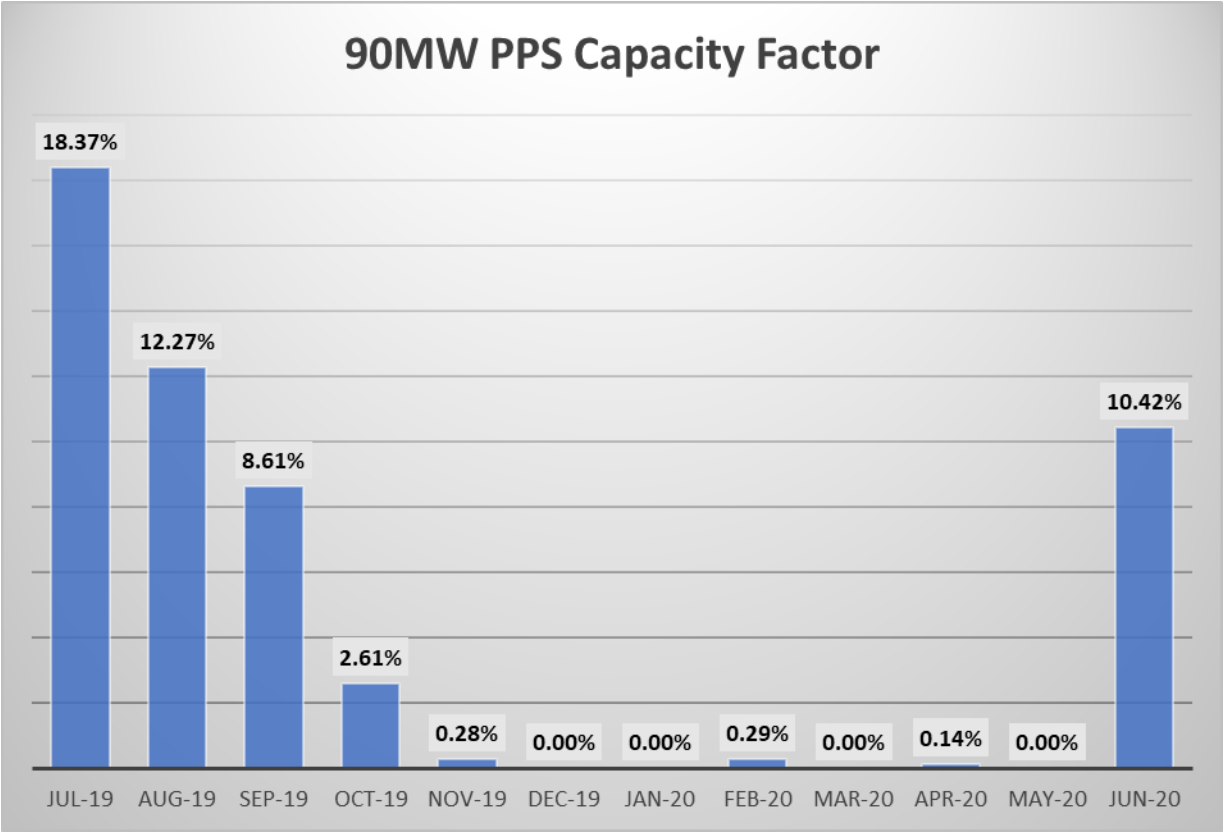
# BREC Option Capacity Factor



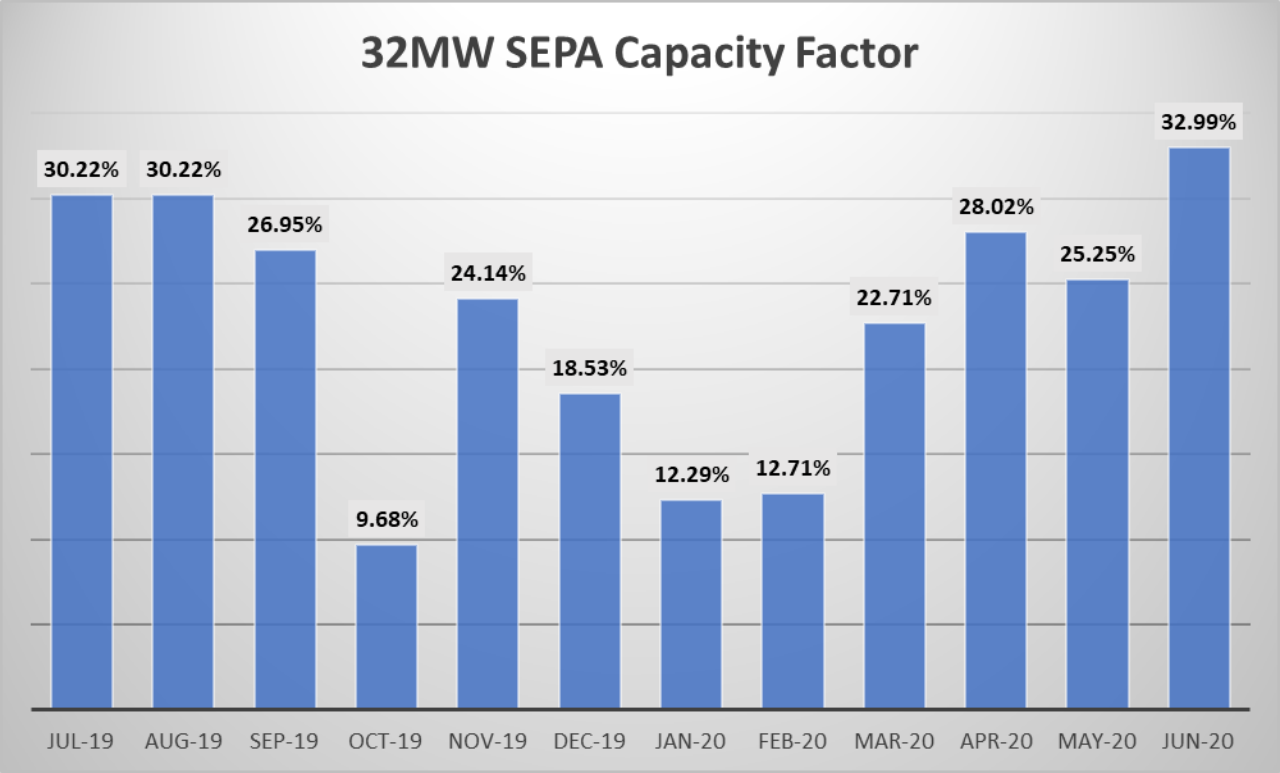
