



January 27, 2022 Regular Meeting of the KYMEA Board of Directors

1/27/2022 at 10 AM

Board Room

1700 Eastpoint Pkwy Suite 220

Louisville, KY, 40223

This meeting will also be available as a WebEx video meeting (contact mhixon@kymea.org for attendee information).



Meeting Book - January 27, 2022 Regular Meeting of the KYMEA Board of Directors

Agenda

A. Meeting Opening

- | | |
|------------------------|----------------|
| 1. Attendance | Michelle Hixon |
| 2. Call to Order | Josh Callihan |
| 3. Guest Introductions | Josh Callihan |

B. Previous Meeting Minutes of the KYMEA Board of Directors

Approval of
November's Meeting
Minutes due to
December meeting
cancellation

Josh Callihan

C. Financial Reports

Approval of Last
Month's Financial
Report

Heather
Overby

D. Committee Reports

- | | |
|-------------------------------|---------------|
| 1. Budget Committee Report | Chris Melton |
| 2. BROC Report | Gary Zheng |
| 3. Executive Committee Report | Josh Callihan |

E. Administration Reports

- | | |
|--------------------------|----------------|
| 1. CEO | Doug Buresh |
| 2. Market Report | Rob Leesman |
| 3. Member Communications | Michelle Hixon |

F. Discussion Topics

- | | |
|-------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|
| 1. FY 2023 Administrative, General and Capital Budget
Board approval will be requested at the February meeting | Chris Melton
& Doug
Buresh
Rob Leesman |
| 2. Curtailment Plan | |
| 3. Legislation | Charlie
Musson |
| 4. Western Kentucky Tornado | Josh Callihan |

G. Action Items

- | | | |
|----------------------------------------------|--------------------------------------------------------------------------------------------------------|------------------------------------|
| 1. Resolution for Line of Credit Agreement | Motion to approve the
resolution authorizing
the CEO and CFO to
execute the LOC
agreement. | Heather
Overby |
| 2. CEO One Time Additional Cost Compensation | Motion to approve the
presented one time
additional cost
compensation. | Josh Callihan
& Chris
Melton |

H. 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.

Josh Callihan

I. Upcoming Meetings and Other Business

The next board meeting will be a combined meeting of the AR Project Committee and KYMEA Directors and will be held on February 24th at 10 am in KYMEA's board room.

Michelle Hixon

J. Closed Session

Motion to enter into
Closed Session

Charlie
Musson

K. Adjournment

Josh Callihan



Minutes for Meeting Book - November 17, 2021 Regular Meeting of the KYMEA Board of Directors

11/17/2021 | 10:00 AM

Board Room

Attendees (8)

Josh Callihan; Ron Herd; Philip King; Chris Melton; Mike Withrow; Gary Zheng; Adrian Isaacs; Tim Lyons

Other attendees were Doug Buresh, Michelle Hixon, Rob Leesman, Heather Overby, Molly Roesler, Charlie Musson, Latif Nurani, Gwen Hicks, Tom Trauger, Pat Pace, Hance Price, and Vent Foster.

Meeting Opening

Attendance: Michelle took attendance and noted that a quorum was present.

Call to Order: Chairman, Josh Callihan, called the meeting to order.

Guest Introductions: Chairman Callihan thanked the guests for being present.

Previous Meeting Minutes of the KYMEA Board of Directors

ACTION: Motion to approve the previous month's meeting minutes was made by Ron Herd and seconded by Chris Melton. The motion passed.

Financial Reports

Heather Overby presented the previous month's financial reports.

ACTION: Motion to approve the previous month's financial reports was made by Chris Melton and seconded by Tim Lyons. The motion passed.

Committee Reports

There were no committee meetings to report on.

Administration Reports

1. CEO Report: Doug Buresh presented the CEO report regarding the Agency's past and upcoming activities.
2. Market Report: Rob Leesman discussed the previous month's markets in relation to KYMEA.

3. Member Communications: Michelle Hixon updated the Board on upcoming events and member activities.

Discussion Topics

The following Discussion topics were reviewed:

1. FY 2023 Budget & Rates Timeline
2. KLC Unemployment Compensation Reimbursement Trust
3. Winter Preparation

Action Items

1. Strategic Plan Update Motion to approve the
2. Line of Credit Request for Proposal Award

ACTION: Motion to approve the Strategic Plan Update as presented at the October meeting was made by Gary Zheng and seconded by Ron Herd . The motion Passed.

ACTION: Motion to approve the resolution authorizing the CFO and other officers to negotiate documentation to establish the Credit Facility with PNC Bank was made by Mike Withrow and seconded by Chris Melton. The motion passed.

Public Comments

No public comments were provided.

Upcoming Meetings and Other Business

The next board meeting will be held on December 15th at 10 am in KYMEA's board room.

Closed Session

ACTION: Motion to enter into closed session was made by Chris Melton and seconded by Ron Herd . The motion passed.

ACTION: Motion to return to open session was made by Tim Lyons and seconded by Chris Melton. The motion passed.

Action Related to Matters Discussed in Closed Session

No action was taken.

Adjournment

ACTION: Motion to adjourn was made by Ron Herd and seconded by Tim Lyons. The motion passed and the meeting was adjourned.

X

Chairperson

X

Secretary



KENTUCKY MUNICIPAL ENERGY AGENCY



Financial Presentation

January 27, 2022

Heather Overby

Statement of Net Position – November 2021

CURRENT ASSETS

Nov 2021

Cash and Investments	\$16,469,261	(1)
Other Receivables	7,822,621	(2)
Interest Receivable	0	
Prepayments & Other Current Assets	0	
Total Current Assets	\$24,291,882	

- 1) Checking account cash
- 2) Billing to AR & Transmission service members and ancillary services

Statement of Net Position – November 2021

NON-CURRENT ASSETS

Pledged Collateral	5,541,666	(3)
Investment in SEDC	949	
Fixed Assets Clearing Account	139,547	
Office Buildout	260,238	
Meters - AR Project	215,985	
Meter Comm Equipment	330,672	
General Plant	801,210	
Construction Work In Progress	0	
Less Accumulated Depreciation	(522,749)	
Total Non-Current Assets	\$6,767,518	
Total Assets	\$31,059,401	

- 3) Collateral represents \$2.4m at MISO, \$800k at PJM, and \$2.3m in hedge collateral.

Statement of Net Position – November 2021

LIABILITIES

Accounts Payable	13,559,366	(4)
Accrued Interest Payable	9,042	
Total Current Liabilities	\$13,568,408	
Accrued Employee Benefits	164,687	
Deferred Lease Liability	35,929	(5)
Line of Credit	0	(6)
Total Non-Current Liabilities	\$200,616	
Total Liabilities	\$13,769,024	

NET POSITION

Invested in capital assets, net of related debt	1,224,903	
Restricted	5,541,666	
Unrestricted	10,523,808	
Total Net Position	\$17,290,377	(7)

- 4) AP represents purchased 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

Statement Revenue, Expenses, and Changes in Net Position– November 2021

OPERATING REVENUE

	Nov 2021	YTD FY2022	
Sales to Members	\$5,577,938	\$32,898,203	(8)
RTO Market Revenue	\$50,565	\$237,319	(9)
Transmission Services	\$91,463	\$432,832	(10)
Miscellaneous Revenue	\$0	\$8,000	
Total Operating Revenue (Expenses)	\$5,719,965	\$33,576,354	

OPERATING EXPENSES

Transmission	\$1,003,538	\$5,501,504	(11)
Production	\$4,026,619	\$23,732,633	(12)
Admin. and General	\$290,440	\$1,253,706	
Depreciation	\$15,773	\$78,865	
Total Purchase Power and Operating Expenses	\$5,336,370	\$30,566,707	
Operating Income	\$383,595	\$3,009,647	

NON-OPERATING REVENUE

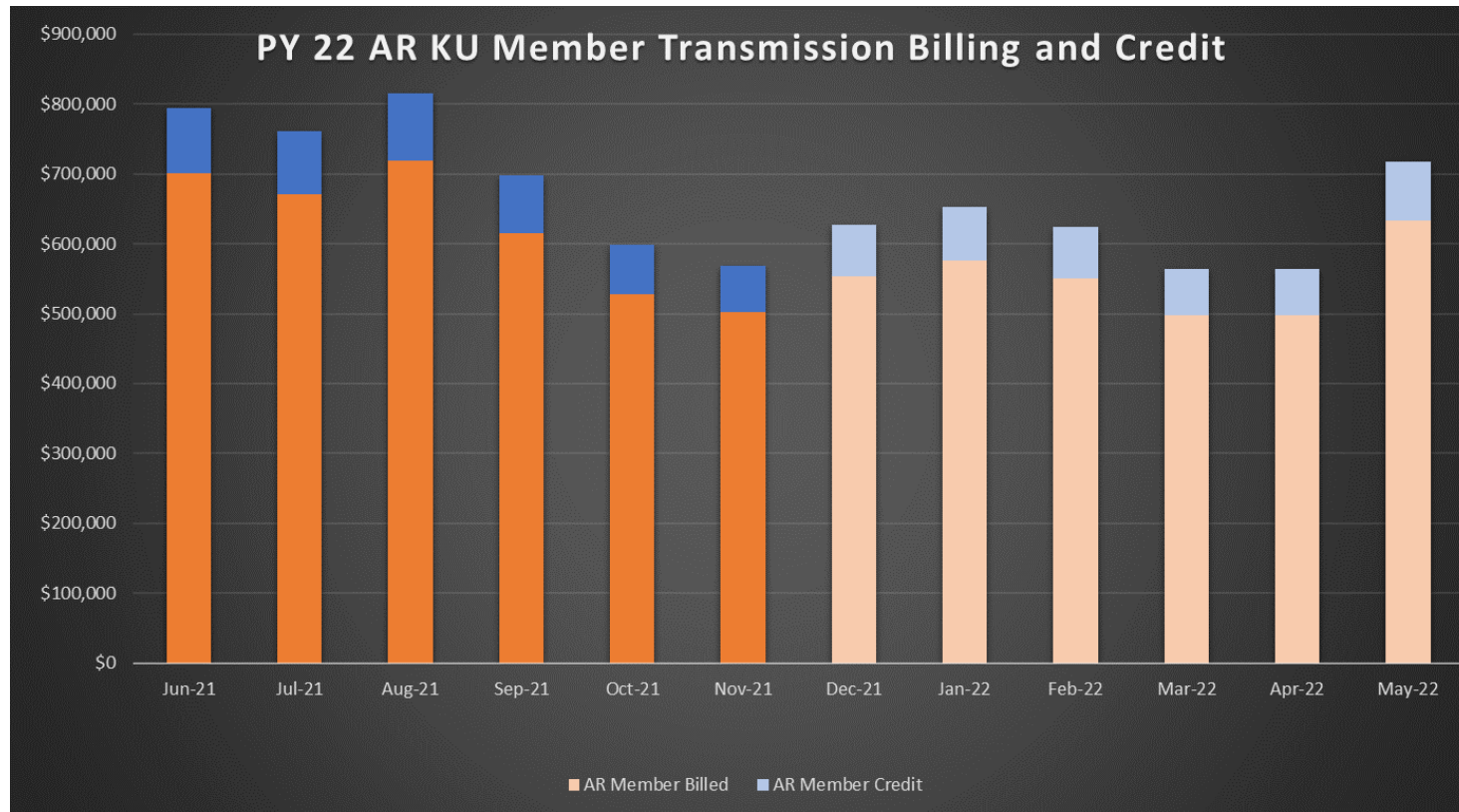
Interest Expense on Debt	(\$4,521)	(\$22,458)	
Interest Income	\$7	\$154	
Other Non-Operating Income (Expense)	(\$3,281)	(\$18,670)	
Regulatory Credit/Debit - Cost to be Recovered	\$0	\$0	
Total Non-Operating Revenues (Expenses)	(\$7,795)	(\$40,974)	

NET POSITION CHANGES

Change in Net Position	\$375,800	\$2,968,673	(13)
Net Position at Beginning of Period	\$16,914,577	\$14,321,705	
Net Position at End of Period	\$17,290,377	\$17,290,377	

- 8) Sales to AR Members
- 9) RTO Auction Revenue Rights
- 10) Sales of transmission and ancillary services
- 11) Transmission from MISO, PJM, and KU net of depancaking credit
- 12) All purchased power including PPA, ITO, and SEPA
- 13) Positive MTD Net Income/ Positive YTD Net Income

KU Transmission Billing and Credit – November 2021



Cumulative AR Transmission Credit: \$497,672

Indirect Statement of Cash Flows – November 2021

CASH FROM OPERATING ACTIVITIES	Nov 2021	YTD FY2022	
Net Income	\$375,800	\$2,968,673	(14)
Depreciation	15,773	78,865	
Accounts Receivable	(9,503)	(181,558)	(15)
Prepayments & Other Current Assets	0	0	
Deferred Debits	0	0	
Other Reg Assets & Deferred Outflow of Resources	0	0	
Accounts Payable	266,254	1,574,730	(15)
Collateral Deposits	0	0	
Taxes & Interest Accrued	6,034	(1,231)	
Other Current Liabilities	12,808	1,863	
Deferred Credits	(263)	(1,313)	
Net Cash Provided by (Used in) Operation	\$666,904	\$4,440,028	

CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES

Additions to Plant	(5,952)	(51,853)
Net Change in Other Prop & Invest	182,427	(2,351,820)
Other - Asset Retirement Obligations	0	0
Net Cash Provided by (Used in) Investing	\$176,475	(\$2,403,673)

CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES

Long Term Borrowings	0	0
Other	0	0
Net Cash Provided By (Used in) Financing	\$0	\$0

NET INCREASE (DECREASE) IN CASH & TEMP INVESTMENTS

Net Increase (Decrease) in Cash & Temp Investments	\$843,379	\$2,036,355	
Cash & Temp Investments Beginning of Period	\$15,625,882	\$14,432,906	
Cash & Temp Investments End of Period	\$16,469,261	\$16,469,261	(16)

14) Net Income

15) Timing of Accounts Receivable and Accounts Payable have largest monthly effect of operational items on cash

16) Cash balance in checking account

Statement of Net Position – December 2021

CURRENT ASSETS

Dec 2021

Cash and Investments	\$19,296,304	(1)
Other Receivables	7,207,520	(2)
Interest Receivable	0	
Prepayments & Other Current Assets	00	
Total Current Assets	\$26,503,824	

- 1) Checking account cash
- 2) Billing to AR & Transmission service members and ancillary services

Statement of Net Position – December 2021

NON-CURRENT ASSETS

Pledged Collateral	3,961,251	(3)
Investment in SEDC	949	
Fixed Assets Clearing Account	140,669	
Office Buildout	260,238	
Meters - AR Project	215,985	
Meter Comm Equipment	330,672	
General Plant	801,210	
Construction Work In Progress	0	
Less Accumulated Depreciation	(538,522)	
Total Non-Current Assets	\$5,172,452	
Total Assets	\$31,676,277	

- 3) Collateral represents \$2.4m at MISO, \$800k at PJM, and \$800k in hedge collateral.

Statement of Net Position – December 2021

LIABILITIES

Accounts Payable	13,522,279	(4)
Accrued Interest Payable	13,708	
Total Current Liabilities	\$13,535,987	
Accrued Employee Benefits	167,279	
Deferred Lease Liability	35,666	(5)
Line of Credit	0	(6)
Total Non-Current Liabilities	\$202,945	
Total Liabilities	\$13,738,932	

NET POSITION

Invested in capital assets, net of related debt	1,210,252	
Restricted	3,961,251	
Unrestricted	12,765,842	
Total Net Position	\$17,937,344	(7)

- 4) AP represents purchased 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

Statement Revenue, Expenses, and Changes in Net Position– December 2021

OPERATING REVENUE

	Dec 2021	YTD FY2022	
Sales to Members	\$5,669,683	\$38,567,886	(8)
RTO Market Revenue	\$2,839,859	\$14,008,666	(9)
Transmission Services	\$91,426	\$524,258	(10)
Miscellaneous Revenue	\$0	\$8,000	
Total Operating Revenue (Expenses)	\$8,600,968	\$53,108,810	

OPERATING EXPENSES

Transmission	\$1,038,157	\$6,539,661	(11)
Production	\$6,669,785	\$41,333,905	(12)
Admin. and General	\$221,437	\$1,475,143	
Depreciation	\$15,773	\$94,638	
Total Purchase Power and Operating Expenses	\$7,945,152	\$49,443,346	
Operating Income	\$655,817	\$3,665,463	

NON-OPERATING REVENUE

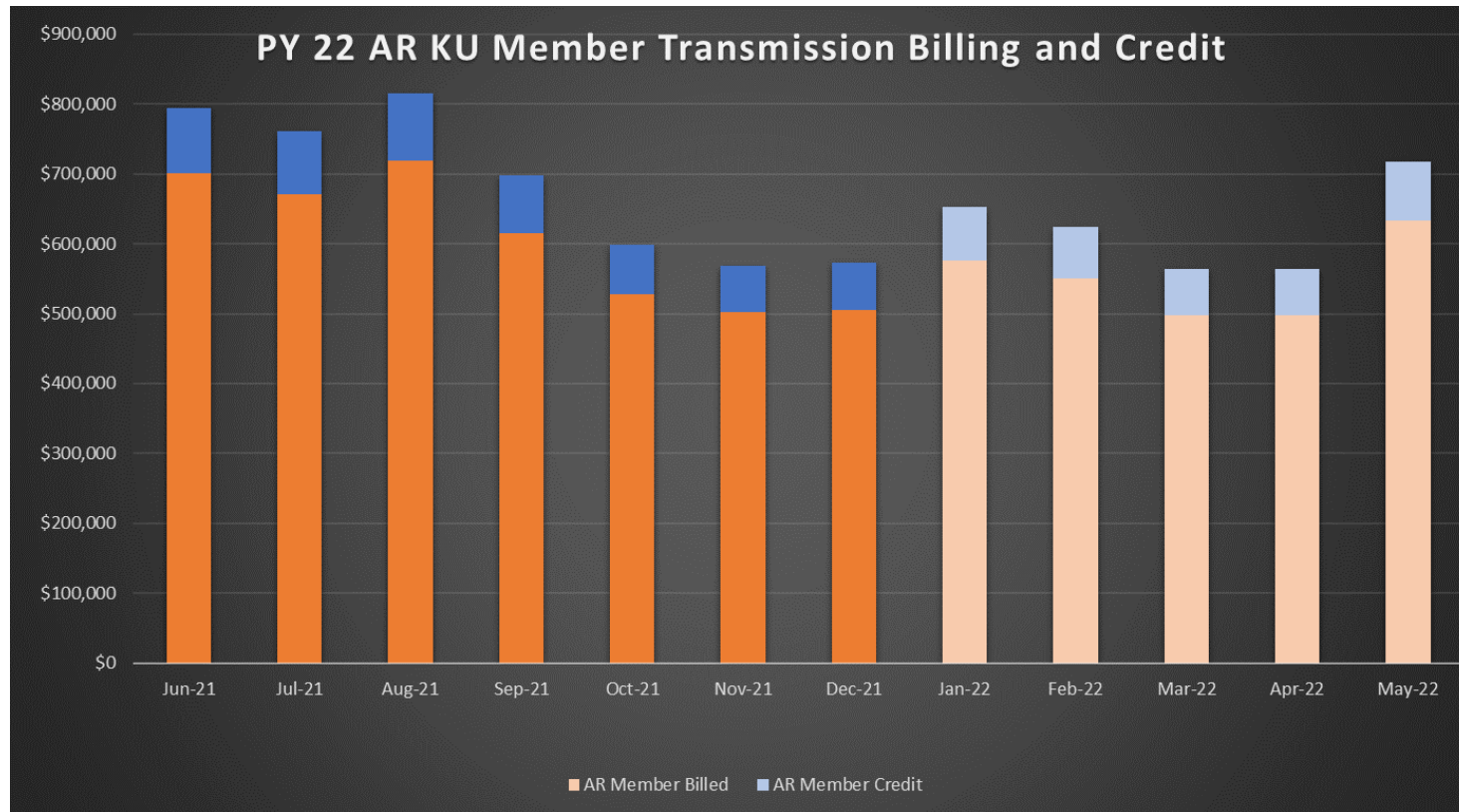
Interest Expense on Debt	(\$4,667)	(\$27,125)	
Interest Income	\$6	\$160	
Other Non-Operating Income (Expense)	(\$4,189)	(\$22,859)	
Regulatory Credit/Debit - Cost to be Recovered	\$0	\$0	
Total Non-Operating Revenues (Expenses)	(\$8,849)	(\$49,824)	

NET POSITION CHANGES

Change in Net Position	\$646,967	\$3,615,640	(13)
Net Position at Beginning of Period	\$17,290,377	\$14,321,705	
Net Position at End of Period	\$17,937,344	\$17,937,344	

- 8) Sales to AR Members
- 9) RTO Auction Revenue Rights and KYMEA Off-System Power Sales
- 10) Sales of transmission and ancillary services
- 11) Transmission from MISO, PJM, and KU net of depancaking credit
- 12) All purchased power including PPA, ITO, and SEPA
- 13) Positive MTD Net Income/ Positive YTD Net Income

KU Transmission Billing and Credit – December 2021



Cumulative AR Transmission Credit: \$565,022

Indirect Statement of Cash Flows – December 2021

CASH FROM OPERATING ACTIVITES

	Dec 2021	YTD FY2022
Net Income	\$646,967	\$3,615,640
Depreciation	15,773	94,638
Accounts Receivable	615,101	433,543
Prepayments & Other Current Assets	0	0
Deferred Debits	0	0
Other Reg Assets & Deferred Outflow of Resources	0	0
Accounts Payable	(36,692)	1,538,037
Collateral Deposits	0	0
Taxes & Interest Accrued	4,272	3,040
Other Current Liabilities	2,592	4,455
Deferred Credits	(263)	(1,575)
Net Cash Provided by (Used in) Operation	\$1,247,750	\$5,687,778

CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES

Additions to Plant	(1,122)	(52,974)
Net Change in Other Prop & Invest	1,580,415	(771,406)
Other - Asset Retirement Obligations	0	0
Net Cash Provided by (Used in) Investing	\$1,579,293	(\$824,380)

CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES

Long Term Borrowings	0	0
Other	0	0
Net Cash Provided By (Used in) Financing	\$0	\$0

NET INCREASE (DECREASE) IN CASH & TEMP INVESTMENTS

Net Increase (Decrease) in Cash & Temp Investments	\$2,827,043	\$4,863,398
Cash & Temp Investments Beginning of Period	\$16,469,261	\$14,432,906
Cash & Temp Investments End of Period	\$19,296,304	\$19,296,304

(14)

14) Net Income

(15)

15) Timing of Accounts Receivable and Accounts Payable have largest monthly effect of operational items on cash

(15)

16) Cash balance in checking account

(16)

Financial Metrics – December 2021



KEY FINANCIAL METRICS

FY2022 Actuals Through December 2021 + Budget

Days Cash on Hand

78.74 ▲

Leverage

6.94 ▼

Coverage of Full Obligations

1.04 ▲

Debt Service Coverage

1.05 ▲

Financial Metrics – December 2021

Days Cash On Hand

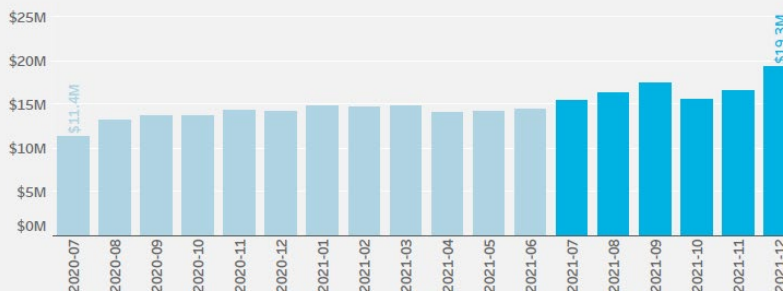
Financial flexibility - the number of days KYMEA can pay its operating expenses with the given cash available.