# EEI/LGEE Capacity Factor



# PPS PPA Capacity Factor

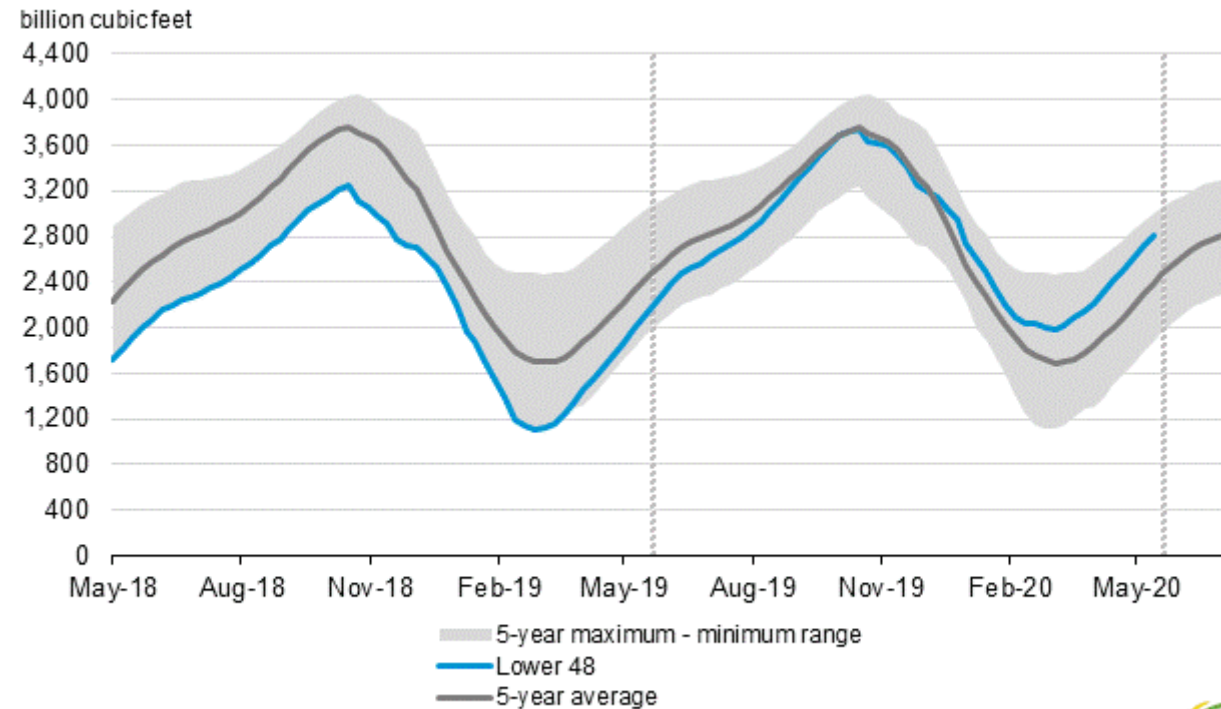


# SEPA Capacity Factor



# Working Gas in Storage

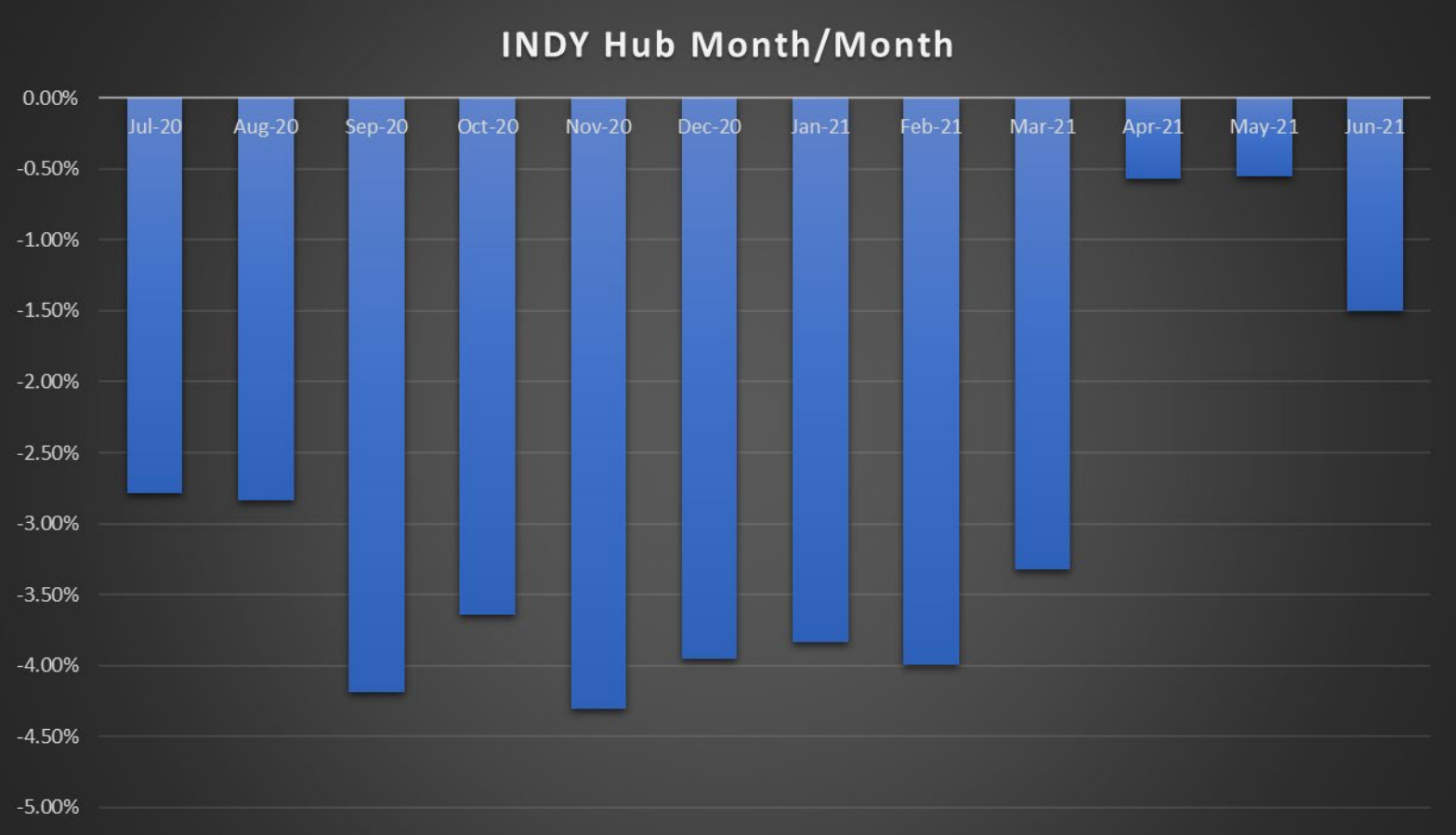
Working gas in underground storage compared with the 5-year maximum and minimum