$$\begin{array}{rcl} \$19.3\text{M} & \div & \$245,048 \\ \text{Unrestricted Cash} & & \text{Adjusted Operating Expense per Day} \\ \$19.3\text{M EOY Projection} & & \$89.44\text{M} / 365 \text{ days} \end{array} = 78.74 \text{ Days Cash on Hand}$$

Unrestricted Cash

Adjusted Operating Expenses

Cash on Hand through Current Month



Days Cash On Hand

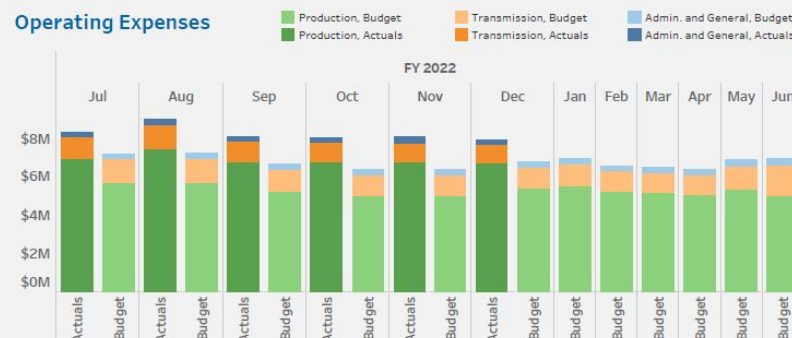
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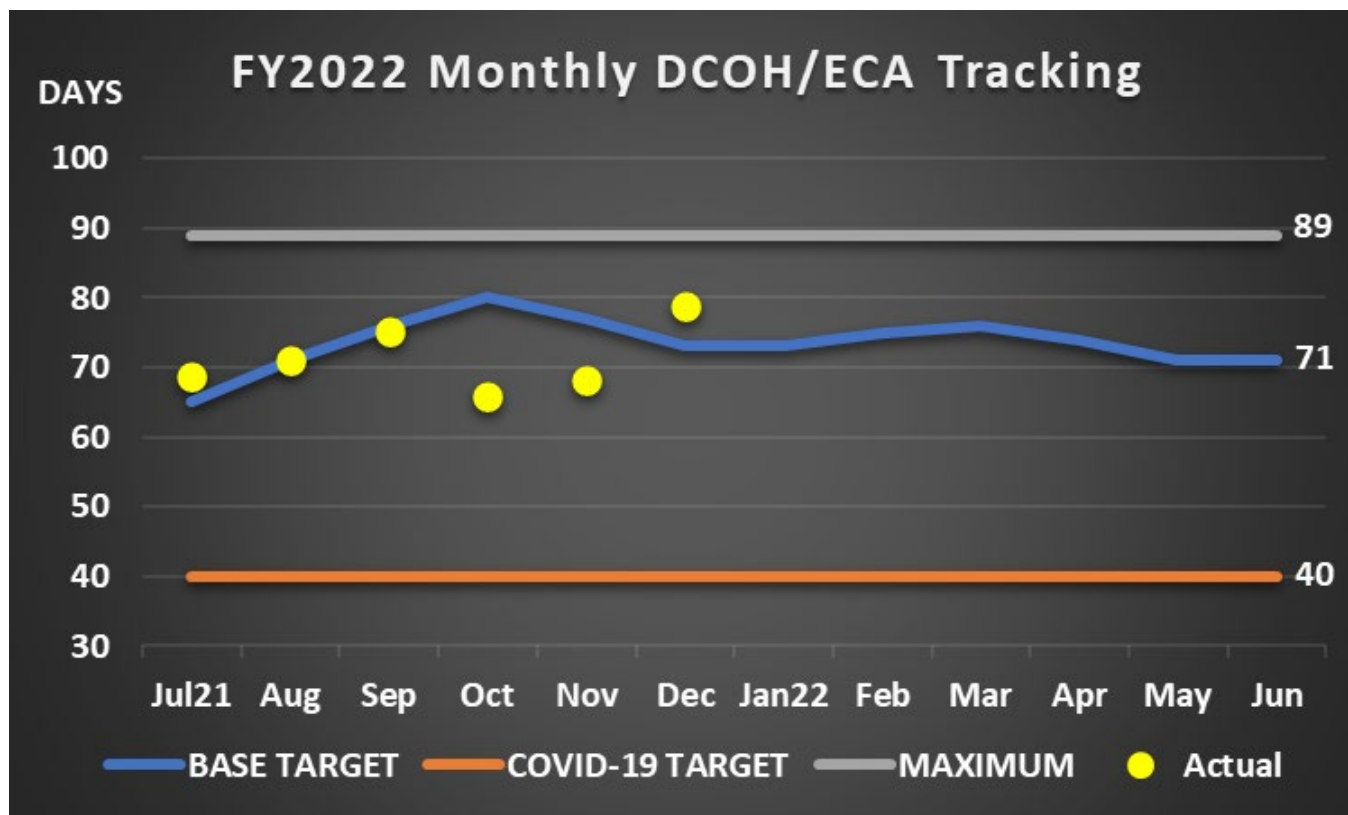
Unrestricted Cash

Adjusted Operating Expenses

Operating Expenses



Financial Metrics – December 2021



Financial Metrics – December 2021

Leverage

The size of the debt to the margin available to cover all debt service and fixed charges.

6.94

Net Adjusted Debt

Adjusted Funds Available
for Debt Service

Net Adjusted Debt



Leverage

The size of the debt to the margin available to cover all debt service and fixed charges.

6.94

Net Adjusted Debt

Adjusted Funds Available
for Debt Service

Adjusted Funds Available for Debt Service



Financial Metrics – December 2021

Coverage of Full Obligations

1.04

The funds available from operations to cover current debt service and fixed charges requirements.

Funds Available
for Debt Service ÷ Total Debt Service
& Fixed Charges

Imputed Debt Payment

\$48.12M

Administrative &
General Expense

\$3.22M

EBITDA &
Interest Income

\$2.22M

Debt Service Coverage

1.05

The funds available from operations to cover current debt service.

Funds Available
for Debt Service ÷ Total Debt
Service

Imputed Debt Payment

\$48.12M

EBITDA &
Interest Income

\$2.22M

Statement of Net Position

FY2022 Actuals as of December 2021

CURRENT ASSETS	Dec 2021
Cash and Investments	\$19,296,304
Other Receivables	7,207,520
Interest Receivable	0
Prepayments & Other Current Assets	0
Total Current Assets	\$26,503,824

NON-CURRENT ASSETS

Pledged Collateral	3,961,251
Investment in SEDC	949
Fixed Assets Clearing Account	140,669
Office Buildout	260,238
Meters - AR Project	215,985
Meter Comm Equipment	330,672
General Plant	801,210
Construction Work In Progress	0
Less Accumulated Depreciation	(538,522)

Total Non-Current Assets	\$5,172,452
Total Assets	\$31,676,277

LIABILITIES

Accounts Payable	13,522,279
Accrued Interest Payable	13,708
Total Current Liabilities	\$13,535,987

Accrued Employee Benefits	167,279
Deferred Lease Liability	35,666
Line of Credit	0

Total Non-Current Liabilities	\$202,945
Total Liabilities	\$13,738,932

NET POSITION

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Restricted	3,961,251
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Total Net Position	\$17,937,344

Statement of Revenue, Expenses, and Changes in Net Position

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OPERATING REVENUE	Dec 2021	YTD FY2022
Sales to Members	\$5,669,683	\$38,567,886
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Depreciation	\$15,773	\$94,638
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Operating Income	\$655,817	\$3,665,463

NON-OPERATING REVENUE

Interest Expense on Debt	(\$4,667)	(\$27,125)
Interest Income	\$6	\$160
Other Non-Operating Income (Expense)	(\$4,189)	(\$22,859)
Regulatory Credit/Debit - Cost to be Recovered	\$0	\$0
Total Non-Operating Revenues (Expenses)	(\$8,849)	(\$49,824)

NET POSITION CHANGES

Change in Net Position	\$646,967	\$3,615,640
Net Position at Beginning of Period	\$17,290,377	\$14,321,705
Net Position at End of Period	\$17,937,344	\$17,937,344

Indirect Statement of Cash Flows

FY2022 Actuals as of December 2021

CASH FROM OPERATING ACTIVITES	Dec 2021	YTD FY2022
Net Income	\$646,967	\$3,615,640
Depreciation	15,773	94,638
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Collateral Deposits	0	0
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Deferred Credits	(263)	(1,575)
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CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES

Additions to Plant	(1,122)	(52,974)
Net Change in Other Prop & Invest	1,580,415	(771,406)
Other - Asset Retirement Obligations	0	0
Net Cash Provided by (Used in) Investing	\$1,579,293	(\$824,380)

CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES

Long Term Borrowings	0	0
Other	0	0
Net Cash Provided By (Used in) Financing	\$0	\$0

NET INCREASE (DECREASE) IN CASH & TEMP INVESTMENTS

Net Increase (Decrease) in Cash & Temp Investments	\$2,827,043	\$4,863,398
Cash & Temp Investments Beginning of Period	\$16,469,261	\$14,432,906
Cash & Temp Investments End of Period	\$19,296,304	\$19,296,304

Month Ending
2021-12

Reconciliation Transactions Report

01/12/22 01:49:20 PM

12/01/21-12/31/21 131.00 CASH

User Id: 2014

Statement Ending Balance :	19,296,328.98
Outstanding Payments(-) :	25.00
Adjustments in Transit(+) :	.00
Deposits in Transit(+) :	.00
Adjusted Bank Balance :	<div><div></div><div>19,296,303.98</div></div>
Book Balance :	19,296,303.98
Pending Adjustments :	.00
Adjusted Book Balance :	<div><div></div><div>19,296,303.98</div></div>
Difference :	.00

Statement of Net Position

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Other Non-Operating Income (Expense)	(\$3,281)	(\$18,670)
Regulatory Credit/Debit - Cost to be Recovered	\$0	\$0
Total Non-Operating Revenues (Expenses)	(\$7,795)	(\$40,974)

NET POSITION CHANGES

Change in Net Position	\$375,800	\$2,968,673
Net Position at Beginning of Period	\$16,914,577	\$14,321,705
Net Position at End of Period	\$17,290,377	\$17,290,377

Indirect Statement of Cash Flows

FY2022 Actuals as of November 2021

CASH FROM OPERATING ACTIVITES	Nov 2021	YTD FY2022
Net Income	\$375,800	\$2,968,673
Depreciation	15,773	78,865
Accounts Receivable	(9,503)	(181,558)
Prepayments & Other Current Assets	0	0
Deferred Debits	0	0
Other Reg Assets & Deferred Outflow of Resources	0	0
Accounts Payable	266,254	1,574,730
Collateral Deposits	0	0
Taxes & Interest Accrued	6,034	(1,231)
Other Current Liabilities	12,808	1,863
Deferred Credits	(263)	(1,313)
Net Cash Provided by (Used in) Operation	\$666,904	\$4,440,028

CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES

Additions to Plant	(5,952)	(51,853)
Net Change in Other Prop & Invest	182,427	(2,351,820)
Other - Asset Retirement Obligations	0	0
Net Cash Provided by (Used in) Investing	\$176,475	(\$2,403,673)

CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES

Long Term Borrowings	0	0
Other	0	0
Net Cash Provided By (Used in) Financing	\$0	\$0

NET INCREASE (DECREASE) IN CASH & TEMP INVESTMENTS

Net Increase (Decrease) in Cash & Temp Investments	\$843,379	\$2,036,355
Cash & Temp Investments Beginning of Period	\$15,625,882	\$14,432,906
Cash & Temp Investments End of Period	\$16,469,261	\$16,469,261

Month Ending
2021-11

Reconciliation Transactions Report

12/08/21 03:42:12 PM

11/01/21-11/30/21 131.00 CASH

User Id: 2014

Statement Ending Balance :	16,489,260.98
Outstanding Payments(-) :	20,000.00
Adjustments in Transit(+) :	.00
Deposits in Transit(+) :	.00
Adjusted Bank Balance :	<div><div></div>16,469,260.98</div>
Book Balance :	16,469,260.98
Pending Adjustments :	.00
Adjusted Book Balance :	<div><div></div>16,469,260.98</div>
Difference :	.00



KENTUCKY MUNICIPAL ENERGY AGENCY



KYMEA President & CEO Report

Doug Buresh

January 27, 2026

- De-pancaking Transition Mechanism Agreement (TMA)
- Hedging Activity
 - Swaps
 - FTRs
- Staff Update

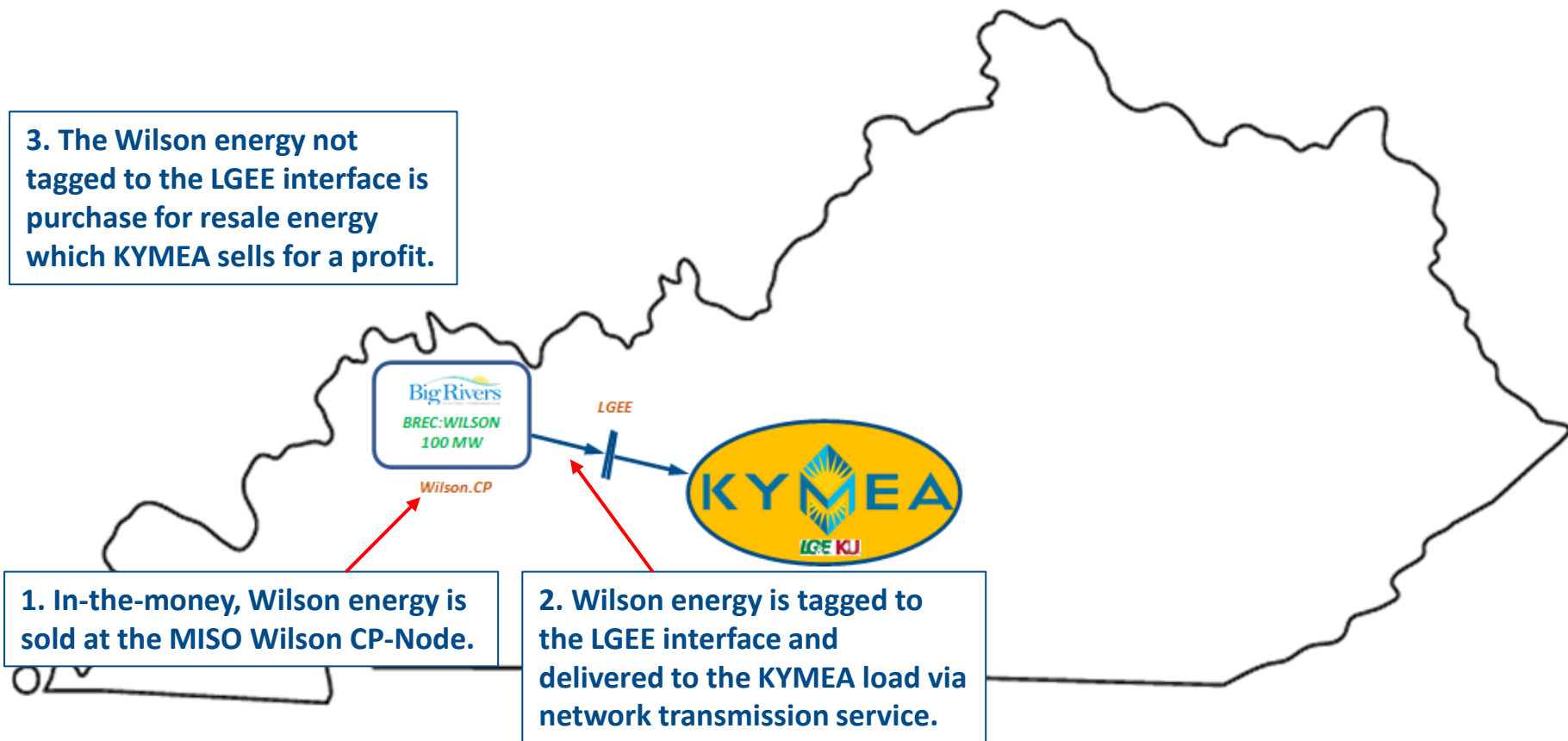
De-pancaking TMA Executed

- An agenda action item on the KYMEA December 2021 Meeting was “Approval and Authorization of Execution of TMA Resolution”.
- Due to the cancelation of the December 2021 Board Meeting and the urgency of KYMEA signing the agreement, the Executive Committee chose to authorize “Executive Committee Approval and Authorization of Execution of TMA Resolution” which permitted the KYMEA President and CEO to execute the TMA.
- Unanimous “Yes Votes” were received via e-mail on December 14th and 15th
 - ❑ Executive Committee Members: Josh Callihan, Chris Melton, Gary Zheng, Kevin Howard, Ron Herd
- The KYMEA President and CEO signed the TMA on December 15, 2021.

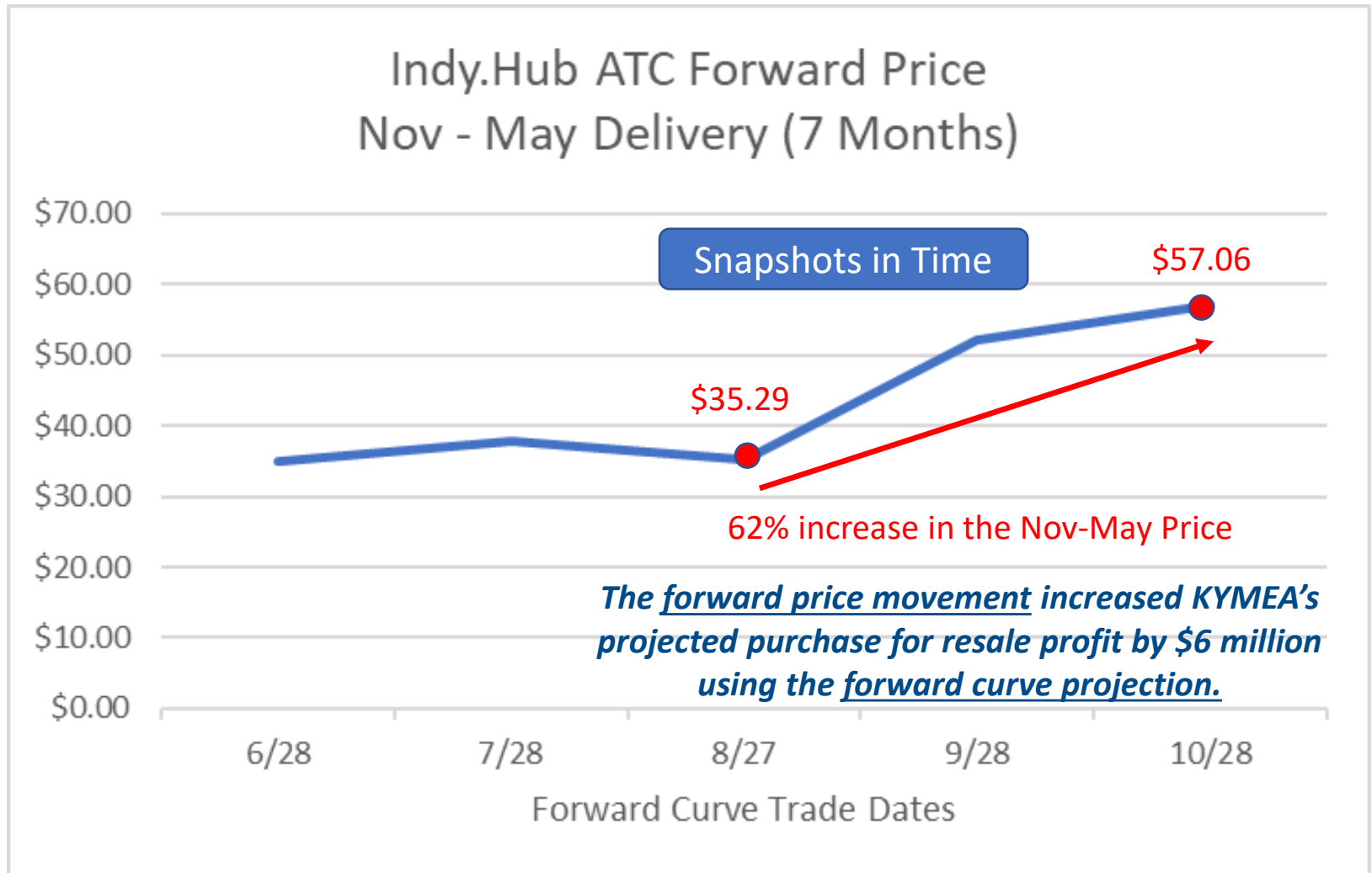
AGENDA

- De-pancaking Transition Mechanism Agreement (TMA)
- Hedging Activity
 - Swaps
 - FTRs
- Staff Update

Wilson Physical Position



Significant Forward Curve Market Movement



Forward Prices Definition

Unlike spot prices which are immediate, forward prices are prices set today for future delivery. Because the forward prices set today may differ from the spot prices at the time of delivery, the value of a forward position will fluctuate over time.

Accordingly, forward transactions require an explicit contract to bind both parties to the future terms.

Like the stock market, forward prices capture the mood of sellers and buyers at a particular point in time.

KYMEA considers:

- Forward market technical analysis (past market price and volume data, market exuberance, etc.)
- The spot market fundamentals (what factors are likely to affect the physical delivery price such as natural gas price, coal price, coal unit availability, weather, load, transmission, etc.)

Indy.Hub Financial SWAPS

Forward energy sales (Swaps) made at the Indy.Hub are financial only, no physical flow from Wilson takes place.



The Swap is settled after the delivery month is over based on the hourly day-ahead spot market price.



Wilson.CP

LGEE



All physical sales from Wilson continue to be made at the Wilson Node.

Fixed for Floating Swap (Hedge)

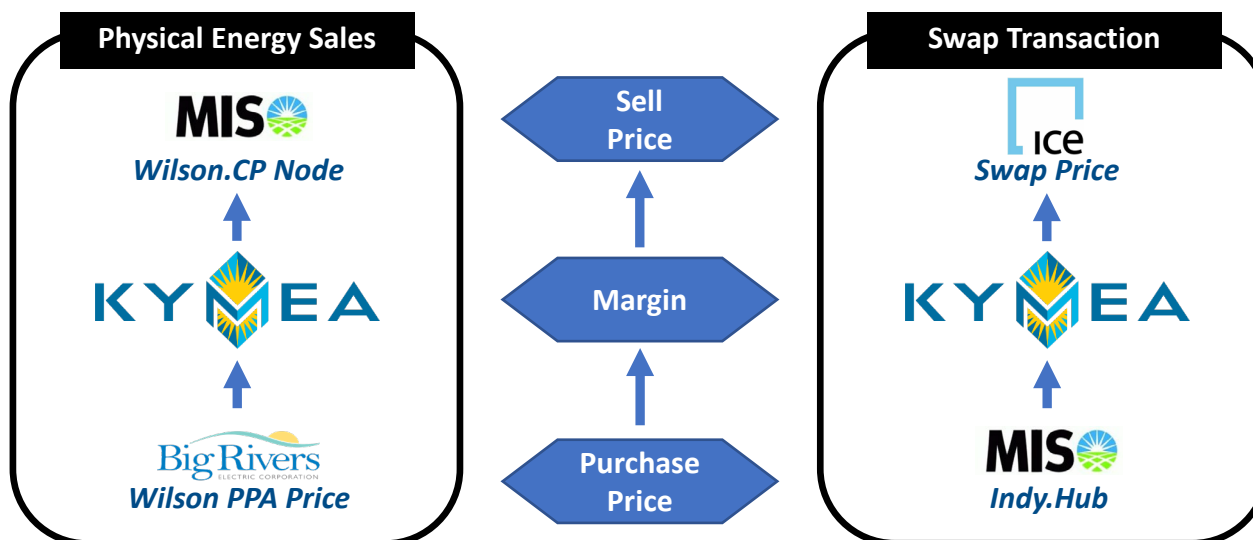
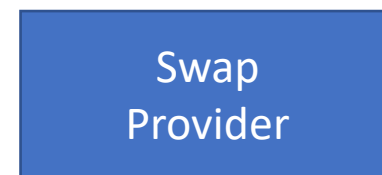
- **Financial Deal:** No physical delivery. No power flows.
- The swap is settled daily at the Indy.Hub day-ahead index (settlement) price.