Source: U.S. Energy Information Administration

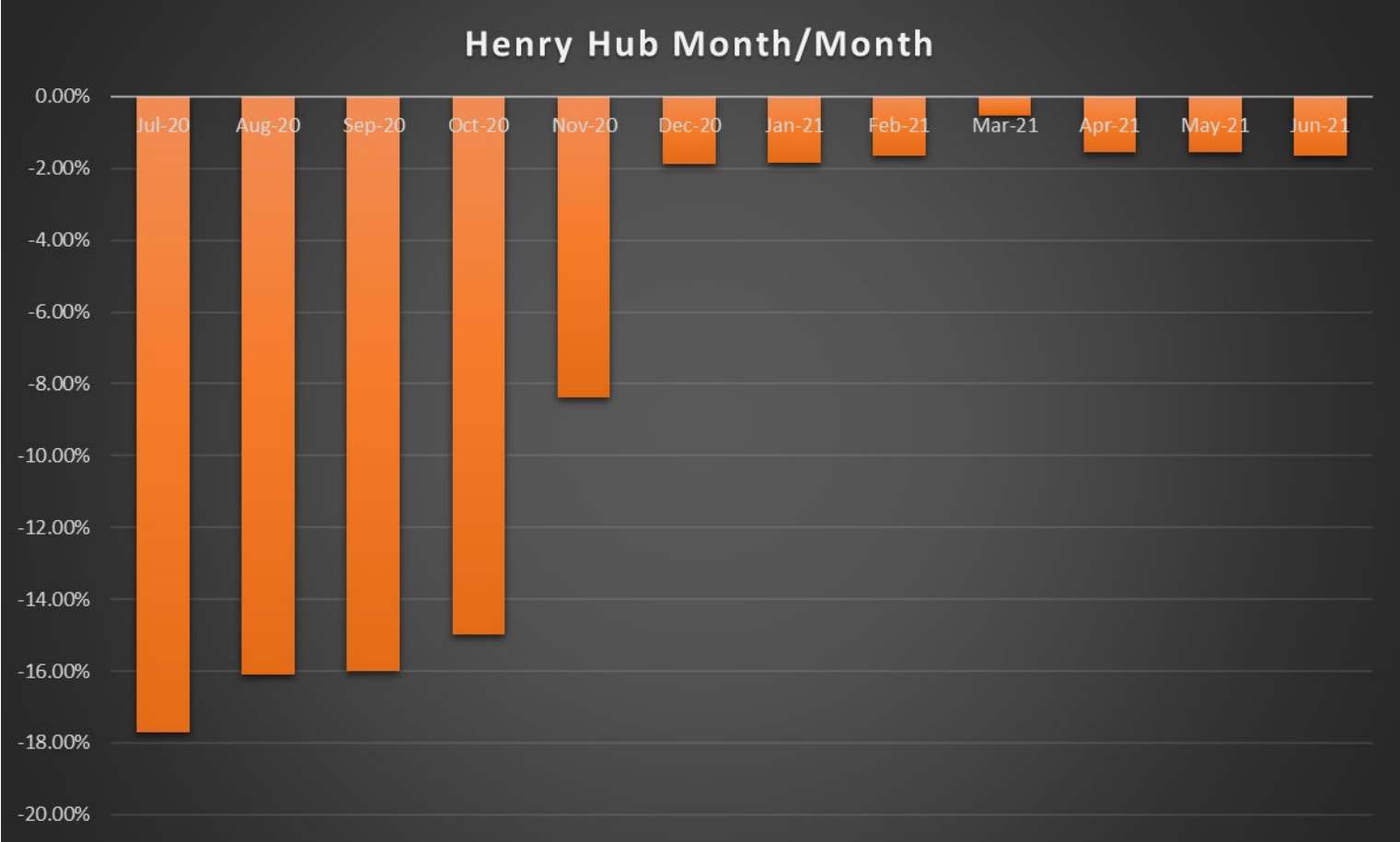


# Indiana Hub





# Henry Hub



# Discussion Topics and Miscellaneous Materials

## F. Discussion Topics

- F.1 IRP Schedule
- F.2 Board Retreat





# Integrated Resource Planning Schedule

**Doug Buresh**

June 25, 2020

# IRP Key Tasks Timeline - 2020

2020

MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC

Development of Inputs and Framework accompanied by Model Simulations

Community  
Focus Group  
Session

Possible Site Visits with the Board of Directors

Analysis and Evaluation

Presentation of  
Initial Results

Community Comment Period

Community  
Focus Group  
Session

Additional  
Analysis

Preliminary Plan

Board Action

Preparation  
IRP Report

## Still On Schedule

### Focused on:

- Model Simulations
- Focus Group Feedback
- Analysis
- Evaluation

# Web Site - IRP Participant Resources

## PARTICIPANT RESOURCES

Public participation is encouraged and will be a significant element within the IRP process.