KYMEA sells at a Fixed Price to Swap Provider

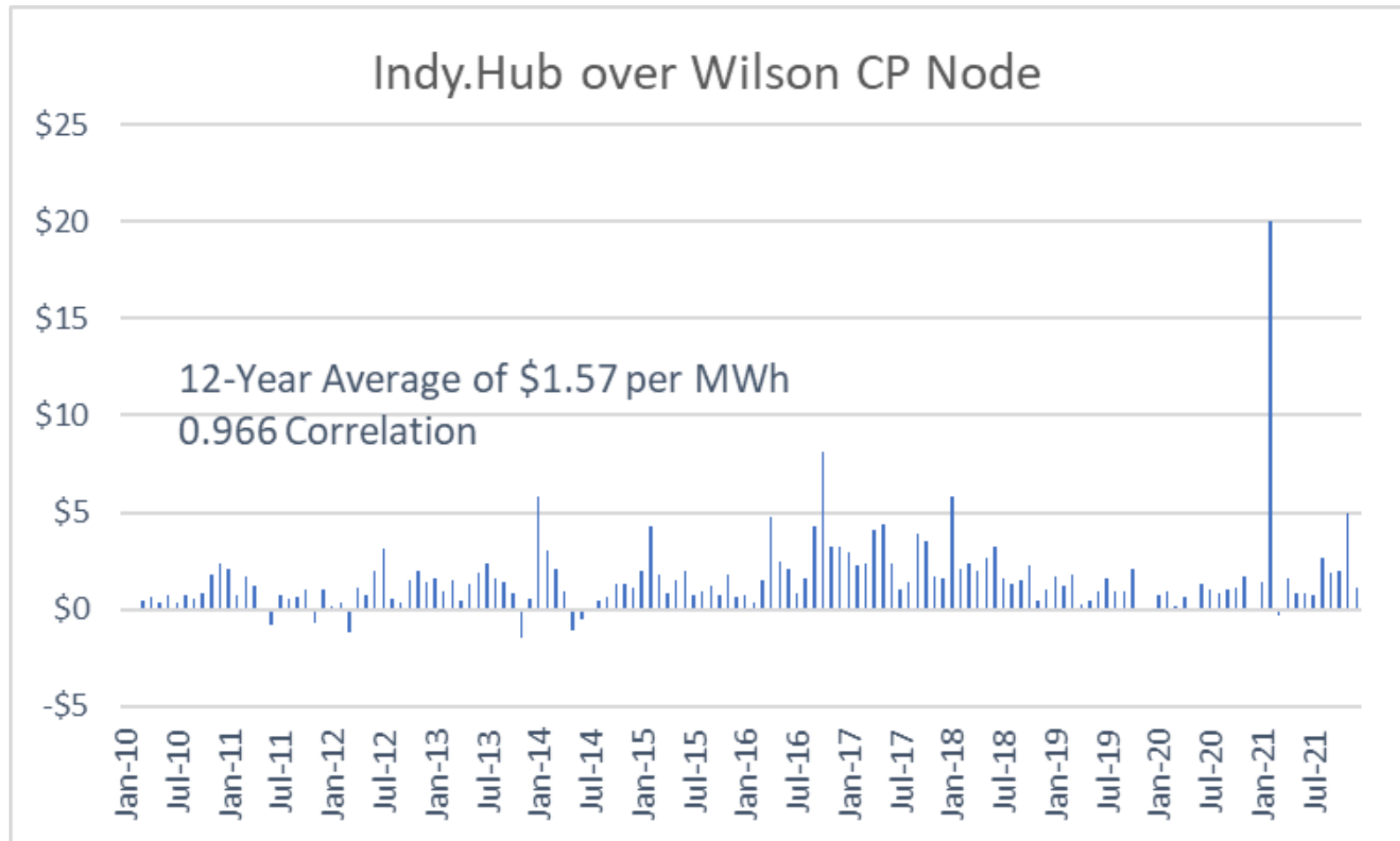


KYMEA and Swap Provider settle for differences
between Fixed Price and Index Price



Congestion and Price Correlation

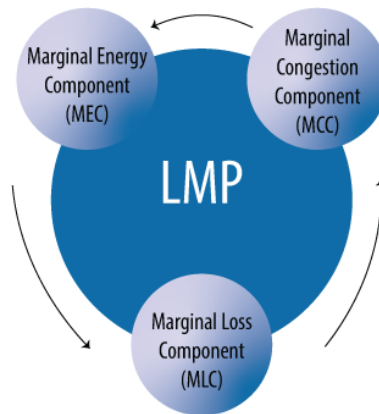
- There is exposure with the hedge given the physical transaction takes place at the Wilson CP Node while the financial swap takes place at Indy.Hub.



Financial Transmission Rights (FTRs)

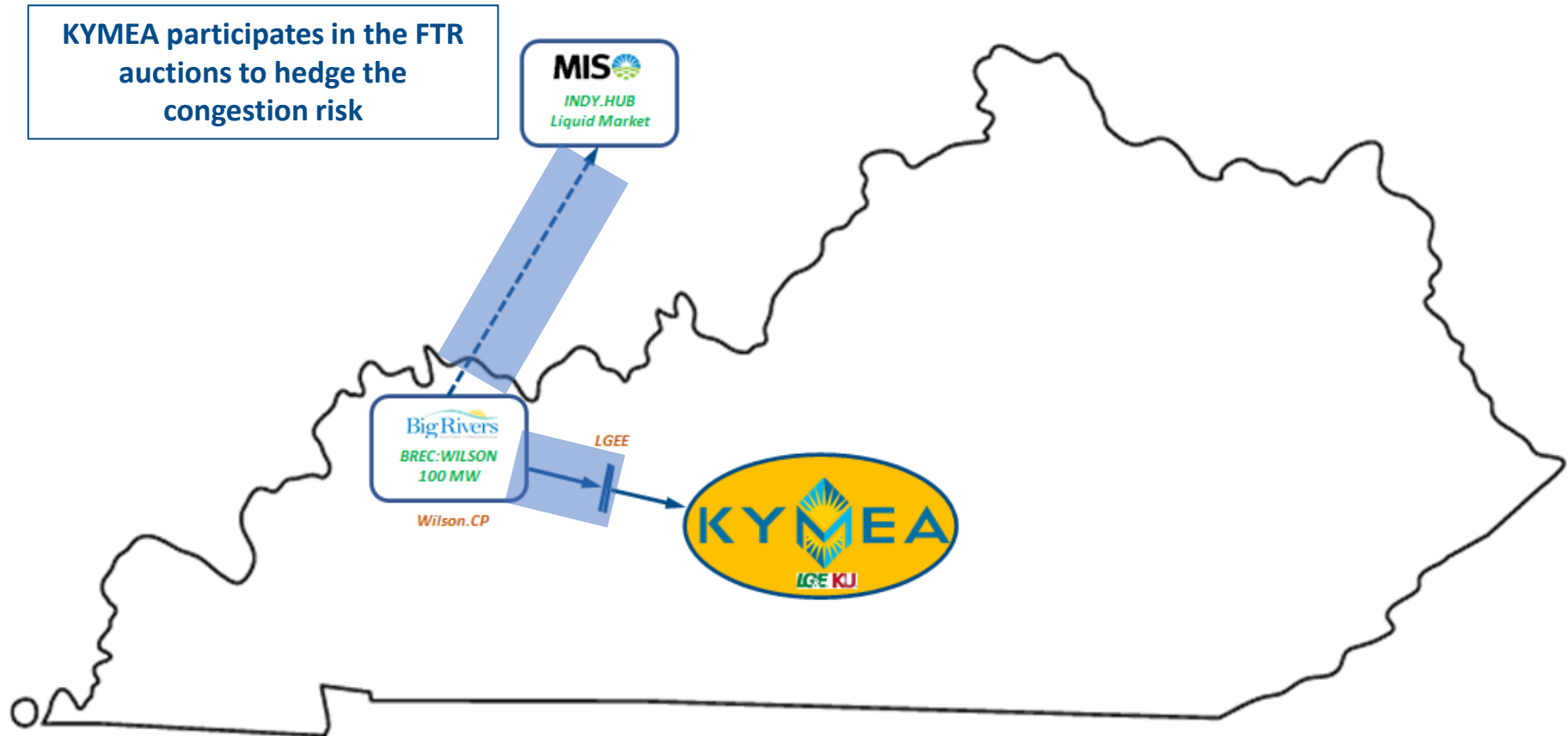
MISO Definition

Financial Transmission Rights (FTRs) are financial instruments whose values are determined by the transmission congestion charges that arise in the Day-Ahead Energy and Operating Reserve Market, leading to differences in the Marginal Congestion Components (MCCs) of Day-Ahead Locational Marginal Prices (LMPs) at different locations. FTRs may be used to provide a financial hedge to manage the risk of congestion cost in the Day-Ahead Energy and Operating Reserve Market.



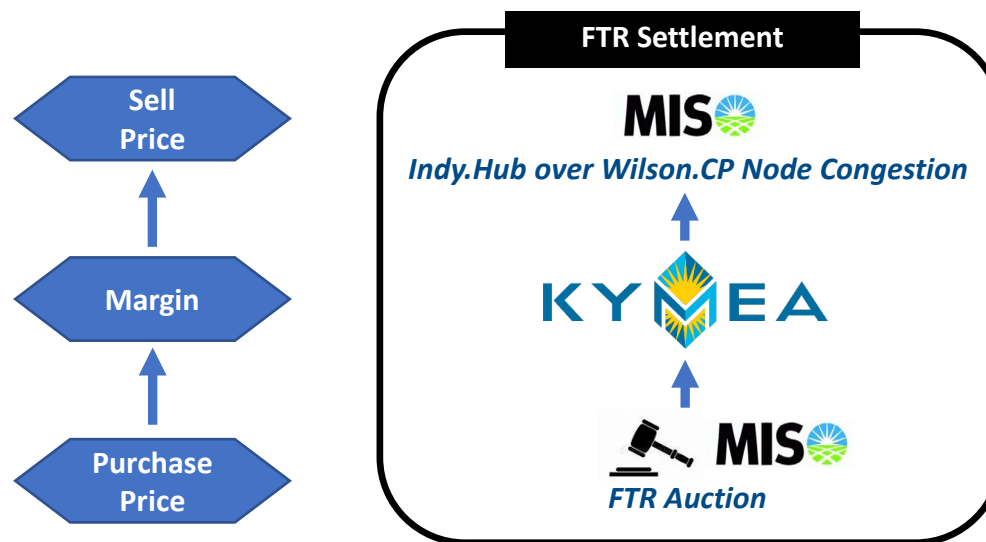
MISO facilitates annual and monthly FTR auctions. The annual FTR auction is conducted prior to the beginning of each planning year, and it is conducted in three rounds. Each round is comprised of eight separate markets –peak and off-peak for four seasons.

KYMEA Exposed Paths



FTR Settlement (Hedge)

- Financial Settlement
- The FTRs are settled at the Indy.Hub over Wilson Node congestion price.



- De-pancaking Transition Mechanism Agreement (TMA)
- Hedging Activity
 - Swaps
 - FTRs
- **Staff Update**

Congratulations Molly!

Congratulations to Molly Roesler for passing each of the grueling four sections of the certified public accountant (CPA) exam on her first attempt. Well Done!

2021 CPA Exam Pass Rates					
Section	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Cumulative
AUD	48.56%	50.49%	47.21%	NA	48.93%
BEC	62.16%	63.31%	61.73%	NA	62.49%
FAR	46.64%	42.63%	47.83%	NA	45.92%
REG	59.29%	58.81%	63.12%	NA	60.6%

Molly's Accolades

- Certified Public Accountant (CPA)
- M.S. University of Louisville – Exercise Physiology
- B.S. Spalding University - Accounting
- B.S. Belmont University – Exercise Science



KENTUCKY MUNICIPAL ENERGY AGENCY

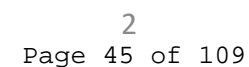


December 2021 Market Report

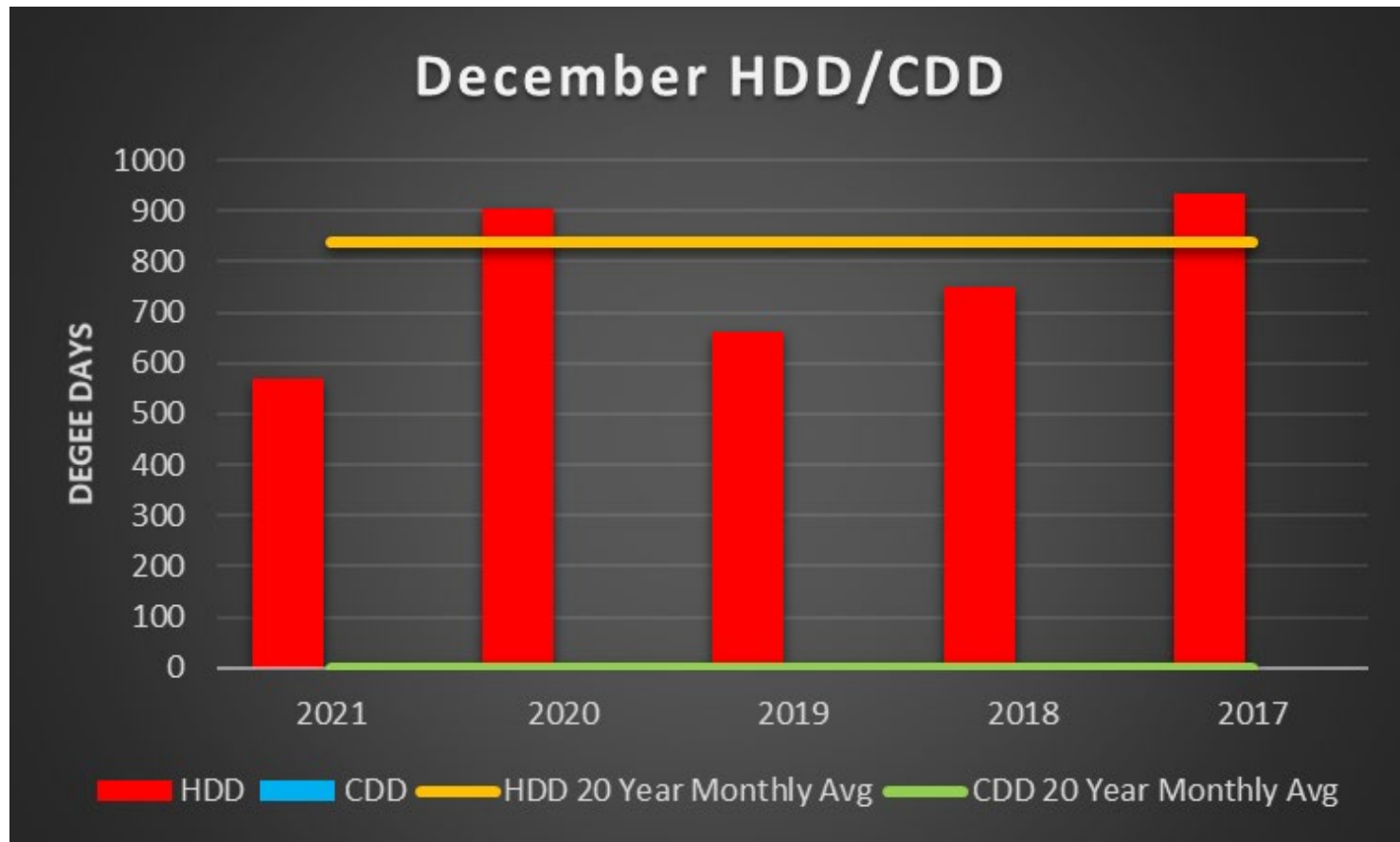
Rob Leesman

January 27, 2022

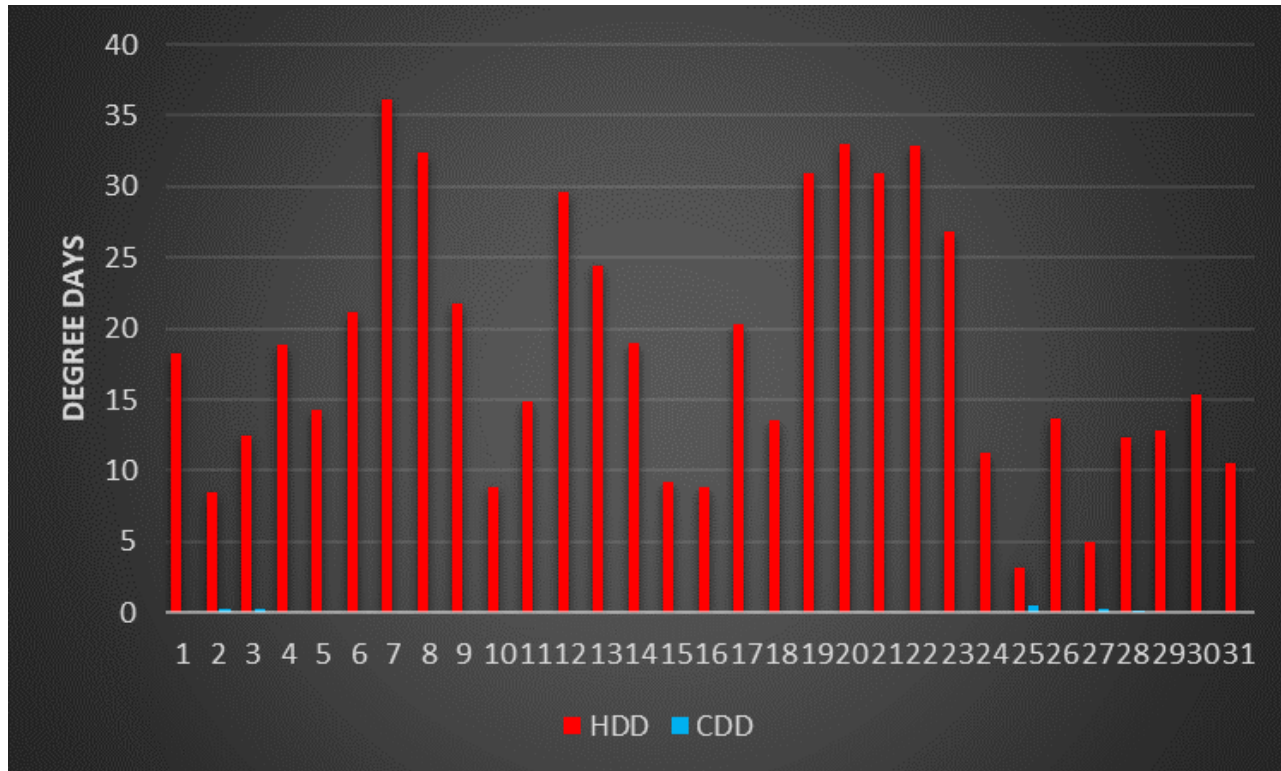
December 2021
Period: 1895–2021



Degree Days



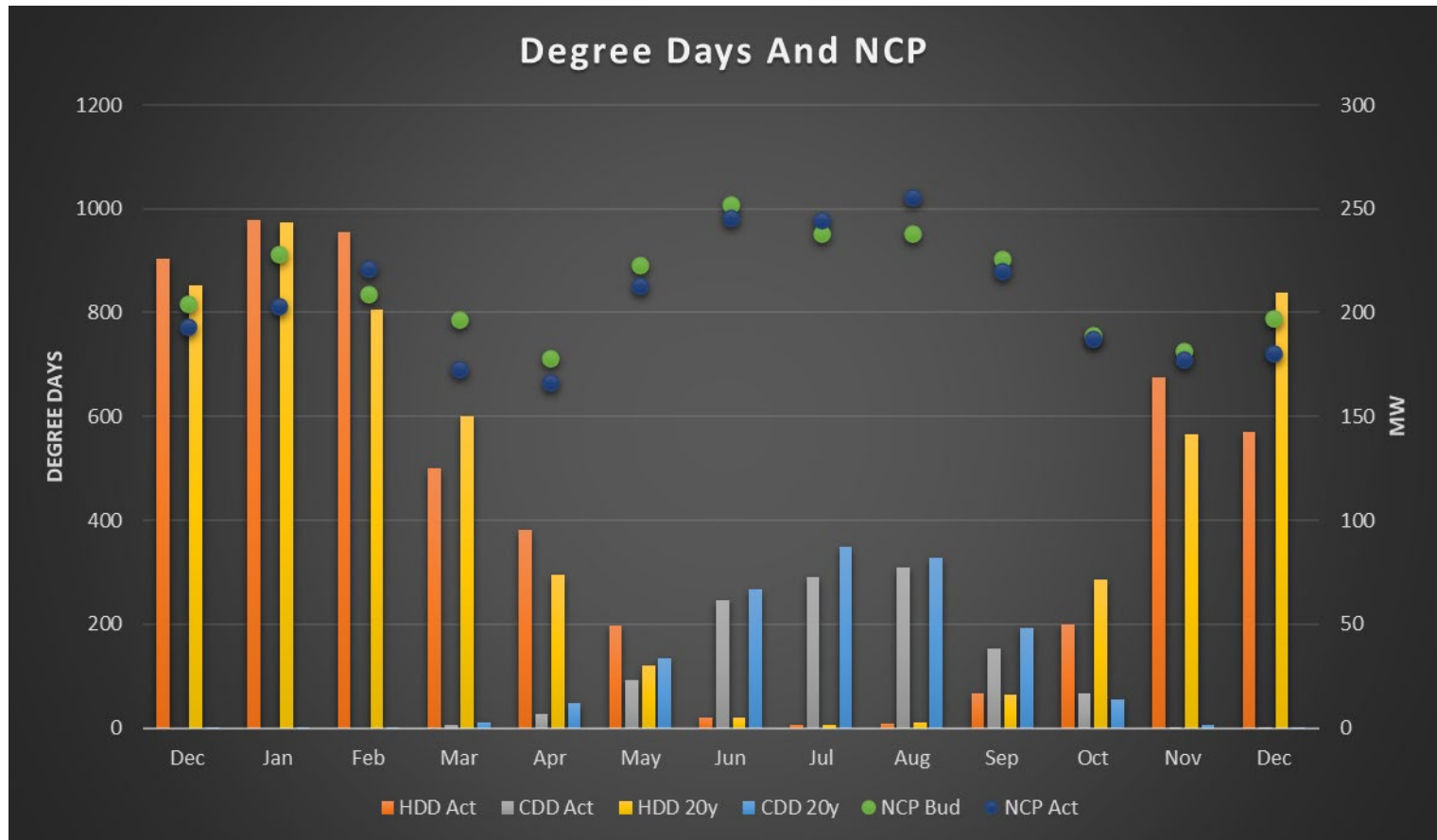
Degree Days



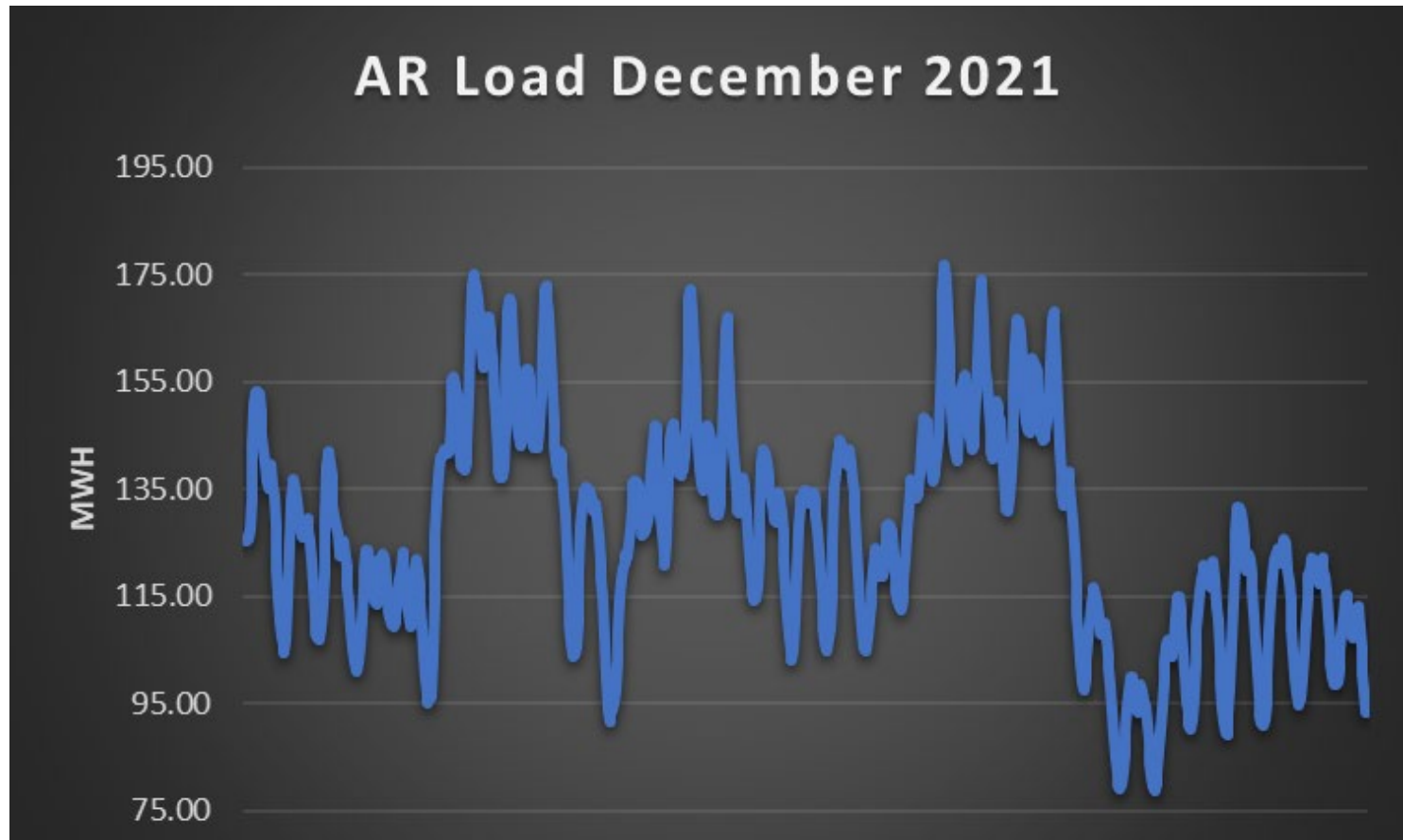
How can there be HDDs and CDDs on the same day?

- Provider utilizes an Integration Method, which accounts for temperature variations each day.
- If the high temperature in a given day is 85° and the low temperature is 45°, the basic HDD/CDD calculation would result in 0. However, there is a high probability that a building would require heating during the low nighttime temperatures and would require cooling during the high afternoon temperatures.

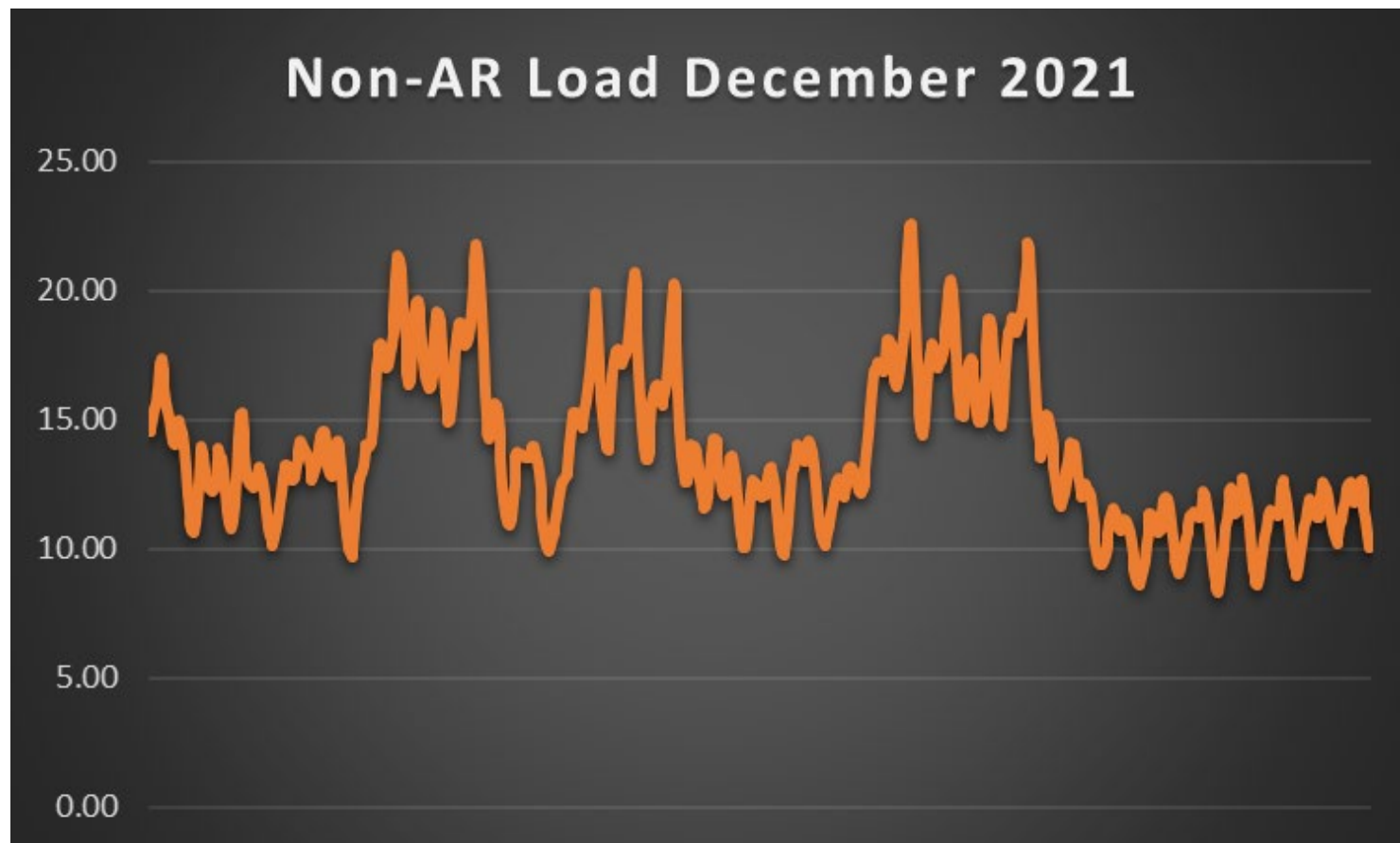
Degree Days



AR Load December 2021



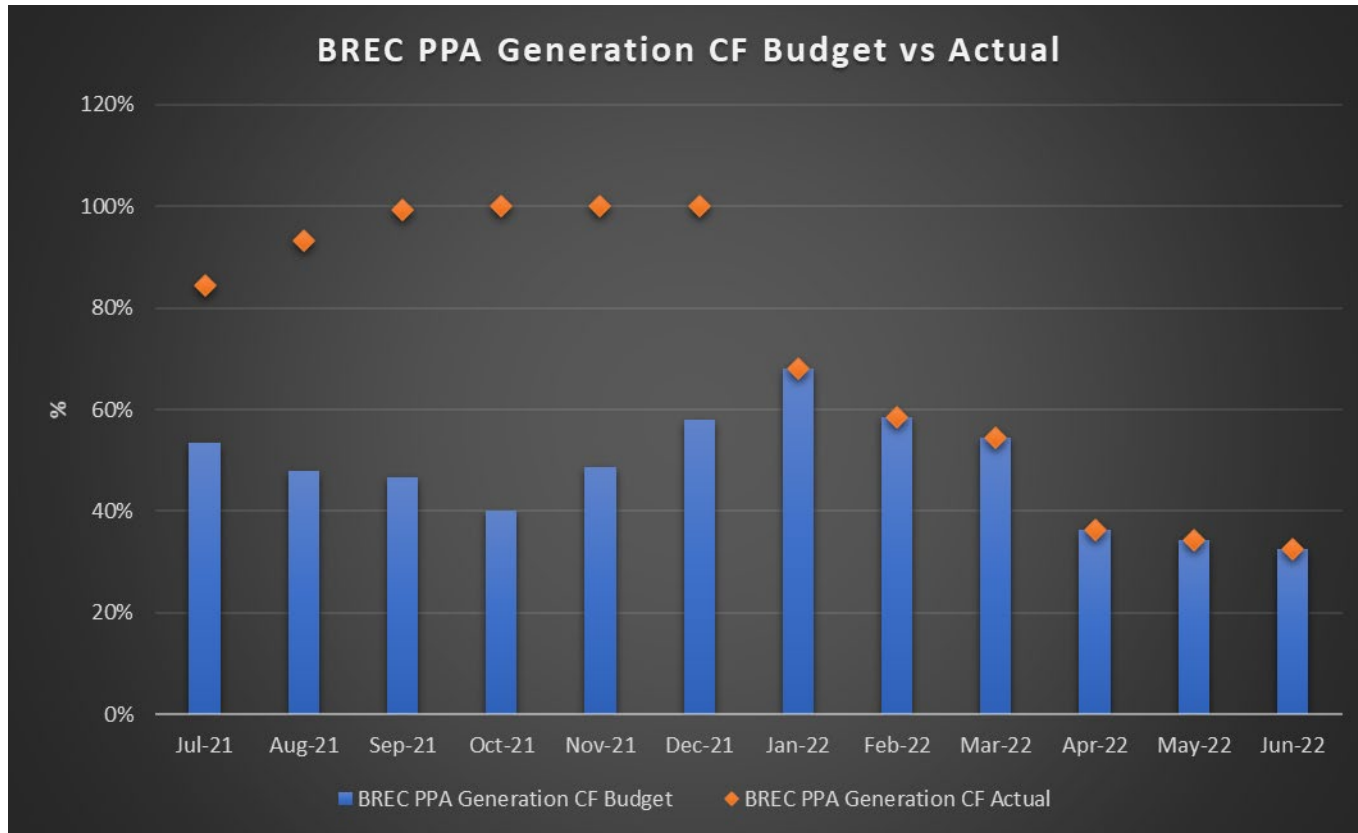
Non-AR Load December 2021



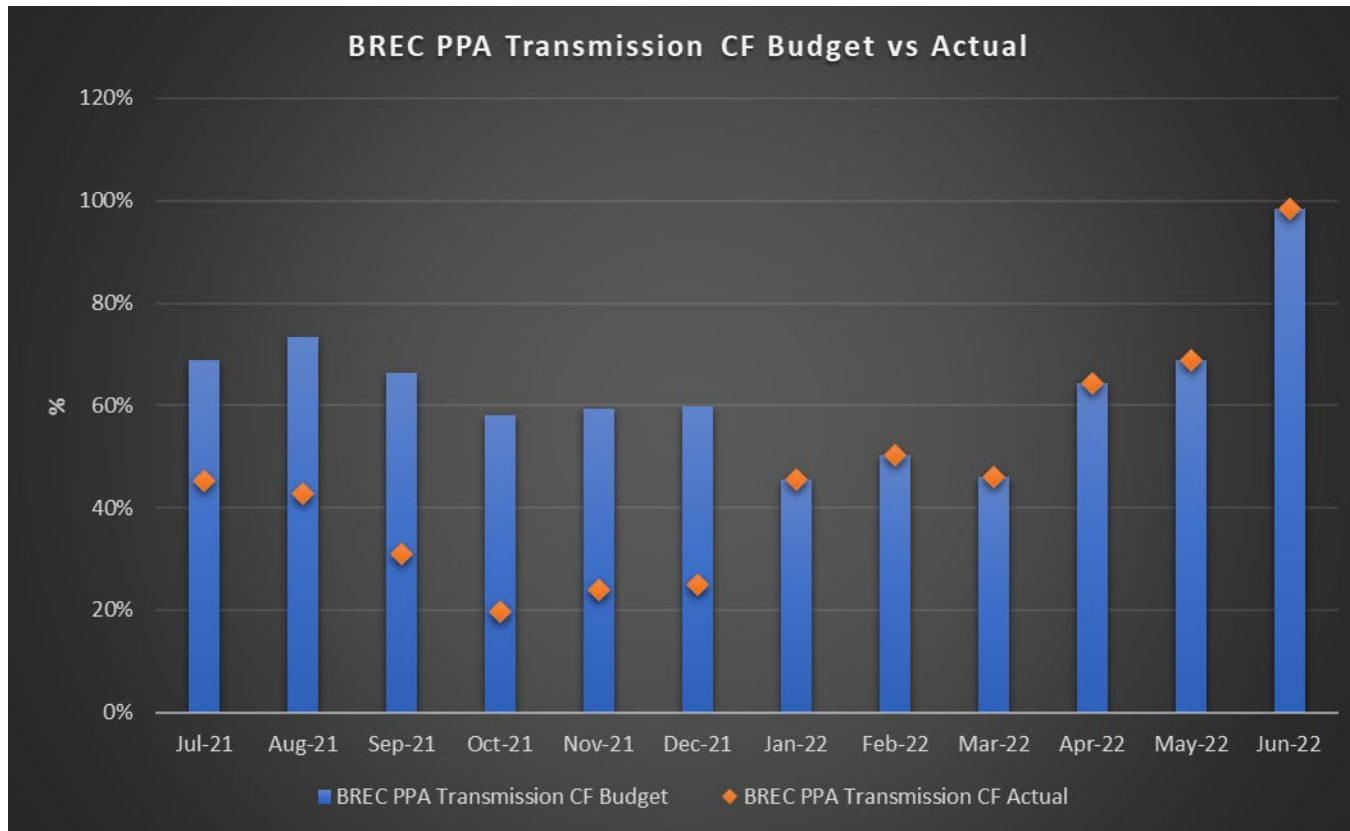
December 2021 Snapshot

Dec-21							
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	7,924	6,989	88%	16.06	14.89	93%	12/23/2021 9:00:00 AM
Bardwell	727	641	88%	1.35	1.18	87%	12/7/2021 7:00:00 PM
Benham	785	575	73%	2.05	1.63	80%	12/23/2021 9:00:00 AM
Berea	12,420	9,723	78%	27.20	21.15	78%	12/20/2021 9:00:00 AM
Corbin	6,775	6,282	93%	13.02	12.95	99%	12/13/2021 8:00:00 AM
Falmouth	1,606	1,459	91%	2.86	2.64	92%	12/7/2021 6:00:00 PM
Frankfort	57,849	51,692	89%	111.32	100.61	90%	12/20/2021 9:00:00 AM
Madisonville	21,774	20,167	93%	36.76	33.91	92%	12/7/2021 7:00:00 PM
Owensboro	56,172	59,745	106%	101.00	102.00	101%	
Paris	5,783	4,924	85%	12.06	10.30	85%	12/20/2021 9:00:00 AM
Providence	2,212	2,263	102%	4.17	4.20	101%	12/7/2021 8:00:00 PM
AR	104,649	94,417	90%	197.60	180.69	91%	
Non-AR	13,205	10,298	78%	29.24	22.78	78%	
All	117,854	104,715	89%	226.85	203.47	90%	
Total	174,026	164,460	95%	327.85	305.47	93%	