### PRESENTATIONS

- June Community Focus Group Presentation - Coming Soon
- September Community Focus Group Presentation - Coming Soon

hotlinks

### COMMUNITY FEEDBACK

- June Community Focus Group Feedback - Coming Soon
- September Community Focus Group Feedback - Coming Soon

### DOCUMENTS

- June Community Focus Group Documents - Coming Soon
- September Community Focus Group Documents - Coming Soon

### VIDEOS

- June Community Focus Group Video - Coming Soon
- September Community Focus Group Video - Coming Soon

### FEEDBACK REQUESTED

Please provide your feedback and help plan the next round of Community IRP Focus Group session.

FEEDBACK FORM

**The June Participant Resources Pages will be updated over the next few weeks to incorporate yesterday's session.**



# Strategic Retreat

**Doug Buresh**

June 25, 2020



# KYMEA Strategic Plan

## Strategic Plan (2019-2024)

- Approved by the KYMEA Board (October 2019)
- Identified Four Strategic Priorities
- Set 13 specific goals to achieve (one time or annually)



# KYMEA Board Strategic Retreat

*Hold the Date: August 27<sup>th</sup> (Afternoon after KYMEA Board Meeting)*

## 4

### ORGANIZATION

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

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.

4.2 **Governance:** KYMEA will annually provide Board member orientation and materials containing information needed to fulfill their role in the organization.

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.

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.



# Action Items

## G. Action Items

- G.1 Financial Metrics Report
- G.2 CEO 2019 Performance Bonus





KENTUCKY MUNICIPAL ENERGY AGENCY

# **Financial Metrics**

# **2020**





# Financial Targets

## Objectives

Kentucky Municipal Energy Agency's (KYMEA) overall financial objective and annual targets for selected important financial performance measures are set out in the following pages. The overall financial objective of providing stable and competitive rates in a fiduciarily responsible manner was adopted as part of KYMEA's 2019 Strategic Plan as its first Strategic Priority category. The three Strategic Priorities under Financial Stability represent specific and ongoing short-term goals that support the overall financial objective. This document focuses on Strategic Priority 1.3: Financial Health Metrics. These metrics represent checkpoints in the achievement of KYMEA's overall financial objective and significantly contribute to the financial health of the Agency and its members.



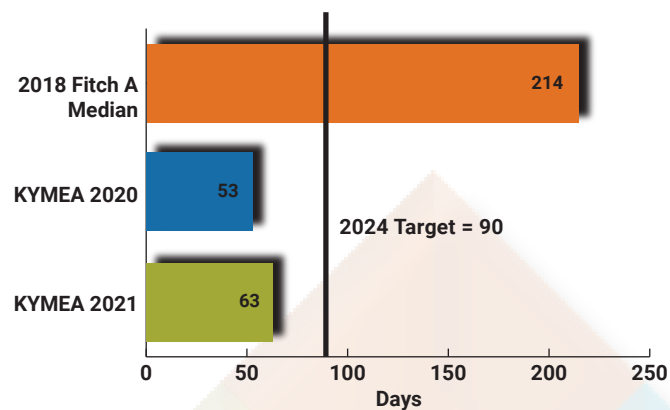
# Metrics

## Targets and Projections

The adjacent charts show metrics supporting KYMEA's Financial Stability Strategic Priority. KYMEA's Fiscal Year-End 2020 and 2021 performance is compared with the median score of public power wholesalers rated "A" or better by Fitch Ratings<sup>1</sup> and to KYMEA's annual targets.

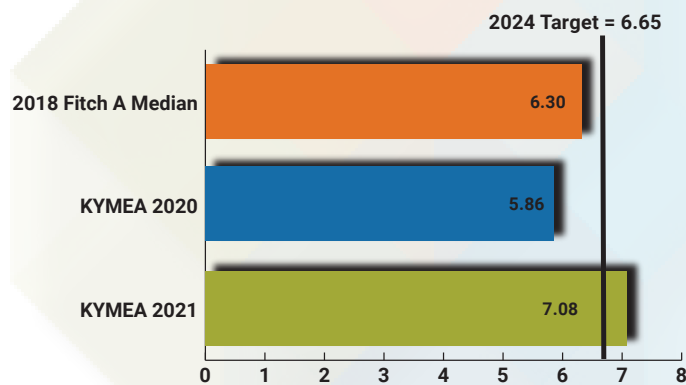
### DAYS CASH ON HAND

Financial Flexibility



### NET ADJUSTED DEBT/ADJUSTED FUNDS AVAILABLE FOR DEBT SERVICE

Debt (real and imputed) compared to margin available for debt service

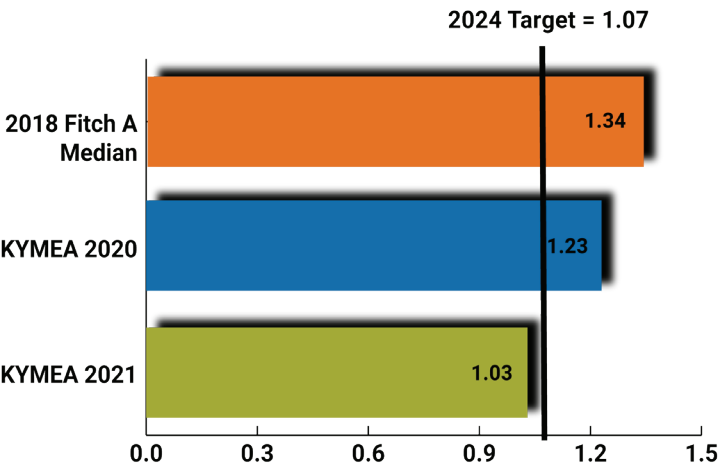


<sup>1</sup> "US Public Power: Peer Review." Fitch Ratings, Fitch Group, July 15, 2019

# Metrics

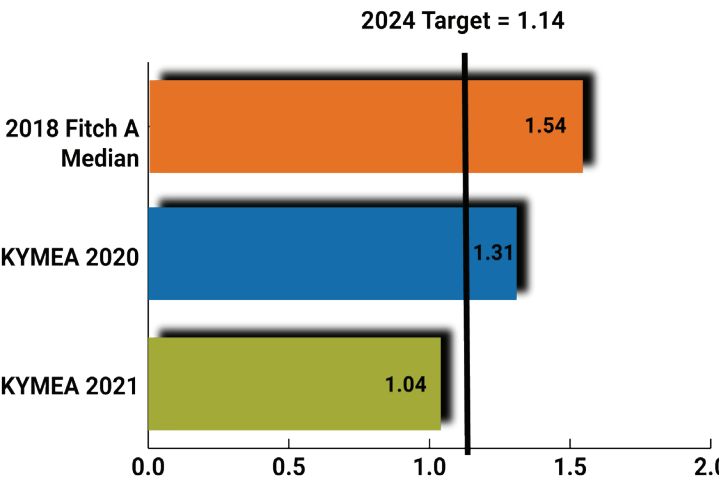
## COVERAGE OF FULL OBLIGATIONS

Margin available to meet current fixed obligations



## DEBT SERVICE COVERAGE

Margin available to meet current debt service



# At-a-Glance Performance

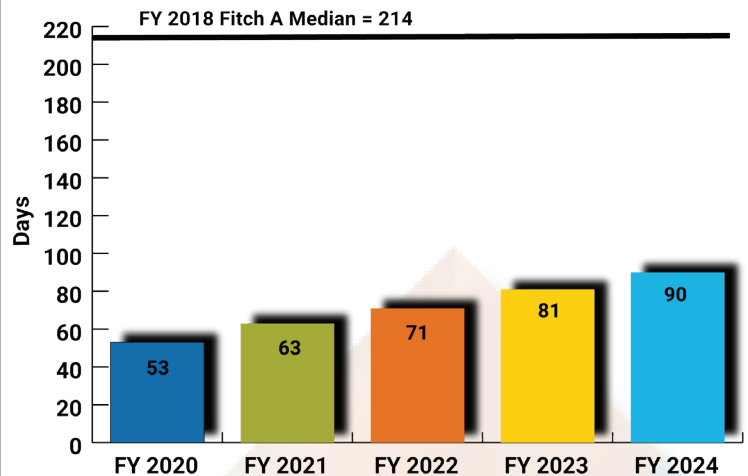
## Projected Financial Performance and Condition

The final charts discuss each of the financial health metrics and provides KYMEA's FY 2020 performance along with projected performance over the next 4-year period.