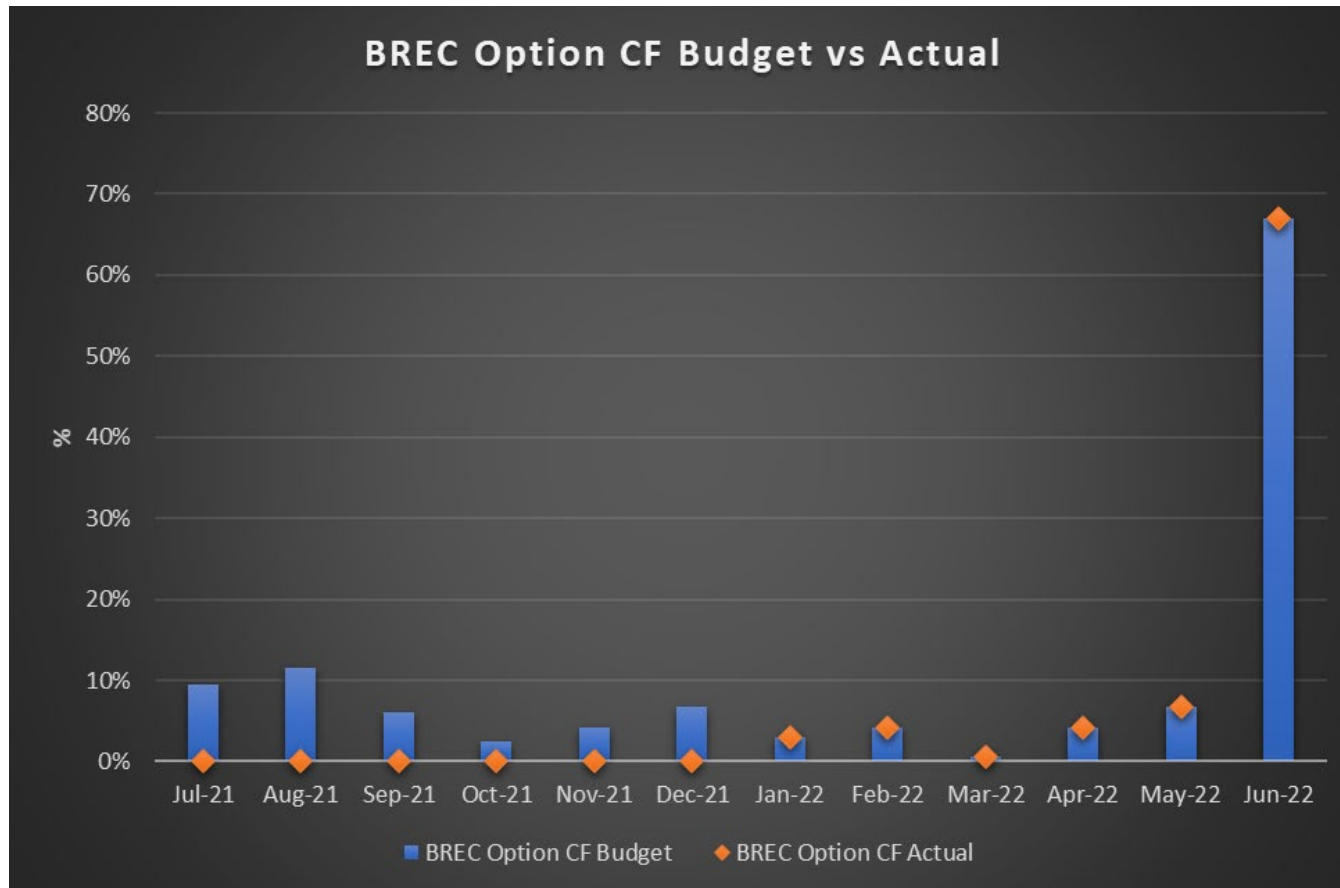
BREC Gen PPA Capacity Factor FY 22



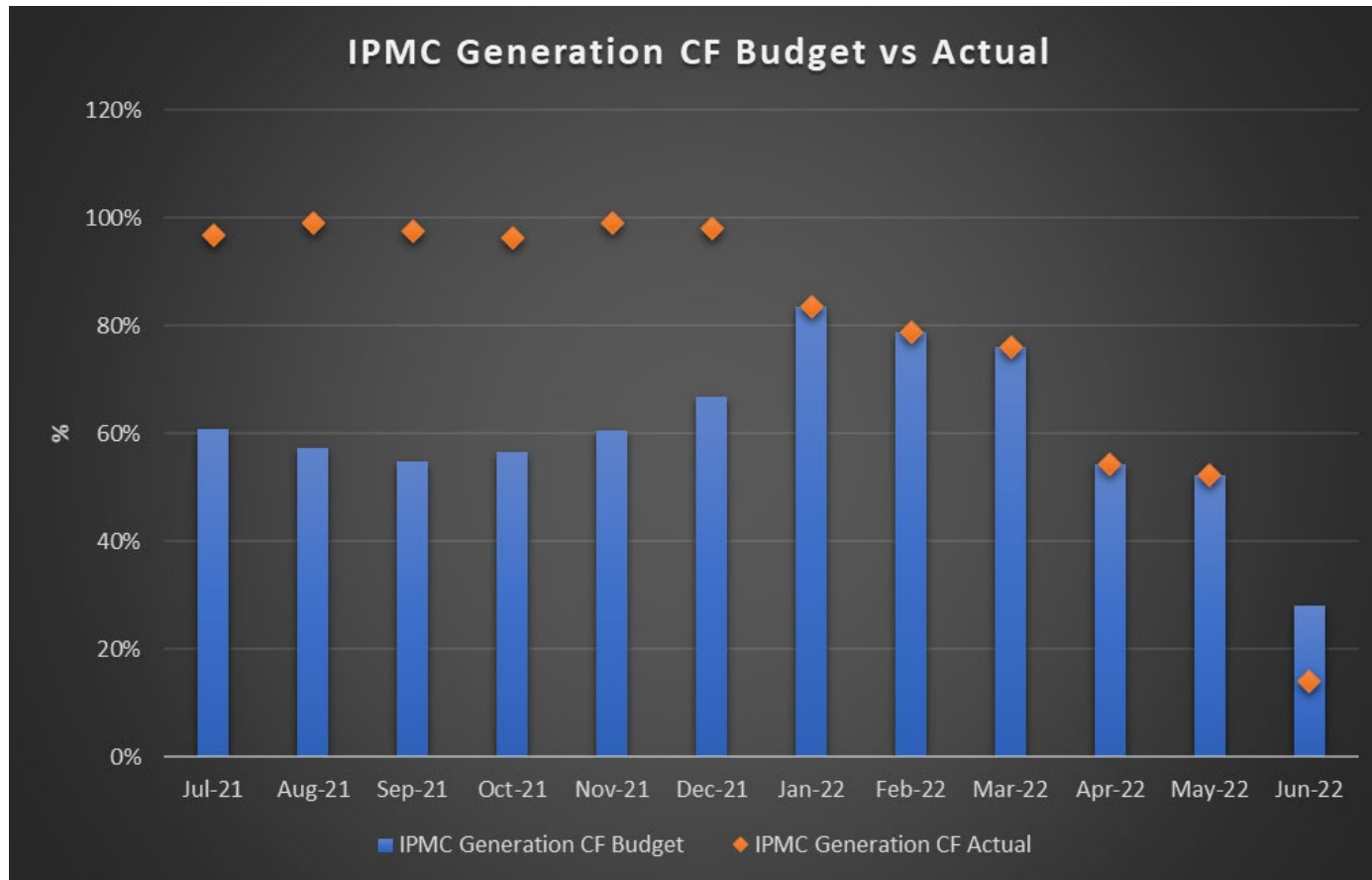
BREC Trans PPA Capacity Factor FY 22



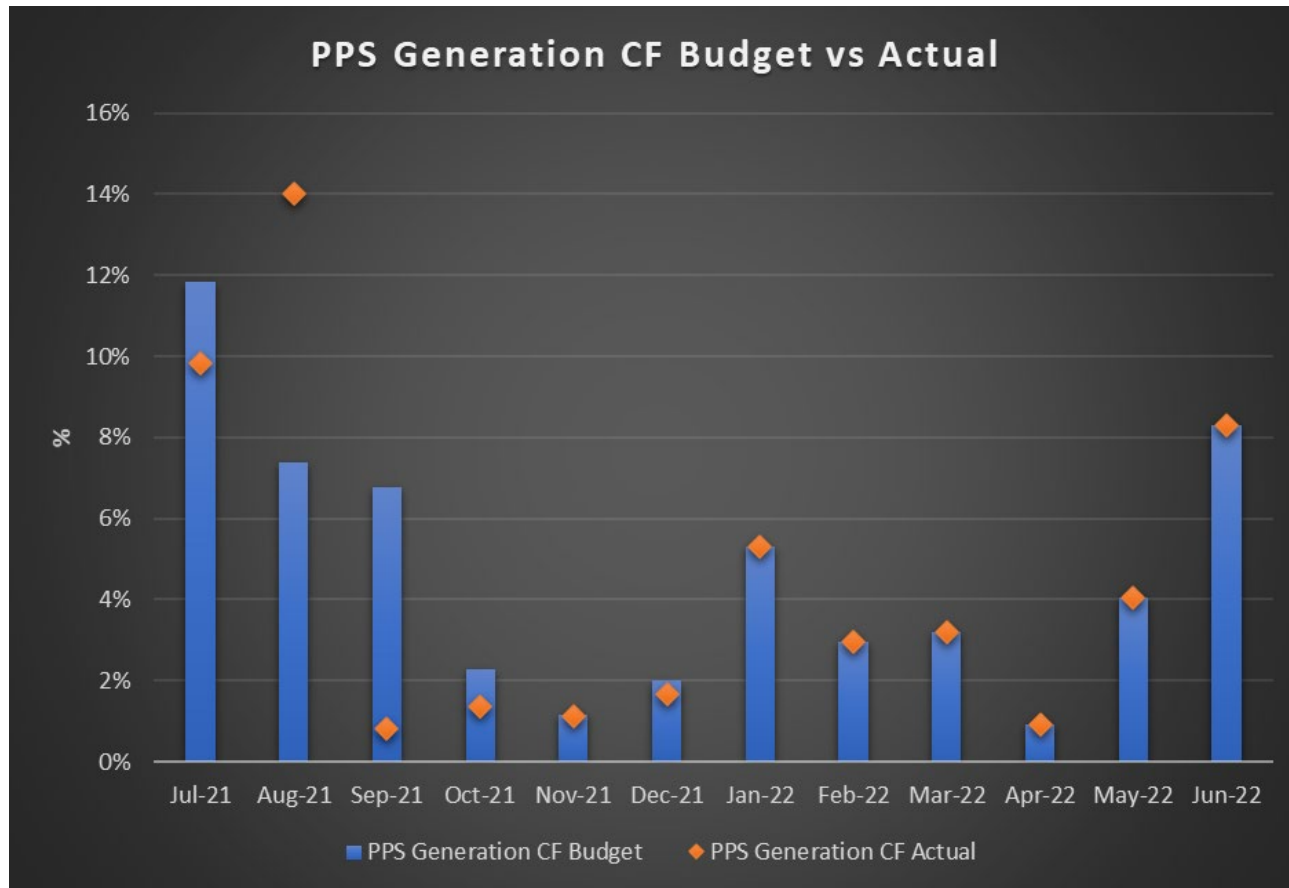
BREC Option Capacity Factor FY 22



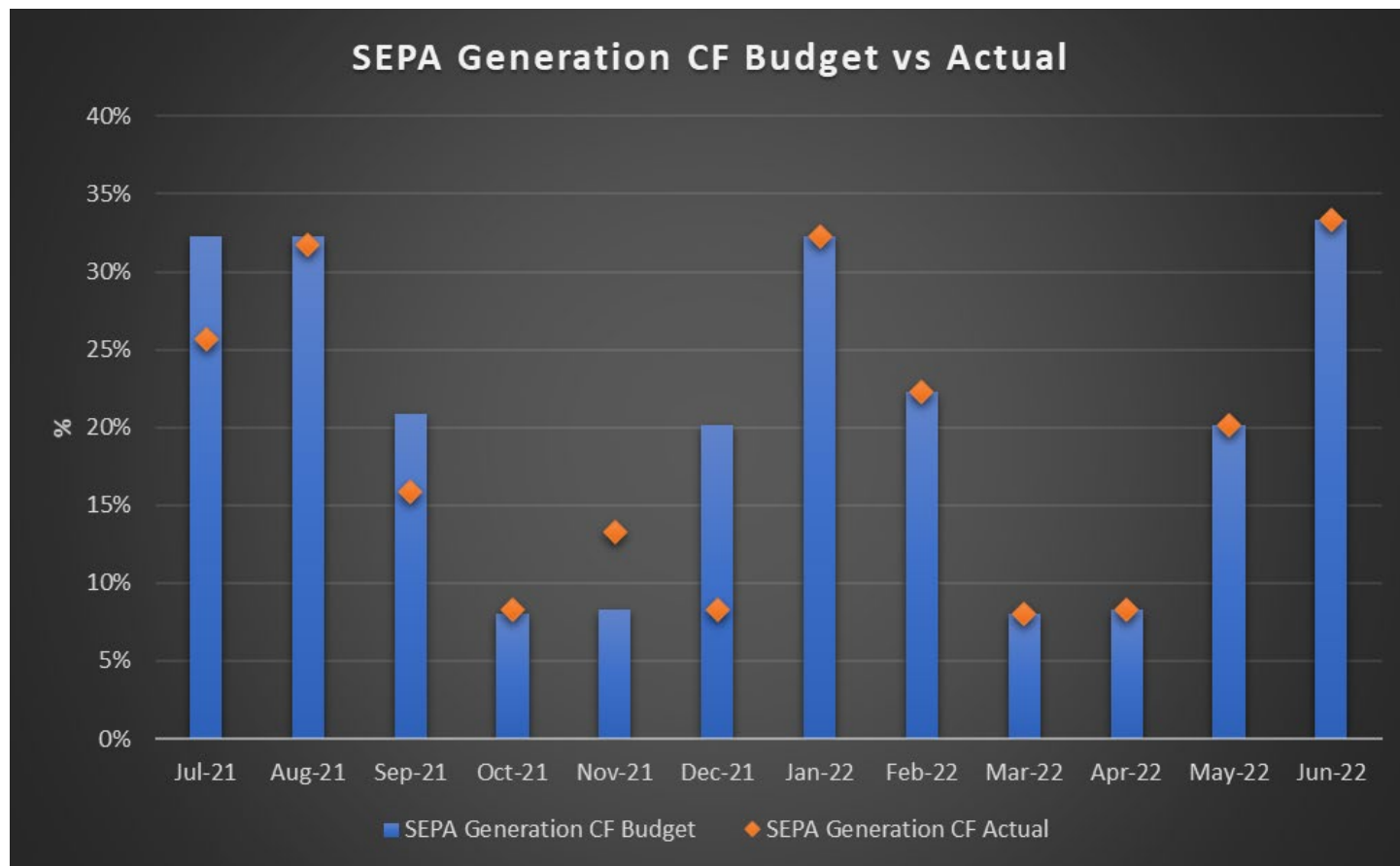
EEI/LGEE Capacity Factor FY 22



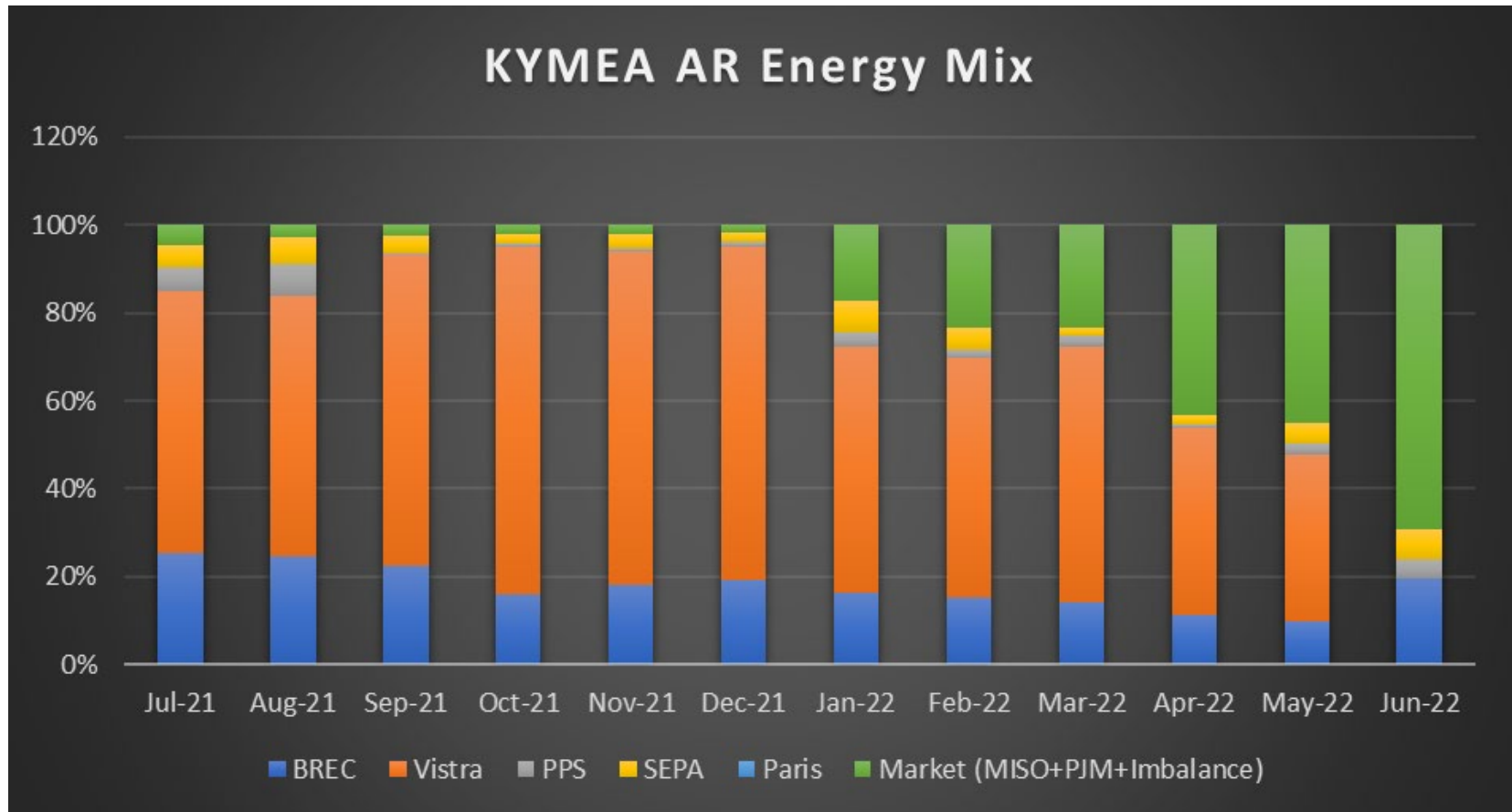
PPS PPA Capacity Factor FY 22



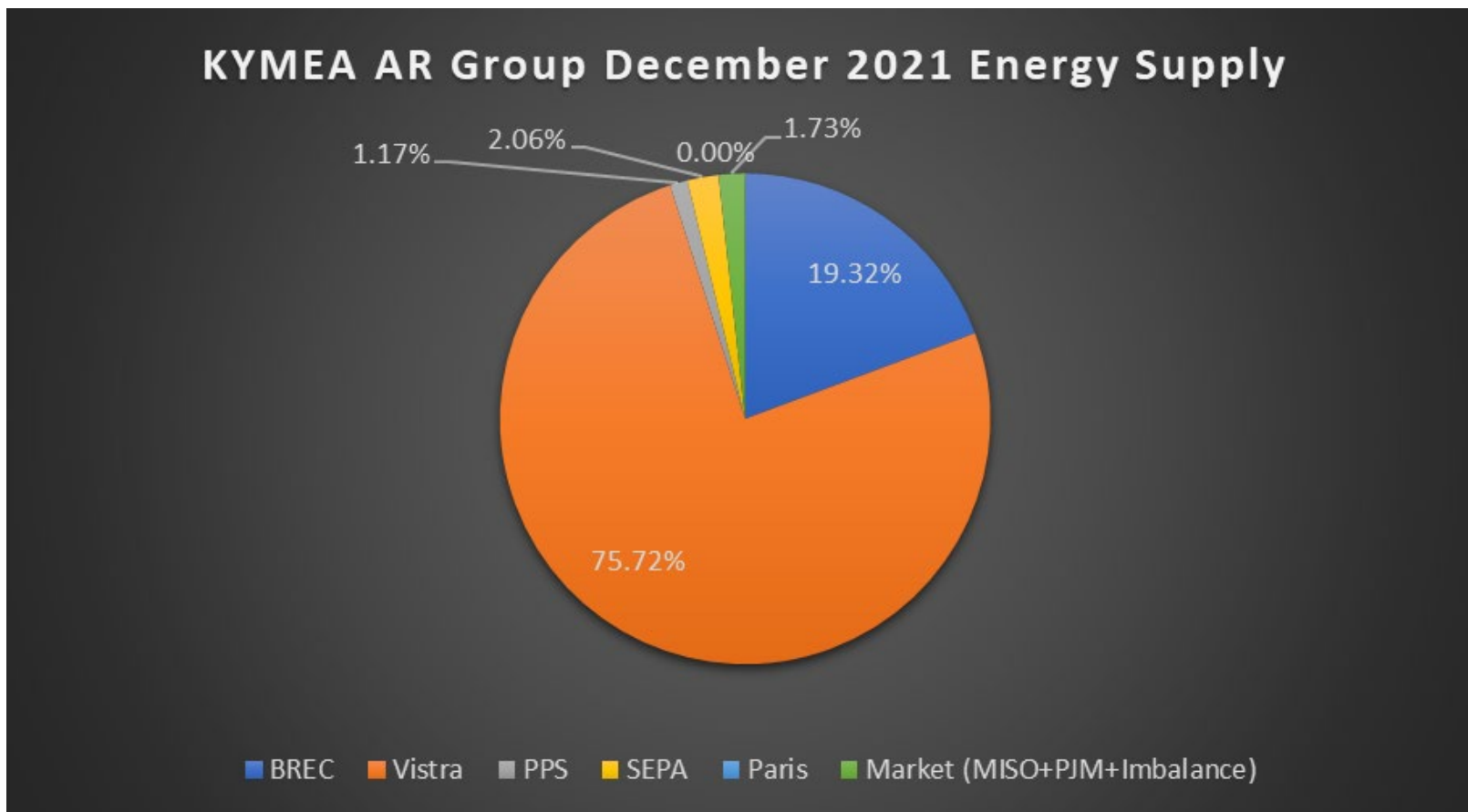
SEPA Capacity Factor FY 22



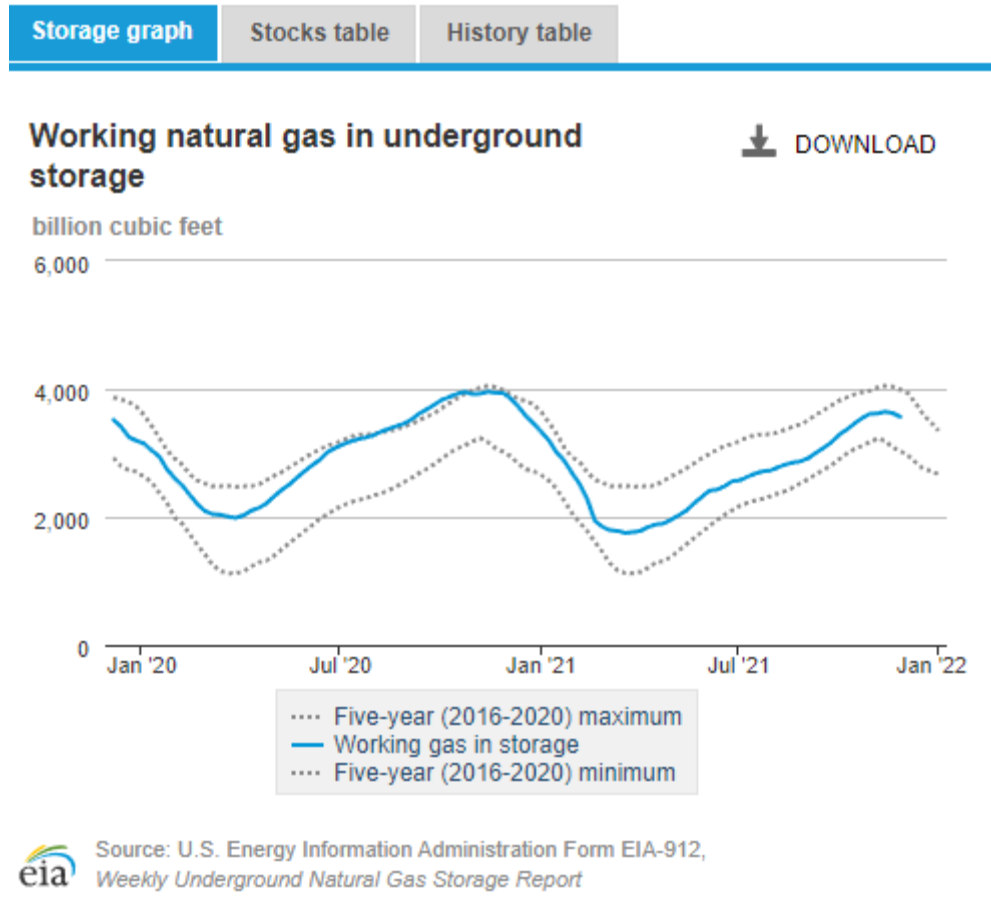
KYMEA AR Energy Mix FY 22



KYMEA AR Energy Mix



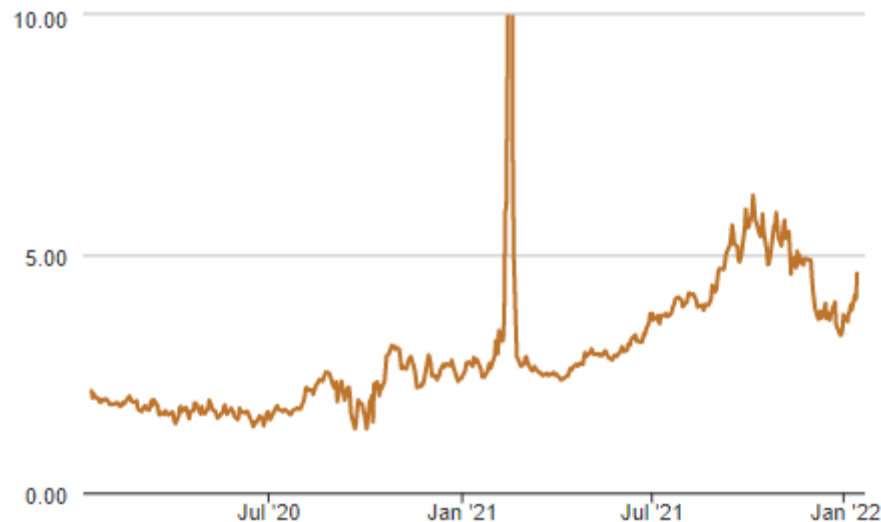
Working Gas in Storage



Natural Gas Spot Prices

Natural gas spot prices (Henry Hub)

dollars per million British thermal units



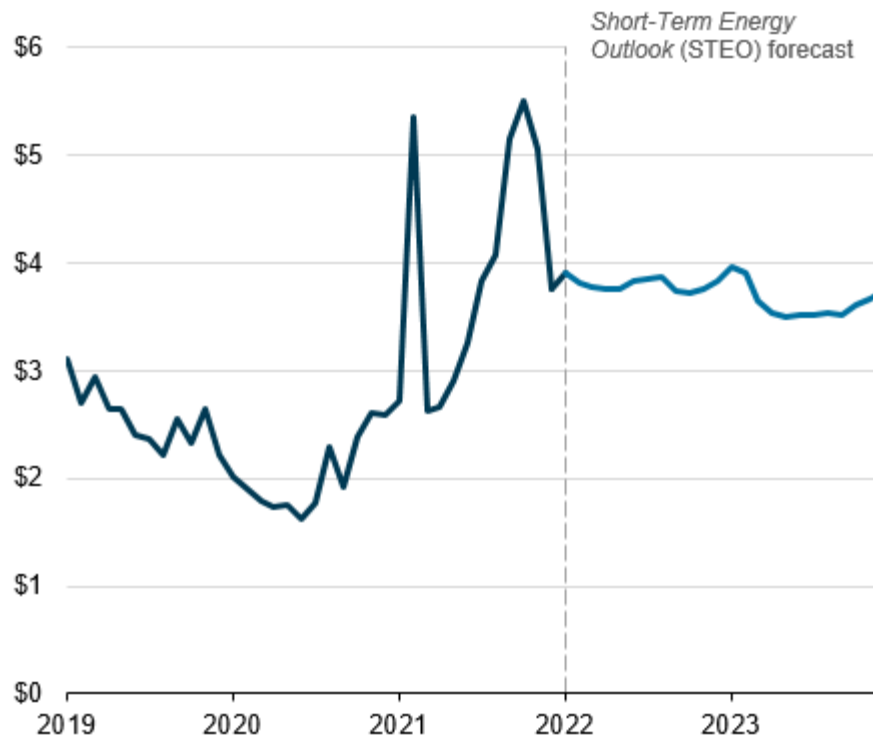
Source: Graph by the U.S. Energy Information Administration (EIA), based on data from Natural Gas Intelligence



Note: Henry Hub prices reported for February 16 and 17, 2021, exceeded the published range, averaging \$16.96/MMBtu and \$23.61/MMBtu, respectively.