### DAYS CASH ON HAND

- Represents financial flexibility - the number of days KYMEA can pay its operating expenses with the given cash available.
- Unrestricted Cash/(Operating Expenses- Depreciation- Amortization)

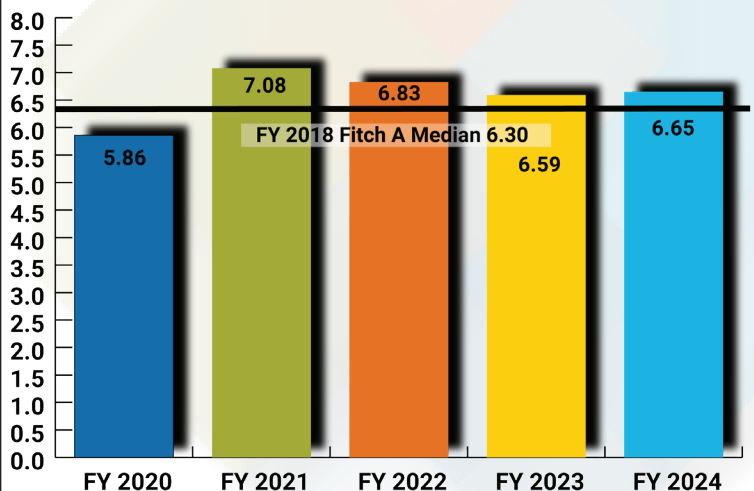
**KYMEA has the goal of systematically moving toward a target Days Cash on Hand of 90 days by the end of FY 2024.**



### NET ADJUSTED DEBT/ADJUSTED FUNDS AVAILABLE FOR DEBT SERVICE

- Represents the size of the debt to the margin available to cover all debt service and fixed charges
- Net Adjusted Debt/Adjusted Funds Available for Debt Service

**KYMEA has not issued debt at this time; therefore, it uses an imputed number equal to 8x the fixed portion of its purchase power cost to impute a debt equivalent.**

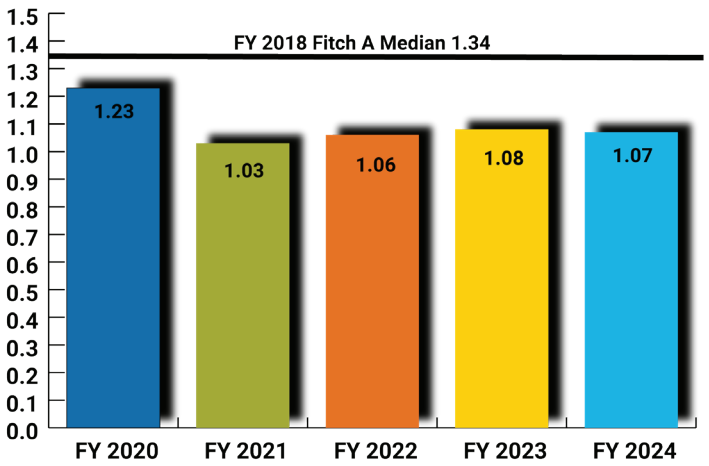


# At-a-Glance Performance

## COVERAGE OF FULL OBLIGATIONS

- Represents the funds available from operations to cover current debt service and fixed charges requirements
- Funds Available for Debt Service/(Total Annual Debt Service + Fixed Charges)

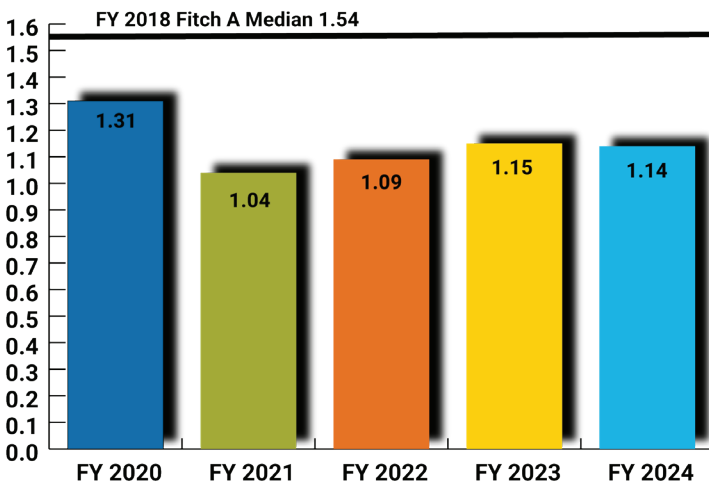
**Funds Available for Debt Service represent Earnings Before Interest, Taxes, Depreciation, and Amortization plus Interest Income.**



## DEBT SERVICE COVERAGE

- Represents the funds available from operations to cover current debt service
- Funds Available for Debt Service/Total Annual Debt Service

**This is a similar metric to Coverage of Full Obligations. Debt Service Coverage does not include KYMEA Fixed Operations Charges.**



# Conclusion

## Commitment to Transparency

At KYMEA, we consider disclosure to be an essential component of effective Agency governance. We place a high value on the ability of our public power stakeholders to understand our operations, goals, and values, as well as our financial performance. The financial metrics herein are measurements that quantify KYMEA's objectives and enable effective analysis of the Agency's performance. Taken as a whole, the metrics provide insight to KYMEA's ability to pay its operating expenses, its ongoing ability to meet expenses that do not change as member loads fluctuate, and its overall reliance on debt to achieve its goals. We hope the following information aids in achieving that transparency, and we look forward to serving our members and their customers.



DISCOVER THE POWER



OF ENERGY OPTIONS





# **CEO 2020 Goals**

## **CEO 2019 Performance Bonus**

**Ron Herd**

June 25, 2020

# CEO 2020 Goals

**Address the Specific Needs of the All-Requirements (AR) Group, namely:**

## **1. Short-Term Power Supply Needs**

- **Address needs for capacity, energy, and transmission (2022 – 2027).**
- **PPS Peaking Capacity nomination decision for June 1, 2023 – May 31, 2029 (from 30 MW up to 90 MW). Decision needed by 12/31/2020.**
- **Analyze and address operational challenges for Ashwood Solar I dispatch (intermittent generation).**
- **Continually analyze market price risk and develop hedging strategies.**
- **Provide recommendation to the Board addressing KYMEA's Short-Term Power Supply and Transmission Needs.**

## **2. Integrated Resource Plan (IRP)**

- **Hold Community Focus Groups and post feedback on website.**
- **Perform analysis addressing Agency's long-term needs (2027 – 2042).**
- **Incorporate risk to consider a variety of future portfolios under uncertainty.**
- **Address future transmission needs and strategies.**
- **Develop Action Plan for Board's approval.**
- **Complete IRP Report (final completion likely in early 2021).**

# CEO 2020 Goals (continued)

## **3. Depancaking**

- **Continue to work with KYMEA FERC counsel regarding depancaking litigation.**

## **4. Strategic Planning**

- **Complete Board identified 2020 strategic planning goals.**
- **Hold strategic planning retreat.**
- **Revisit strategic plan and modify if needed.**

## **5. Member Communications**

- **Newsletters**
- **Annual Report**

## **6. Finance and Accounting**

- **Hire Accountant/Financial Analyst.**
- **Migrate to new version of Accounting System utilizing tools such as Tableau.**
- **Continue to automate data transfer between operations, planning, and finance.**

# CEO 2020 Goals (continued)

## **7. Legislation and Government Affairs**

- **Continue to work with KMUA on issues important to KYMEA.**
- **Continue outreach efforts at the local, state, and federal level.**
- **Work with APPA, KLC, KACO, KMUA, and other partners on mutually beneficial legislation.**
- **Develop a mutually beneficial working relationship with other municipal utilities, cooperatives, TVA distributors and generators**

## **8. Economic Development**

- **Increase efforts to assist KYMEA communities with economic development opportunities.**
- **Promote Ashwood Solar I project for industries interested in a “green” footprint.**

## **9. Agency Growth**

- **Continue to investigate growth opportunities (organic as well as new members)**

# CEO 2019 Performance Bonus

## For the KYMEA Board's Consideration

### Buresh CEO Employment Agreement

**KYMEA may, in its sole discretion, consider Buresh for performance bonus compensation upon its annual review which performance bonus may be awarded by KYMEA in an amount up to six percent (6%) of Buresh's base salary.**

# 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, July 23<sup>rd</sup> at 10 AM at the KYMEA offices

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 (updated 06/15/20)**

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, CANCELLED

Thursday, April 23, 2020, 10:00 AM Eastern Time, WEBEX VIDEO CALL

Thursday, May 28, 2020, 10:00 AM Eastern Time, WEBEX VIDEO CALL

Thursday, June 25, 2020, 10:00 AM Eastern Time, WEBEX VIDEO CALL

Thursday, July 23, 2020, 10:00 AM 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

# Closed Session

J. Closed Session

None expected



# **Actions Related to Matters Discussed in Closed Session**

K. Actions Related to Closed Session

None expected



# Adjournment