Monthly Natural Gas Spot Prices

Monthly Henry Hub natural gas spot price (2019–2023)
dollars per million British thermal units

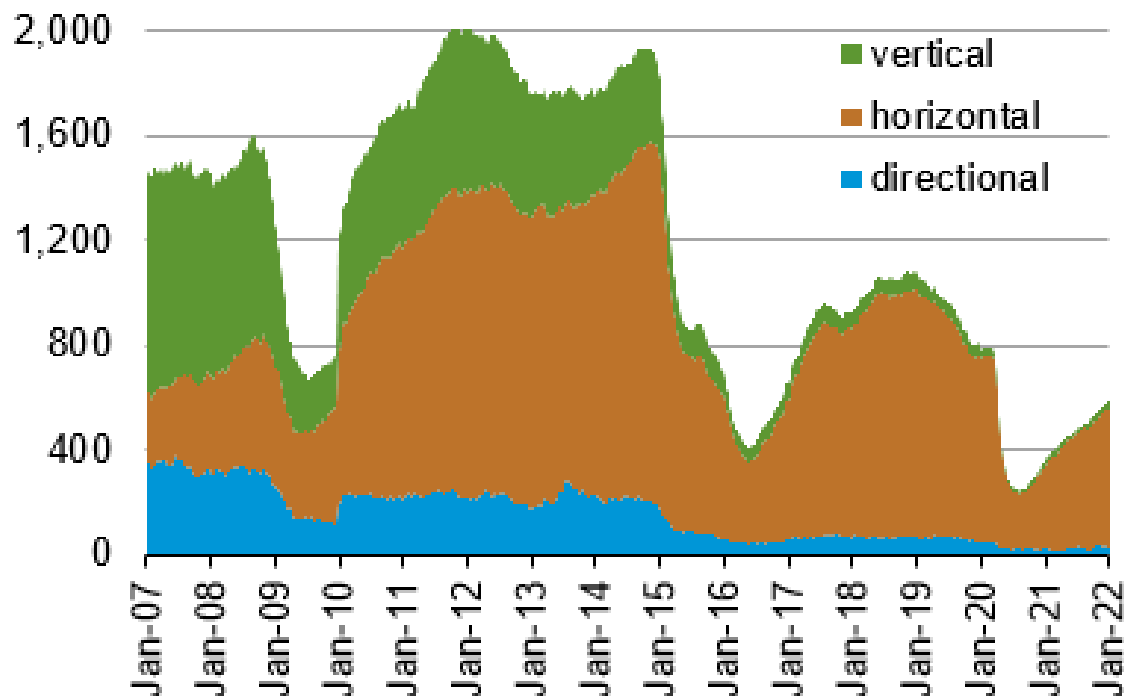


Source: U.S. Energy Information Administration, *Short-Term Energy Outlook*, January 2022

Total Rig Count

Weekly total rig count

active rigs



Source: Graph by the U.S. Energy Information Administration (EIA), based on data from Baker Hughes Company

Total Rig Count

Rigs

	Tue, January 04, 2022	Change from	
		last week	last year
Oil rigs	481	0.2%	74.9%
Natural gas rigs	107	0.9%	27.4%

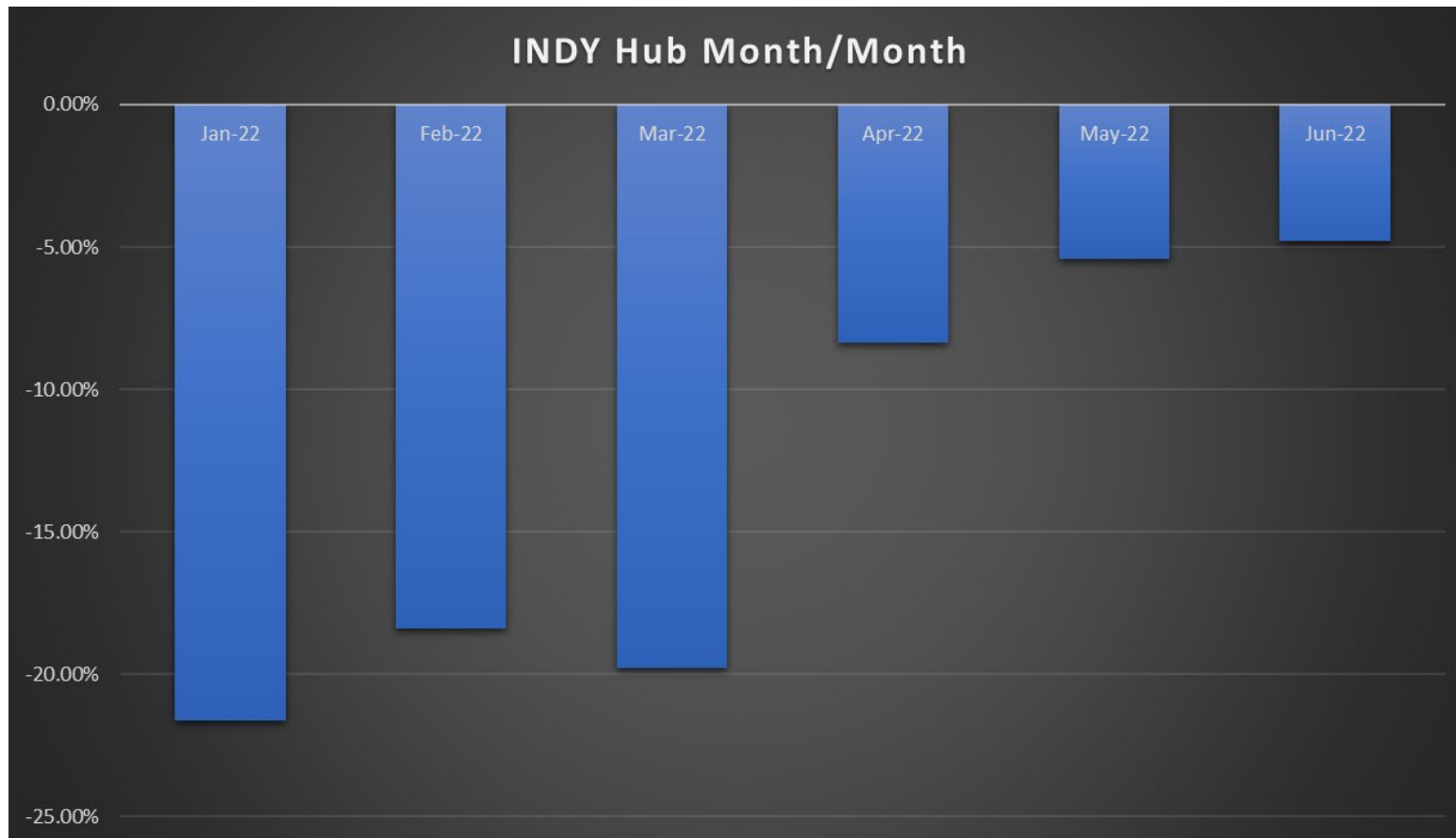
Note: Excludes any miscellaneous rigs

Rig numbers by type

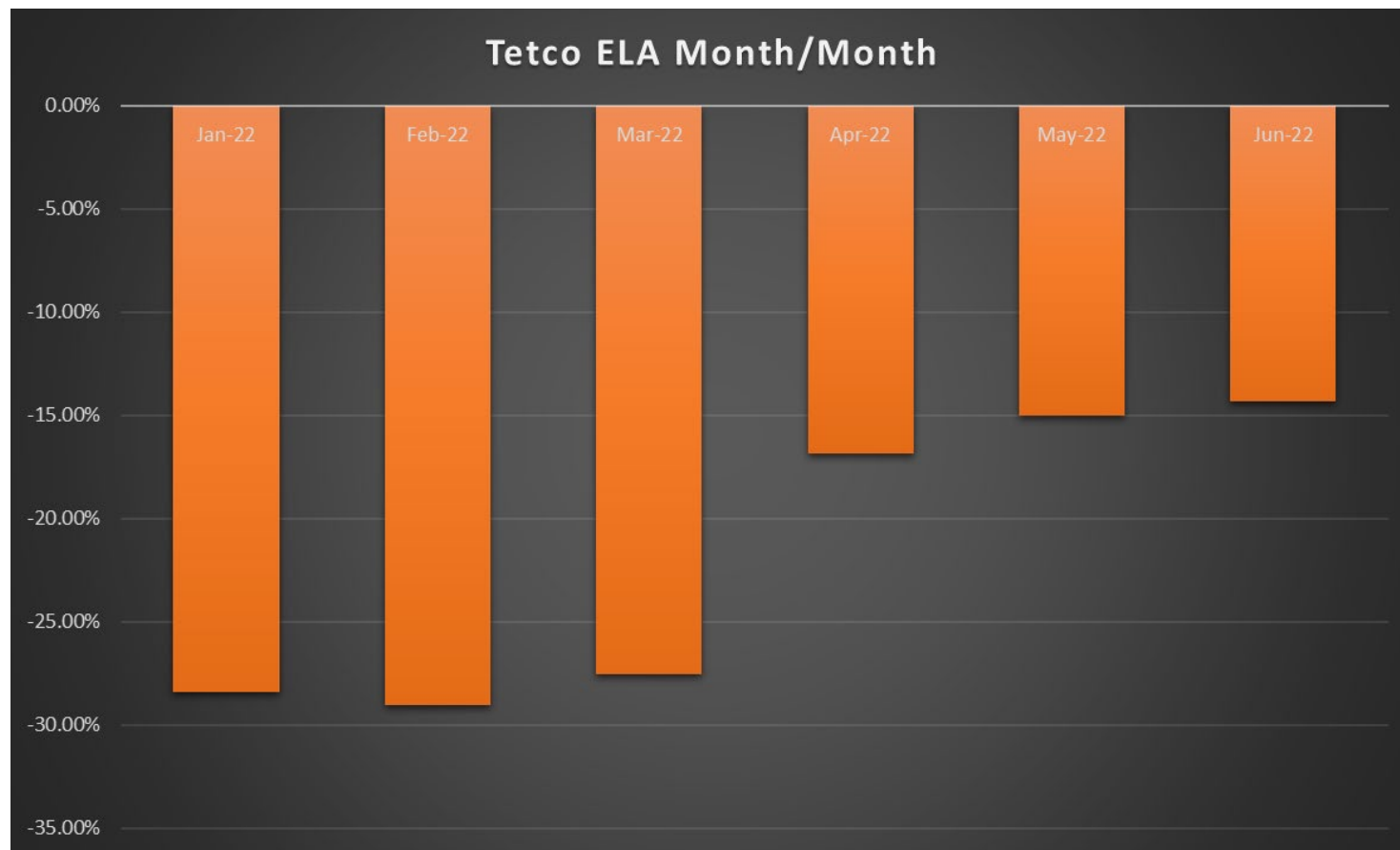
	Tue, January 04, 2022	Change from	
		last week	last year
Vertical	23	-11.5%	27.8%
Horizontal	532	0.4%	66.3%
Directional	33	10.0%	50.0%

Source: Chart by the U.S. Energy Information Administration (EIA), based on data from Baker Hughes Company

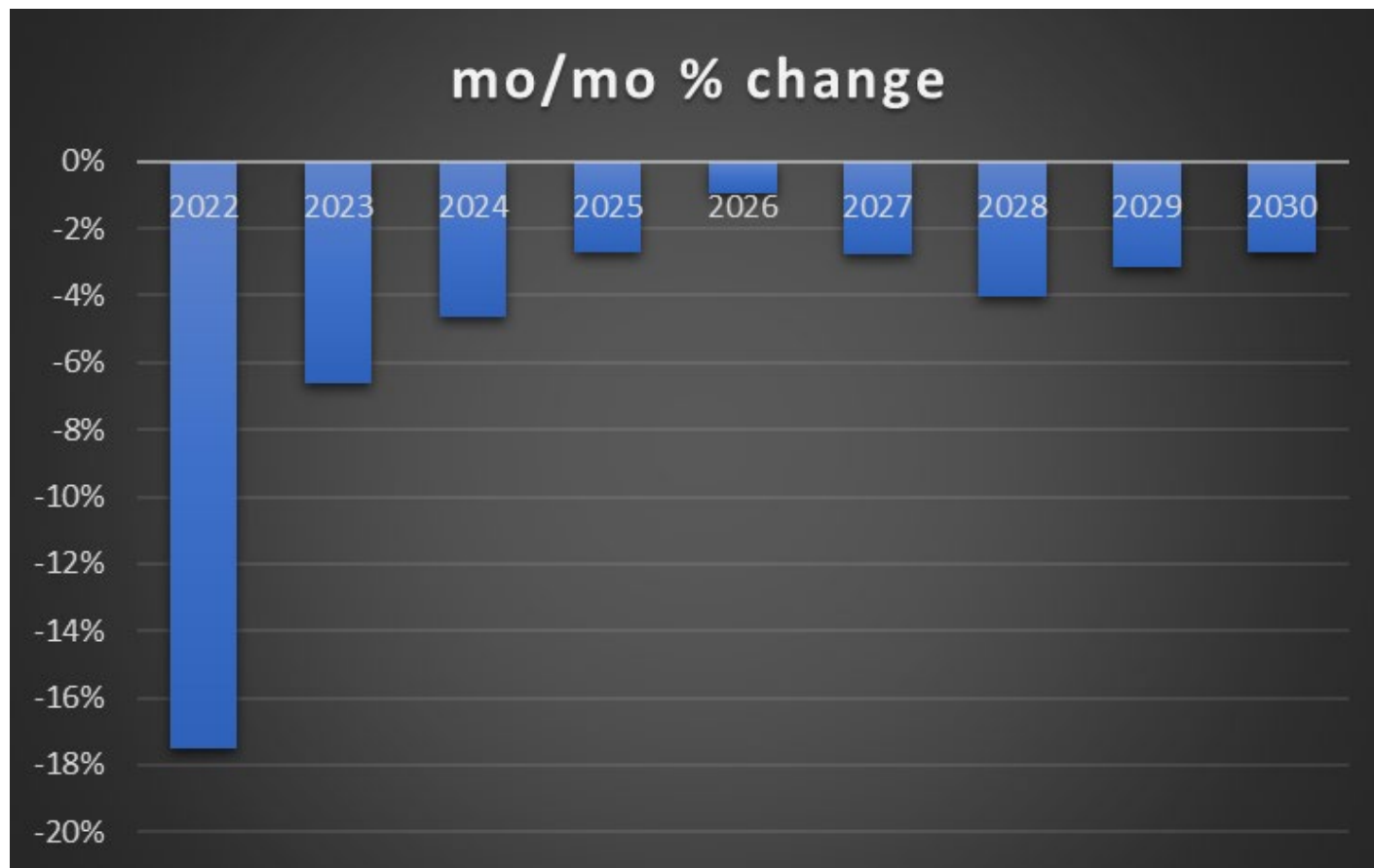
Indiana Hub ATC



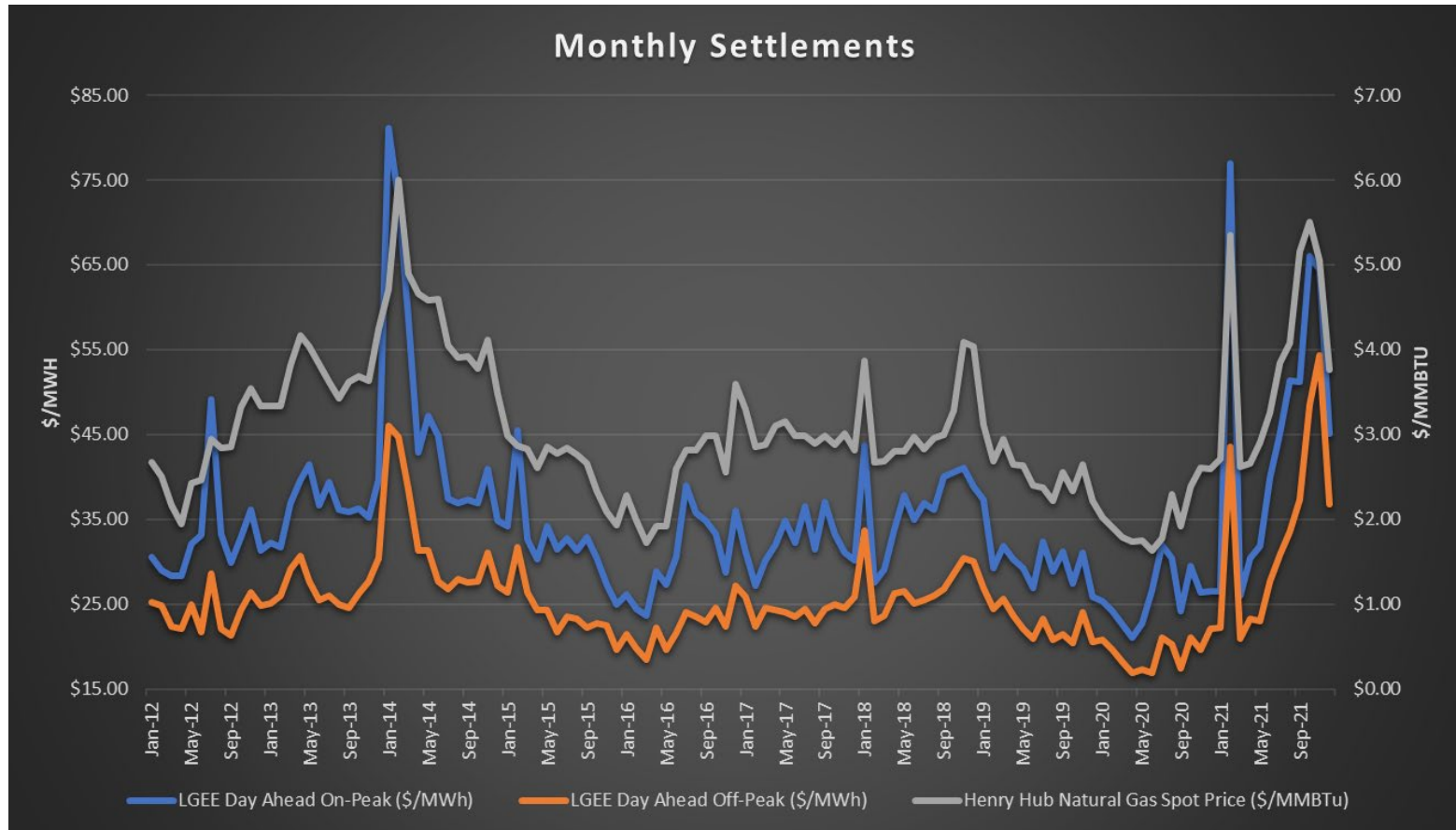
Tetco ELA



Tetco ELA



Historical Pricing





KENTUCKY MUNICIPAL ENERGY AGENCY



Member Communications

Michelle Hixon

January 27, 2022

Dates to Remember

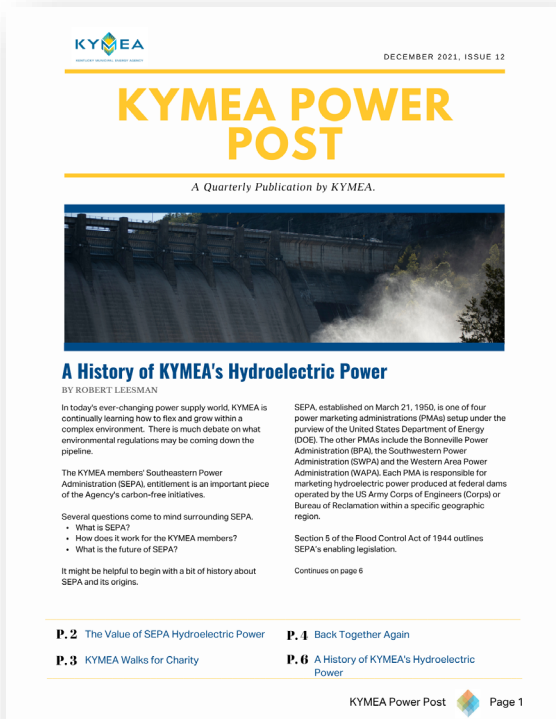
February

24 th at 3 PM	Combined Meeting of the AR Project and KYMEA Board
28-March 2 nd	APPA Legislative Rally – Washington DC

March

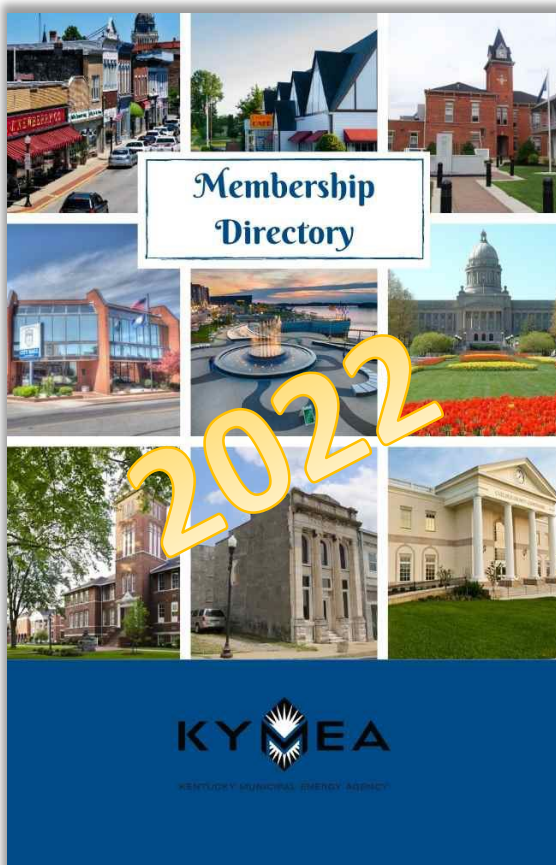
24 th at 8:30 AM	BROC Committee
24 th at 10 AM	Combined Meeting of the AR Project and KYMEA Board

December 2021 Newsletter



The December 2021 Newsletter was published in December. You can go to www.kymea.org to read the electronic version. 2022 Board and Committee calendars are also available on the [website](http://www.kymea.org).

2022 Member Directory



Please let us know if any of the following has changed and should be updated.

- Director or Alternate Director
- Mayor
- Board Members, Council Members, or Commissioners
- Attorney
- City Administrator
- Contact information
- Utility Statistics

2022 APPA Legislative Rally: Feb 28th – Mar 2nd



Join the
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

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

Why Should I Attend?

- 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.

Please send an email to mhixon@kymeal.org if you would like to attend.



KENTUCKY MUNICIPAL ENERGY AGENCY

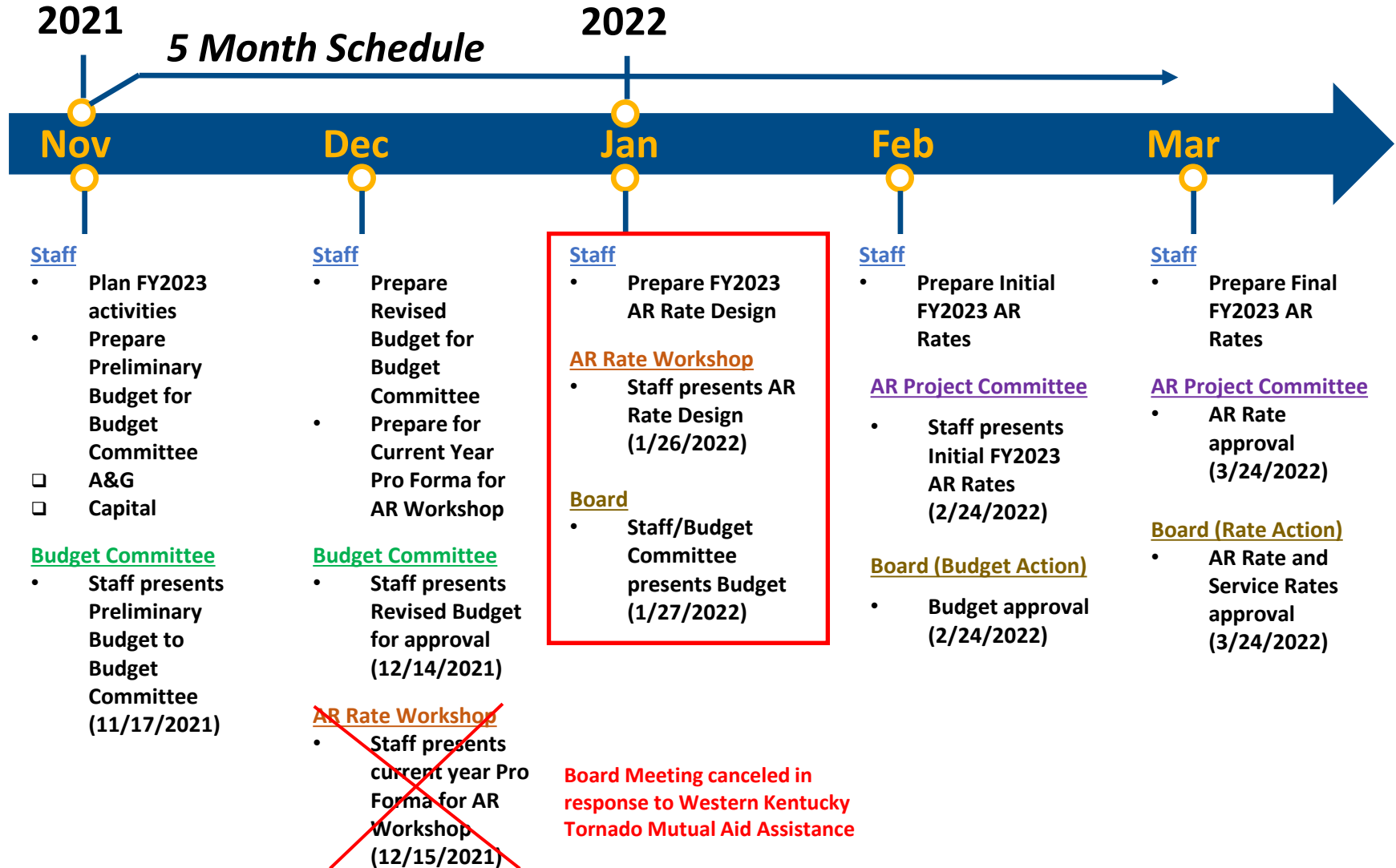


FY2023 Budget and Rates Schedule

Doug Buresh

January 27, 2022

FY2023 Budget and Rates



FY2023 Operation Budget

FY2023 Total Operational Costs							
	Administration/Advisory/Projects	FY2022 Budget	FY2023 Budget	Variance \$	Variance %	6 Month Actual	% of FY2022
100	Salaries	857,182	985,542	128,360	15.0%	366,627	42.8%
	Retirement Contribution	85,718	98,554	12,836	15.0%	45,561	53.2%
	Health, Life, Disability, FICA, Medicare, Accrued PTO	315,149	350,316	35,167	11.2%	155,167	49.2%
200	Legal Counsel	135,000	160,000	25,000	18.5%	79,669	59.0%
300	Advisory Support	164,300	300,000	135,700	82.6%	84,608	51.5%
400	Office Space Lease & Costs	180,743	180,743	-	0.0%	81,718	45.2%
500	Member Services, Board Meetings, Training	129,000	134,850	5,850	4.5%	60,708	47.1%
600	Auto Expense	13,808	15,008	1,200	8.7%	3,338	24.2%
700	IT/AV/Software/Dynamic Schedule/Office Supplies	232,980	321,463	88,483	38.0%	136,824	58.7%
800	Insurance	12,800	10,259	(2,541)	-19.8%	3,930	30.7%
900	Advertising & Marketing	11,100	10,700	(400)	-3.6%	8,449	76.1%
1000	Audit & Annual Report	55,840	57,000	1,160	2.1%	46,301	82.9%
1100	Rating Agency	10,000	10,000	-	0.0%	-	0.0%
1200	Associations & Lobbyist	57,780	60,280	2,500	4.3%	3,417	5.9%
1300	Project Planning	72,000	57,600	(14,400)	-20.0%	99,933	138.8%
	Subtotals - Administration/Advisory/Projects	2,333,401	2,752,316	418,916	18.0%	1,176,249	50.4%
	Dispatch, Scheduling, Modeling						
1400	Energy Services Partner	632,916	659,516	26,600	4.2%	284,070	44.9%
1500	MAC Software, Data, and Subscriptions	187,941	189,010	1,069	0.6%	67,637	36.0%
1600	MDMS/Communications/Meters/Dynamic Schedule	427,016	427,016	-	0.0%	64,295	15.1%
	Subtotals - Dispatch, Scheduling, Modeling	1,247,873	1,275,542	27,669	2.2%	416,002	33.3%
	Total Budget	3,581,274	4,027,859	446,585	12.5%	1,592,252	44.5%
	Service Fees (Benham, Berea, Owensboro)						
		FY2022 Budget	FY2023 Budget	Variance \$	Variance %	6 Month Actual	% of FY2022
	Membership Fee	(111,347)	(111,347)	-	-	(55,532)	49.9%
	Transmission Service + Energy Carrying Charge	(73,930)	(73,930)	-	-	(36,627)	49.5%
	Dispatch/MAC Service	(200)	(200)	-	-	(85)	42.5%
		(185,476)	(185,476)	-	0.0%	(92,243)	49.7%
	All Requirements Group - Net Service Fees	3,395,798	3,842,383	446,585	13.2%	1,500,008	44.2%

100. Salaries, Benefits, Retirement, Accrued PTO

Increase of \$176,363 over FY2022: Salaries, medical, dental, vision, life, disability, FICA, Medicare, accrued vacation/personal leave.

200. Legal Counsel

Increase of \$25,000 over FY2022: General Counsel legal support. Increase due to increased legal counsel support.

300. Advisory Support

Increase of \$135,700 over FY2022: Special Counsel and Advisory. FERC and specialized legal support, transmission and communications support, and power supply advisory support. Advisory services in FY2023 in support of Agency's 2023 portfolio changes. Increase is due to RFP and PPA development and additional legal expenses not related to depancaking.

400. Office Space Lease & Costs

No change from FY2022: Lease, IT closet utilities, maintenance. Contractual lease payment and expenses.

500. Member Services, Board Meetings, Training

Increase of \$5,850 over FY2022: Increase due to inflation. Member meetings including annual meeting, member portal, member services travel. Training and fees to APPA, TAPS, TVPPA, legislative, HR, member communications, financial, software classes, certifications, etc.

600. Auto Expense

Increase of \$1,200 over FY2022: Increase due to fuel increases, inflation, and additional expected maintenance. CEO vehicle fuel, maintenance, insurance, taxes, staff vehicle mileage.

700. IT/AV/Software/Dynamic Schedule/Office Supplies

Increase of \$88,483 over FY2022: Increase due to inflation and increased IT support for cybersecurity, redundancy, and dynamic scheduling. Phones, copier, office supplies, IT service contract, internet, software subscriptions.

800. Insurance

Decrease of \$2,541 under FY2022: Property and professional liability.

900. Advertising & Marketing

Decrease of \$400 under FY2022: Newsletters, website support, branding.

1000. Audit & Annual Report

Increase of \$1,160 over FY2022: Increase due to inflation. Audit, annual report production and printing.

1100. Rating Agency

No change from FY2022: Fitch Rating Agency rating.

1200. Associations and Lobbyist

Increase of \$2,500 over FY2022: APPA, TAPS, TVPPA, and KYMEA Lobbyists.

1300. Project Planning

Decrease of \$14,400 under FY2022: Transmission system impact studies and strategic planning. Decrease due to decrease in strategic planning budget.

1400. Energy Services Partner

Increase of \$26,600 over FY2022: Increase due to FTR analysis service. ESP services, model runs, trading accounts, trading fees and services, back-up server fee.

1500. MAC Software, Data, Training, and Subscriptions

Increase of \$1,069 over FY2022: Increase due to inflation. Optimization model, data and market intelligence, load forecasting, RTO membership, training

1600. MDMS/Communications/Meters

No change from FY2022: MDMS license and maintenance, communications expense, meter testing, dynamic scheduling (engineering support, software, OATIWeb, LG&E/KU, TVA, and MISO).

SERVICE FEES

Contra-Accounts - No change from FY2022.

- Membership Fee remains at 12¢ per kWh.
- Dispatch Service Fee remains at 45¢ per kWh.
- Transmission Service Fee remains at 38¢ per kWh.
- Energy Carrying Charge remains at 18¢ per kWh.
- Resource Planning Service Fee remains at 20¢ per kWh.

OPERATING BUDGET

Increase of \$446,585 (12.5%) over FY2022.

CAPITAL BUDGET

\$250,000. Same as FY2022 Budget. Supports MAC and office hardware needs, spare equipment, redundancy, dynamic scheduling hardware, software, and communications requirements.

Document: [FY2023 Operating Budget Committee 01-12-2022.docx](#)

Spreadsheet: [KYMEA Income Statement FY23 Budget 01-12-2022.xlsx](#)



KENTUCKY MUNICIPAL ENERGY AGENCY



Curtailment Plan

Rob Leesman

December 15, 2021

Existing KYMEA Curtailment Plan

- Existing plan consists of four steps
- Each step identifies specific lines for each participating member
- Three steps are linked to the UFLS Plan
- MW volumes for each line are determined from historical load data metrics (x% of a member's total load)
- The MW volume percentages are reflective of flows related to LG&E's previous year's peak hour

Existing KYMEA Curtailment Plan

- The MW volume calculations are not truly reflective of real-time flows
- Time consuming for ACES to calculate volumes once a curtailment directive is given to them by LG&E

Existing KYMEA Curtailment Plan

CP Step	Member	UFLS Step	Substation	Circuit or Breaker No.	Percent of Load	Estimated Load at Peak (MW)
Curtailment Plan Step 1	ABC	1	Boardwalk	1	12.30%	2.89
	DEF	1	Park Place	2	8.00%	1.45
	GHI	1	Marvin Gardens	3	1.36%	1.75
	GHI	1	Penn Ave	4	0.37%	0.47
	JKL	1	Pacific Ave	5	1.67%	2.15
	JKL	1	Illinois Ave	6	1.73%	2.22
	JKL	1	Kentucky Ave	7	0.78%	1.00
	MNO	1	States Ave	8	2.04%	2.61
	MNO	1	St. Charles	9	1.75%	2.25
	PQR	1	Tenn Ave	10	4.34%	2.35
	PQR	1	Baltic Ave	11	14.80%	2.26
Curtailment Plan Step 2	ABC	2	Boardwalk	12	12.90%	2.39
	DEF	2	Park Place	13	9.90%	2.33
	GHI	2	Marvin Gardens	14	12.20%	2.20
	GHI	2	Penn Ave	15	0.78%	1.01
	JKL	2	Pacific Ave	16	2.35%	3.02
	JKL	2	Illinois Ave	17	0.94%	1.21
	JKL	2	Kentucky Ave	18	3.01%	3.86
	MNO	2	States Ave	19	2.46%	3.15
	MNO	2	St. Charles	20	2.45%	3.14
	PQR	2	Tenn Ave	21	8.90%	1.36
	PQR	2	Baltic Ave	22	6.50%	0.99

CP Step	Member	UFLS Step	Substation	Circuit or Breaker No.	Percent of Load	Estimated Load at Peak (MW)
Curtailment Plan Step 3	ABC	N/A	Boardwalk	23	9.72%	1.76
	DEF	N/A	Park Place	24	9.22%	1.67
	GHI	N/A	Marvin Gardens	25	0.56%	0.06
	GHI	N/A	Penn Ave	26	3.50%	1.20
	JKL	N/A	Pacific Ave	27	4.09%	5.24
	JKL	N/A	Illinois Ave	28	0.10%	0.36
	JKL	N/A	Kentucky Ave	29	2.56%	0.90
	MNO	N/A	States Ave	30	4.15%	0.78
	MNO	N/A	St. Charles	31	0.38%	1.25
	PQR	N/A	Tenn Ave	32	6.36%	3.44
	PQR	N/A	Baltic Ave	33	0.16%	2.15
Curtailment Plan Step 4	ABC	3	Boardwalk	34	9.60%	1.78
	DEF	3	Park Place	35	7.27%	1.71
	GHI	3	Marvin Gardens	36	3.32%	0.78
	GHI	3	Penn Ave	37	8.80%	1.59
	JKL	3	Pacific Ave	38	4.59%	5.89
	JKL	3	Illinois Ave	39	4.53%	5.81
	JKL	3	Kentucky Ave	40	2.86%	3.66
	MNO	3	States Ave	41	9.30%	5.03
	MNO	3	St. Charles	42	10.50%	1.60
	PQR	3	Tenn Ave	43	0.26%	0.57
	PQR	3	Baltic Ave	44	1.56%	1.24

Proposed KYMEA Curtailment Plan

- Calculate MW volumes using real-time load data
- Determine each member's share of MW volumes by multiplying each member's percentage of load by LG&E's curtailment directive volume
- Reflective of each member's pro-rata share
- Black and white, speeds up calculation times
- Each member will determine what circuits to curtail on their respective systems

Proposed KYMEA Curtailment Plan

LG&E Curtailment Directive (MW) <div>100.00</div>	Total Curtailment Load Potential (MW) : 179.6	KYMEA Curtailment (MW) : 100.0
	Barbourville's Share : 6.6 %	Barbourville Curtailment (MW) : 6.6
	Berea's Share : 10.0 %	Berea Curtailment (MW) : 10.0
	Corbin's Share : 6.2 %	Corbin Curtailment (MW) : 6.2
	Frankfort's Share : 53.6 %	Frankfort Curtailment (MW) : 53.6
	Madisonville's Share : 18.1 %	Madisonville Curtailment (MW) : 18.1
	Paris's Share : 5.5 %	Paris Curtailment (MW) : 5.5

Next Steps





PRESS RELEASE:

Louisville, Kentucky, January 3, 2022

Contact:

Michelle Hixon
502-242-5639
mhixon@kymea.org

KYMEA and Partners Send Relief to Western Kentucky

Friday night December 10, 2021, tornadoes ravaged the western part of Kentucky destroying homes, businesses, and many fellow communities in what has been considered the worst devastation and loss of life in Commonwealth history. As Kentuckians, we are pulling together to help our fellow communities in the wake of this disaster and great loss.

KYMEA is working with its members, the American Public Power Association, and the Kentucky Municipal Utility Association to provide storm restoration to the hardest-hit areas.

“We are shattered by the loss of life from the tornadoes that destroyed communities across Kentucky, home to many of our friends and their loved ones,” said Doug Buresh, president and chief executive officer of Kentucky Municipal Energy Agency. “We are grateful our member communities, who fortunately avoided the brunt of the storm in their own communities, were able to send crews and materials to help restore power in the disaster-stricken areas.”

We want to do even more to help the families and businesses, so KYMEA has partnered with nFront Consulting, Spiegel & McDiarmid, BKD, Rubin & Hays, and LightChange Technologies to provide \$30,000 in direct relief and contributions to the Team Western Kentucky Tornado Relief Fund.

“I am so proud of our member line crews who rushed to ravaged communities to help restore electricity, as having power can be a matter of life or death,” said Josh Callihan, general manager of Barbourville Utility Commission, and KYMEA board chairman. “KYMEA, nFront Consulting, Spiegel & McDiarmid, BKD, Rubin & Hays, and LightChange Technologies are pleased to make this donation to help the people of western Kentucky as our hearts ache for their loss.”

Read more on KYMEA’s [WESTERN KENTUCKY TORNADO RELIEF RESOURCE](#) page on how you can also contribute to the relief efforts.

We are #KentuckyStrong!

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RESOLUTION

RESOLUTION REAUTHORIZING AND PROVIDING FOR THE EXTENSION OF A LINE OF CREDIT FROM PNC BANK, NATIONAL ASSOCIATION TO THE KENTUCKY MUNICIPAL ENERGY AGENCY IN AN AMOUNT NOT TO EXCEED \$45,000,000.

WHEREAS, the Kentucky Municipal Energy Agency (“KYMEA”), organized under Sections 65.210 to 65.300 of the Kentucky Revised Statutes, as amended, known as the “Interlocal Cooperation Act” (the “Act”) has determined it is in the best interests of KYMEA and beneficial for its Members to procure and establish a revolving line of credit in an amount not to exceed \$45,000,000 for the purpose of having funds available to provide reserves for working capital and operations of KYMEA including but not limited to the provision of power supply for its All Requirements Members; and

WHEREAS, KYMEA, after soliciting and receiving proposals from various financial institutions for the establishment of a revolving line of credit, determined that the most favorable proposal has been submitted by PNC Bank, National Association, Louisville, Kentucky (the “Credit Provider”); and

WHEREAS, KYMEA entered into a revolving line of credit (the “Credit Facility”) with the Credit Provider and KYMEA and the Credit Provider have negotiated an extension of and increase in the Credit Facility;

NOW THEREFORE BE IT RESOLVED BY THE KENTUCKY MUNICIPAL ENERGY AGENCY AS FOLLOWS:

Section 1. Extension of Credit Facility. KYMEA hereby authorizes and approves extension of the Credit Facility in the principal amount of \$45,000,000 with the Credit Provider, the terms of which shall be set forth in the Committed Third Amended and Restated Line of Credit Note (the “Third Amended Credit Facility”) from KYMEA to the Credit Provider.

Section 2. Approval and Authorization of Amended Credit Facility Documents. The following documents (the “Amended Credit Documents”) in the respective forms submitted with this Resolution, are hereby approved, subject to such minor changes, changes of dates, insertions or omissions as may be approved by the President and CEO of the KYMEA, such approval to be conclusively evidenced by the execution of said documents, in order to effectuate the purposes of this Resolution; and the President and CEO, the Chief Financial Officer, the Chairman, the Vice Chairman, the Treasurer and/or the Secretary are hereby authorized to execute and acknowledge same for and on behalf of KYMEA. Said documents once executed are hereby ordered to be filed in the office of the Secretary in the official records of KYMEA:

(a) The Third Amended Credit Facility in the amount of \$45,000,000 from KYMEA to the Credit Provider.

(b) The Omnibus Amendment Agreement No. 1 (the “Omnibus Amendment Agreement”) from KYMEA to the Credit Provider.

(c) Such other documents and certifications as may be reasonably necessary to effect the issuance and delivery of the Credit Facility and to establish such depository accounts with the Credit Provider as may be determined to be needed by the Agency from time to time.

Section 3. KYMEA Officers to Take Any Other Necessary Action. Pursuant to the Constitution and Laws of the Commonwealth of Kentucky, each of the President and CEO, the Chief Financial Officer, the Chairman, the Vice-Chairman, the Treasurer, the Secretary and all other appropriate officials of KYMEA is hereby authorized and directed to take any and all further action and to execute and deliver all other documents as may be reasonably necessary to effect the issuance and delivery of the Amended Credit Documents.

Section 4. Provisions in Conflict Repealed. All ordinances, resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution, are, to the extent of such conflict, hereby repealed.

Section 5. Effective Date of Resolution. This Resolution shall take effect from and after its enactment, adoption and approval.

Introduced, read and adopted on January 27, 2022.

CERTIFICATE OF SECRETARY

I, Gary Zheng, hereby certify that I am the duly qualified and acting Secretary of the Kentucky Municipal Energy Agency (“KYMEA”), that the foregoing Resolution is a true copy of a Resolution introduced, read and adopted at a properly convened meeting of the Board of Directors of KYMEA on January 27, 2022, as shown by the official records in my custody and under my control.

I further certify that said meeting was duly held in accordance with all applicable requirements of Kentucky law, including KRS 61.800 through 61.850, inclusive, that a quorum was present at said meeting, that said Resolution has not been modified, amended, revoked or repealed, and that same is now in full force and effect.

IN WITNESS WHEREOF, I have hereto set my hand as Secretary of KYMEA this 27th day of January, 2022.

Secretary

PNC BANK, NATIONAL ASSOCIATION
Preliminary Summary of Terms and Conditions for Loan Facilities
Kentucky Municipal Energy Agency
October 15th, 2021
REVOLVING LINE OF CREDIT

This Term Sheet is not a commitment or an offer to lend and does not create any obligation on the part of the Bank or any affiliate thereof. Neither the Bank nor any affiliate thereof will be deemed to have extended any commitment to the Borrower unless and until a formal commitment letter is issued and has been executed, delivered and accepted. This outline is only a brief description of the principal terms of suggested loan facilities and is intended for discussion purposes only.

This Term Sheet is delivered to you on the understanding that any of the terms of substance hereunder shall not be disclosed, directly or indirectly, to any other person except your officers, agents and advisors who are directly involved in the consideration of this matter unless required to do so by applicable law or prior written consent has been given by the Bank.

[The indicative pricing provided herein is for discussion purposes only, is as of the date of this non-binding proposal, and is subject to change daily between now through acceptance and date of close given the extraordinary and rapidly evolving market conditions.]

I. PARTIES

BORROWER: KENTUCKY MUNICIPAL ENERGY AGENCY (the "*Borrower*").

BANK: PNC Bank, National Association ("*PNC*" or the "*Bank*").

II. CREDIT FACILITY, SECURITY AND FINANCING DOCUMENTS

CREDIT FACILITY: PNC will provide up to a \$ 45,000,000 revolving line of credit (the "*Credit Facility*") pursuant to which the Bank will make loans to the Borrower (the "*Loans*").

PURPOSE: The proceeds of the Loans under the Credit Facility will be used for working capital needs that includes the purchasing of energy for member organizations.

MATURITY: 1 year auto-renewal from year to year unless a 90 day notice of such termination or withdrawal at the option of the lender.

AMORTIZATION: Available for borrowing, repaying and re-borrowing until the Maturity Date. Outstanding Loans and all other payment obligations owed to the Bank under the Credit Facility shall be due and payable on the Maturity Date.

SECURITY: The Credit Facility will be evidenced and secured by a Note issued to the Bank. The Note will be secured by a lien on all available revenues including power sales contract. The security will be consistent with existing definitions and form of PNC financing documents with the Borrower.

FINANCING DOCUMENTATION: The Credit Facility shall include standard conditions precedent to purchase and closing, representations and warranties, indemnities, covenants, events of default and remedies. Note, any loan agreement, and the other documents required for closing are herein collectively referred to as the "*Financing Documents*."

CLOSING DATE: The closing date is expected to occur on or about January 31st, 2022 (the "*Closing Date*"), and shall be subject to the satisfaction of the conditions precedent set forth in the Credit Facility and the conditions precedent described herein.

III. INTEREST RATES AND OTHER KEY PROVISIONS

VARIABLE INTEREST RATE: The Loans under the Credit Facility shall initially bear interest at a per annum rate of interest equal to the sum of (i) One-month BSBY (the Bloomberg Short-Term Bank Yield index rate administered by Bloomberg) and (ii) the Initial Applicable Spread, subject to adjustment as provided below.

The "*Initial Applicable Spread*" is outlined below for the following terms:
1 yrs. @ 35 bps (0.35%)

The Loans under the Credit Facility shall bear interest at the Variable Interest Rate so long as no Event of Default has occurred.

INDEX FLOOR: In the event that LIBOR or any successor index at any time would be determined less than **0.00%**, such rate shall be deemed to be **0.00%**.

COMPUTATION BASIS: Interest will be calculated on the daily Loans outstanding on a 360 day year for the actual number of days elapsed and will be due monthly in arrears.

DEFAULT RATE: The Default Rate equals the greatest of (i) the PNC Prime Rate plus 3.0%; (ii) the Overnight Bank Funding Rate plus 3.5%; and (iii) 7.0%.

CLAW-BACK AMOUNTS: The Credit Facility will include customary interest rate recapture provisions allowing the Bank to recover interest in excess of any maximum interest rate imposed by law.

IV. OTHER FEES AND EXPENSES

UNUTILIZED FEE: The Borrower shall pay an unutilized fee to the Bank quarterly in arrears on the last day of each calendar quarter in an amount equal to the product of (i) 0.125% per annum (subject to adjustment as provided in the table above) and (ii) the difference between the amount of the Credit Facility and the amount advanced by the Bank for each day in the term of the Credit Facility. The Unutilized Fee shall be calculated based upon a year of 360 days and the actual number of days elapsed.

PREPAYMENT: Customary yield protection and prepayment cost recovery provisions will be included in the definitive Financing Documents.

EXPENSES: All expenses incurred by the Bank, including, recording of UCC filings and other security interests, if applicable, and audit and reasonable legal fees (inside and outside), and any other expenses in reference to structuring, documenting, closing, monitoring or enforcing the Financing Documents, if applicable, shall be for the account of the Borrower and payable at closing and otherwise on demand. The Bank will be utilizing **Stites and Harbison** as bank counsel. Legal fees are based on hourly rate to draft or review documents. All expenses (including counsel fees) shall be paid by the Borrower regardless of whether the transaction is closed.

All fees and expenses, including those of Bank counsel, are subject to increase if the transaction is not closed within **120** days from the date the Bank receives the mandate from the Borrower. In addition, the fees and expenses payable to Bank counsel may be increased if the security and/or structure of the transaction changes materially once documentation has commenced.

V. INCREASED COSTS AND CAPITAL ADEQUACY; TAXES:

The Borrower shall pay the Bank under customary yield protection provisions such additional amounts as will compensate the Bank and its holding company in the event that either of them are or become subject to legal, capital or reserve requirements (including without limitation those arising under the Dodd-Frank Wall Street Reform and Consumer Protection Act or Basel III, or any rules, guidelines or directives issued at any time in connection therewith) or taxes (except for

taxes on overall net income) which in any case increase the cost or reduce the yield to the Bank or its holding company.

VI. FINANCIAL/NEGATIVE COVENANTS AND FINANCIAL REPORTING

Affirmative and negative covenants, including the reporting covenants listed below, will be specified by the Bank for inclusion in the Financing Documents. Covenants are expected to include but may not be limited to:

Financial Reporting:

- Annual consolidated and consolidating audited financial statements for the Borrower and its affiliates within **180** days of fiscal year end;
- Semi-annual unaudited financial statements of the Borrower and its affiliates in a form comparable to the audit (except for the absence of a cash flow statement and footnotes) due within **45** days of each semi-annual period.
- Such other financial information as requested by the Bank.

VII. CONDITIONS PRECEDENT TO CLOSING

The Financing Documents shall include conditions precedent customary for transactions of this nature including, without limitation, the following:

Documentation satisfactory to Bank Counsel; delivery of enforceability and approving opinions; authorizing resolutions (which may be an existing authorizing resolution); financial statements; bring-down of representations and warranties; and certification as to no default or event of default.

VIII. EVENTS OF DEFAULT/ REMEDIES:

The Credit Facility shall include events of default customary for transactions of this nature, including, without limitation: payment default, covenant defaults, breach of representations, invalidity or repudiation of any Financing Document or any material provision thereof, judgment default, bankruptcy or insolvency, ERISA and pension plan defaults.

Upon the occurrence of an Event of Default, in addition to all other customary remedies, all payment obligations shall bear interest at the Default Rate.

IX. ANCILLARY BUSINESS REQUIREMENT:

The Borrower will establish and maintain, with the Bank, the Borrower's primary depository account(s).

X. CHOICE OF LAW / JURY TRIAL/ OTHER PROVISIONS

GOVERNING LAW:

The Credit Facility, and any other documents to which the Bank shall become a party will be governed by the laws of the **Commonwealth of Kentucky**.

USA PATRIOT ACT NOTICE:

Pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. 107 56), the Bank is required to obtain, verify and record information that identifies the Borrower and, potentially, other loan parties, which information may include, without limitation, the name and address of the Borrower and any such loan parties and other information that will allow the Bank to identify the Borrower and other loan parties in accordance with the USA PATRIOT Act.

TRIAL:

To the extent permitted by law, the parties to the Credit Facility agree to waive a jury trial in any proceeding including the Bank; provided, however, to the extent that a waiver of jury trial is not enforceable, the Borrower shall agree to submit to a judicial referee.

TRANSFERS/ASSIGNMENTS:

While the Bank is providing the Credit Facility for its own account without a present intent to transfer them, the Bank reserves the right in its sole discretion to assign, sell, pledge or participate interests in the Credit Facility without the consent of the Borrower.

ADDITIONAL TERMS:

The terms and conditions contained in this proposal are not intended to be comprehensive. The definitive Financing Documents may include additional terms and conditions required by the Bank, subject to mutual agreement of the parties, which are not included herein.

**NO ADVISORY OR
FIDUCIARY ROLE:**

The Borrower acknowledges and agrees that: (i) the Bank has not assumed any advisory or fiduciary responsibility to the Borrower with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Bank or any of its affiliates has provided other services or is currently providing other services to the Borrower on other matters); (ii) the only obligations the Bank has to the Borrower with respect to the transaction contemplated hereby are expressly set forth in this term sheet; and (iii) the Borrower has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.

AGREEMENT BY THE BORROWER:

The Borrower hereby desires to engage the Bank in the origination of the Credit Facility pursuant to the terms and conditions stated herein.

Recognizing that this Term Sheet is non-binding on the Bank unless and until a commitment is issued, please evidence your interest in proceeding on the foregoing terms and conditions by signing and returning a copy of the document to the Bank on or prior to **the November 17th board date** at which point the Bank will continue with due diligence and credit underwriting for the foregoing transaction.

ACCEPTED AND AGREED TO:

KENTUCKY MUNICIPAL ENERGY AGENCY

By: _____

Print Name: _____

Title: _____

Date: _____

KENTUCKY MUNICIPAL ENERGY AGENCY



Committed Third Amended and Restated Line Of Credit Note

\$45,000,000

February 1, 2022

FOR VALUE RECEIVED, KENTUCKY MUNICIPAL ENERGY AGENCY, (the “**Borrower**”), a public agency under the laws of the Commonwealth of Kentucky, with an address at 1700 Eastpoint Parkway, Suite 220, Louisville, Kentucky 40223, promises to pay to the order of **PNC BANK, NATIONAL ASSOCIATION** (the “**Lender**”), a national banking association, in lawful money of the United States of America in immediately available funds at its offices located at 101 S. Fifth Street, Louisville, Kentucky 40202, or at such other location as the Lender may designate from time to time, the principal sum of **FORTY-FIVE MILLION DOLLARS (\$45,000,000)** (the “**Facility**”) or such lesser amount as may be advanced to or for the benefit of the Borrower hereunder, together with interest accruing on the outstanding principal balance from the date hereof, all as provided below.

1. **Advances.** The Borrower may request advances, repay and request additional advances hereunder until the Expiration Date, subject to the terms and conditions of this Note and the Loan Documents (as hereinafter defined). The “**Expiration Date**” shall mean February 1, 2023, or such later date as may be designated by the Lender by written notice from the Lender to the Borrower (except as set forth in the following sentence). Notwithstanding the previous sentence, the term of this Note shall automatically extend for one (1) year from the initial Expiration Date, and each one (1) year period thereafter, unless the Lender notifies the Borrower in writing a minimum of ninety (90) days in advance of the then applicable Expiration Date that the Lender will terminate the Facility at such upcoming Expiration Date. The Borrower acknowledges and agrees that in no event will the Lender be under any obligation to extend or renew the Facility or this Note beyond the Expiration Date. The Borrower may request advances hereunder upon giving oral or written notice to the Lender by 11:00 a.m. (Eastern Standard time), at the Louisville, Kentucky location of Lender set forth above, the same Business Day as the request, in which advances shall bear interest, as it changes from time to time, at a rate per annum equal to the sum of (A) the Daily BSBY Rate (as hereinafter defined) plus (B) Thirty-Five (35) basis points (.35%), followed promptly thereafter by the Borrower’s written confirmation to the Lender of any oral notice. The aggregate unpaid principal amount of advances under this Note shall not exceed the face amount of this Note.

2. For purposes hereof, the following terms shall have the following meanings:

“**Alternate Rate**” shall mean the sum of (A) the Base Rate plus (B) 150 basis points (1.50%).

“**Base Rate**” shall mean the higher of (A) the Prime Rate, and (B) the sum of the Overnight Bank Funding Rate plus 50 basis points (0.50%); provided, however, if the Base Rate as determined above would be less than zero, then such rate shall be deemed to be zero. If and when the Base Rate as determined above changes, the rate of interest with respect to any amount to which the Base Rate applies will change automatically without notice to the Borrower, effective on the date of any such change.

“**Bloomberg**” shall mean Bloomberg Index Services Limited (or a successor administrator).

“**BSBY**” shall mean the Bloomberg Short-Term Bank Yield Index rate administered by Bloomberg and published by Bloomberg or another commercially available source providing such quotations as may be designated by the Lender from time to time.

“BSBY Reserve Percentage” shall mean, as of any day, the maximum effective percentage in effect on such day, if any, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the reserve requirements (including, without limitation, supplemental, marginal and emergency reserve requirements) with respect to BSBY funding.

“Business Day” shall mean any day other than a Saturday or Sunday or a legal holiday on which commercial banks are authorized or required by law to be closed for business in Pittsburgh, Pennsylvania; provided that, when used in connection with an amount that bears interest at a rate based on BSBY or any direct or indirect calculation or determination of BSBY, the term “Business Day” means any such day that is also a U.S. Government Securities Business Day.

“Daily BSBY Rate” shall mean, for any day, the rate per annum determined by the Lender by dividing (the resulting quotient rounded upwards, at the Lender’s discretion, to the nearest 1/100th of 1%) (A) the Published Rate, by (B) a number equal to 1.00 minus the BSBY Reserve Percentage; provided, however, if the Daily BSBY Rate determined as provided above would be less than the Floor, then such rate shall be deemed to be the Floor. The rate of interest will be adjusted automatically as of each Business Day based on changes in the Daily BSBY Rate without notice to the Borrower.

“Default Rate” shall mean the rate per annum equal to the greatest of (A) the sum of 3% plus the Prime Rate, (B) the Overnight Bank Funding Rate plus 3.5% and (C) 7.0%.

“Floor” means a rate of interest per annum equal to 0 basis points (0%).

“Maximum Rate” shall mean the maximum rate of interest allowed by applicable law.

“NYFRB” shall mean the Federal Reserve Bank of New York.

“Overnight Bank Funding Rate” shall mean, for any day, the rate comprised of both overnight federal funds and overnight Eurocurrency borrowings by U.S.-managed banking offices of depository institutions, as such composite rate shall be determined by the NYFRB, as set forth on its public website from time to time, and as published on the next succeeding Business Day as the overnight bank funding rate by the NYFRB (or by such other recognized electronic source (such as Bloomberg) selected by the Lender for the purpose of displaying such rate); provided, that if such day is not a Business Day, the Overnight Bank Funding Rate for such day shall be such rate on the immediately preceding Business Day; provided, further, that if such rate shall at any time, for any reason, no longer exist, a comparable replacement rate determined by the Lender at such time (which determination shall be conclusive absent manifest error). If the Overnight Bank Funding Rate determined as above would be less than zero, then such rate shall be deemed to be zero. The rate of interest charged shall be adjusted as of each Business Day based on changes in the Overnight Bank Funding Rate without notice to the Borrower.

“Prime Rate” shall mean the rate publicly announced by the Lender from time to time as its prime rate. The Prime Rate is determined from time to time by the Lender as a means of pricing some loans to its borrowers. The Prime Rate is not tied to any external rate of interest or index and does not necessarily reflect the lowest rate of interest actually charged by the Lender to any particular class or category of customers.

“Published Rate” shall mean the one-month Bloomberg Short-Term Bank Yield Index rate administered by Bloomberg and published by Bloomberg or another commercially available source providing such quotations as may be designated by the Lender from time to time.

“U.S. Government Securities Business Day” means any day except for (A) a Saturday or Sunday or (B) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income

departments of its members be closed for the entire day for purposes of trading in United States government securities.

Interest hereunder will be calculated based on the actual number of days that principal is outstanding over a year of 360 days. In no event will the rate of interest hereunder exceed the maximum rate allowed by law.

3. Advance Procedures. If permitted by the Lender, a request for advance may be made by telephone or electronic mail, or delivered in accordance with the Lender's security procedures through any automated platform or electronic service provided by the Lender, with such confirmation or verification (if any) as the Lender may require in its discretion from time to time. A request for advance by the Borrower shall be binding upon Borrower, jointly and severally. The Borrower authorizes the Lender to accept telephonic, email, automated and electronic requests for advances, and the Lender shall be entitled to rely upon the authority of any person providing such instructions. The Borrower hereby indemnifies and holds the Lender harmless from and against any and all damages, losses, liabilities, costs and expenses (including reasonable attorneys' fees and expenses) which may arise or be created by the acceptance of such telephonic, email, automated and electronic requests or by the making of such advances. The Lender will enter on its books and records, which entry when made will be presumed correct, the date and amount of each advance, as well as the date and amount of each payment made by the Borrower.

4. Payment Terms. The Borrower shall pay accrued interest on the unpaid principal balance of this Note in arrears on (a) May 1 and November 1 during the term of this Note and any extensions hereof, commencing May 1, 2022, and (b) in addition, at maturity, whether by acceleration of this Note or otherwise. All outstanding principal and accrued interest hereunder shall be due and payable in full on the Expiration Date.

If any payment under this Note shall become due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in computing interest in connection with such payment. The Borrower hereby authorizes the Lender to charge the Borrower's deposit account at the Lender for any payment when due hereunder. Payments received will be applied to charges, fees and expenses (including attorneys' fees), accrued interest and principal in any order the Lender may choose, in its sole discretion.

5. Benchmark Replacement Provisions. If the applicable interest rate is based on a Benchmark (as defined below) and the Lender determines (which determination shall be final and conclusive) that (A) such Benchmark cannot be determined pursuant to its definition other than as a result of a Benchmark Transition Event (as defined below), or (B) any enactment, promulgation or adoption of or any change in any applicable law, rule or regulation, or any change in the interpretation or administration thereof by a governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Lender with any guideline, request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency shall make it unlawful or impossible for the Lender to make or maintain or fund loans based on such Benchmark, then the Lender shall give notice thereof to the Borrower. Thereafter, until the Lender notifies the Borrower that the circumstances giving rise to such determination no longer exist, the interest rate for all amounts outstanding under this Note that otherwise would bear interest based on such Benchmark shall be equal to the Alternate Rate.

Notwithstanding anything to the contrary herein or in any other Loan Document, if the Lender determines (which determination shall be final and conclusive) that a Benchmark Transition Event has occurred with respect to a Benchmark, the Lender may amend this Note to replace such Benchmark with a Benchmark Replacement (as defined below); and any such amendment shall be in writing, shall specify the date that the Benchmark Replacement is effective and will not require any further action or consent of the Borrower. Until the Benchmark Replacement is effective, amounts bearing interest with reference to a Benchmark will continue to bear interest with reference to such Benchmark as long as such Benchmark is available, and otherwise such amounts automatically will bear interest at the Alternate Rate. In connection with the implementation and administration of a Benchmark Replacement, the Lender will have the right to make technical, administrative or operational changes from time to time that the Lender decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Lender in a manner substantially consistent with market

practice or as reasonably necessary as determined by the Lender (which determination shall be final and conclusive) and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such technical, administrative or operational changes will become effective without any further action or consent of the Borrower. The Lender will promptly notify the Borrower of any such technical, administrative or operational changes.

For purposes of this Section, the following terms have the meanings set forth below:

“Benchmark” means, at any time, any interest rate index then used in the determination of an interest rate under the terms of this Note. Once a Benchmark Replacement becomes effective under this Note, it is a Benchmark. The initial Benchmark under this Note is the Daily BSBY Rate.

“Benchmark Replacement” means, for any Benchmark, the sum of (a) an alternate benchmark rate and (b) an adjustment (which may be a positive or negative value or zero), in each case that has been selected by the Lender as the replacement for such Benchmark giving due consideration to any evolving or then-prevailing market convention, including any applicable recommendations made by the official sector or any official sector-sponsored committee or working group, for U.S. dollar-denominated credit facilities at such time; provided that, if the Benchmark Replacement as determined pursuant to the foregoing would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Note and the other Loan Documents.

“Benchmark Transition Event” shall mean a public statement or publication by or on behalf of the administrator of a Benchmark, the regulatory supervisor of such administrator, the Board of Governors of the Federal Reserve System, NYFRB, an insolvency official or resolution authority with jurisdiction over the administrator for such Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark, announcing or stating that (a) such administrator has ceased or will cease to provide such Benchmark permanently or indefinitely, provided that at the time of such statement or publication there is no successor administrator that will continue to provide such Benchmark or (b) such Benchmark is or will no longer be representative.

6. Late Payments; Default Rate. If the Borrower fails to make any payment of principal, interest or other amount coming due pursuant to the provisions of this Note within fifteen (15) calendar days of the date due and payable, the Borrower also shall pay to the Lender a late charge equal to the lesser of five percent (5%) of the amount of such payment or \$100.00 (the **“Late Charge”**). Such fifteen (15) day period shall not be construed in any way to extend the due date of any such payment. Upon maturity, whether by acceleration, demand or otherwise, and at the Lender’s option upon the occurrence of any Event of Default (as defined in the Loan Agreement (the **“Loan Agreement”**), dated March 1, 2019, as it may be amended or amended and restated from time to time, between the Lender and the Borrower) and during the continuance thereof, each advance outstanding under this Note shall bear interest at the Default Rate. The Default Rate shall continue to apply whether or not judgment shall be entered on this Note. Both the Late Charge and the Default Rate are imposed as liquidated damages for the purpose of defraying the Lender’s expenses incident to the handling of delinquent payments, but are in addition to, and not in lieu of, the Lender’s exercise of any rights and remedies hereunder, under the other Loan Documents or under applicable law, and any fees and expenses of any agents or attorneys which the Lender may employ. In addition, the Default Rate reflects the increased credit risk to the Lender of carrying a loan that is in default. The Borrower agrees that the Late Charge and Default Rate are reasonable forecasts of just compensation for anticipated and actual harm incurred by the Lender, and that the actual harm incurred by the Lender cannot be estimated with certainty and without difficulty.

7. Prepayment. The Borrower shall have the right to prepay any advance hereunder at any time and from time to time, in whole or in part.

8. Increased Costs; Yield Protection. On written demand, together with written evidence of the justification therefor, the Borrower agrees to pay the Lender all direct costs incurred, any losses suffered or payments made by

the Lender as a result of any Change in Law (hereinafter defined), imposing any reserve, deposit, allocation of capital or similar requirement (including without limitation, Regulation D of the Board of Governors of the Federal Reserve System) on the Lender, its holding company or any of their respective assets relative to the Facility. “**Change in Law**” means the occurrence, after the date of this Note, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any governmental authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any governmental authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Lender for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued.

9. Other Loan Documents. This Note is issued in connection with the Loan Agreement and the other agreements and documents executed and/or delivered in connection therewith or referred to therein, the terms of which are incorporated herein by reference (as amended, amended and restated, modified or renewed from time to time, collectively the “**Loan Documents**”), and is secured by the property (if any) described in the Loan Documents and by such other collateral as previously may have been or may in the future be granted to the Lender to secure this Note.

10. Events of Default. Any Event of Default hereunder shall have the meaning set forth in the Loan Agreement.

11. Right of Setoff. In addition to all liens upon and rights of setoff against the Borrower’s money, securities or other property given to the Lender by law, the Lender shall have, with respect to the Borrower’s obligations to the Lender under this Note and to the extent permitted by law, a contractual possessory security interest in and a contractual right of setoff against, and the Borrower hereby grants the Lender a security interest in, and hereby assigns, conveys, delivers, pledges and transfers to the Lender, all of the Borrower’s right, title and interest in and to, all of the Borrower’s deposits, moneys, securities and other property now or hereafter in the possession of or on deposit with, or in transit to, the Lender or any other direct or indirect subsidiary of The PNC Financial Services Group, Inc., whether held in a general or special account or deposit, whether held jointly with someone else, or whether held for safekeeping or otherwise, excluding, however, all IRA, Keogh, and trust accounts. Every such security interest and right of setoff may be exercised without demand upon or notice to the Borrower. Every such right of setoff shall be deemed to have been exercised immediately upon the occurrence of an Event of Default hereunder without any action of the Lender, although the Lender may enter such setoff on its books and records at a later time.

12. Anti-Money Laundering/International Trade Law Compliance. The Borrower represents, warrants and covenants to the Lender, as of the date hereof, the date of each advance of proceeds under the Facility, the date of any renewal, extension or modification of the Facility, and at all times until the Facility has been terminated and all amounts thereunder have been indefeasibly paid in full, that: (a) no Covered Entity (i) is a Sanctioned Person; (ii) has any of its assets in a Sanctioned Jurisdiction or in the possession, custody or control of a Sanctioned Person; or (iii) does business in or with, or derives any of its operating income from investments in or transactions with, any Sanctioned Jurisdiction or Sanctioned Person; (b) the proceeds of the Facility will not be used to fund any operations in, finance any investments or activities in, or, make any payments to, a Sanctioned Jurisdiction or Sanctioned Person; (c) the funds used to repay the Facility are not derived from any unlawful activity; (d) each Covered Entity is in compliance with, and no Covered Entity engages in any dealings or transactions prohibited by, any laws of the United States, including but not limited to any Anti-Terrorism Laws; and (e) no Collateral is or will become Embargoed Property. The Borrower covenants and agrees that (a) it shall immediately notify the Lender in writing upon the occurrence of a Reportable Compliance Event; and (b) if, at any time, any Collateral becomes Embargoed Property, in addition to all other rights and remedies available to the Lender, upon request by the Lender, the Borrower shall provide substitute Collateral acceptable to the Lender that is not Embargoed Property.

As used herein: “**Anti-Terrorism Laws**” means any laws relating to terrorism, trade sanctions programs and embargoes, import/export licensing, money laundering, or bribery, all as amended, supplemented or replaced from time to time; “**Collateral**” means any collateral securing any debt, liabilities or other obligations of any Obligor to the Lender; “**Compliance Authority**” means each and all of the (a) U.S. Treasury Department/Office of Foreign Assets Control, (b) U.S. Treasury Department/Financial Crimes Enforcement Network, (c) U.S. State Department/Directorate of Defense Trade Controls, (d) U.S. Commerce Department/Bureau of Industry and Security, (e) U.S. Internal Revenue Service, (f) U.S. Justice Department, and (g) U.S. Securities and Exchange Commission; “**Covered Entity**” means the Borrower, its affiliates and subsidiaries, all guarantors, pledgors of collateral, all owners of the foregoing, and all brokers or other agents of the Borrower acting in any capacity in connection with the Facility; “**Embargoed Property**” means any property (a) in which a Sanctioned Person holds an interest; (b) beneficially owned, directly or indirectly, by a Sanctioned Person; (c) that is due to or from a Sanctioned Person; (d) that is located in a Sanctioned Jurisdiction; or (e) that would otherwise cause any actual or possible violation by the Lender of any applicable Anti-Terrorism Law if the Lender were to obtain an encumbrance on, lien on, pledge of or security interest in such property or provide services in consideration of such property; “**Reportable Compliance Event**” means (1) any Covered Entity becomes a Sanctioned Person, or is indicted, arraigned, investigated or custodially detained, or receives an inquiry from regulatory or law enforcement officials, in connection with any Anti-Terrorism Law or any predicate crime to any Anti-Terrorism Law, or self-discovers facts or circumstances implicating any aspect of its operations with the actual or possible violation of any Anti-Terrorism Law; (2) any Covered Entity engages in a transaction that has caused or may cause the Lender to be in violation of any Anti-Terrorism Laws, including a Covered Entity’s use of any proceeds of the Facility to fund any operations in, finance any investments or activities in, or, make any payments to, directly or indirectly, a Sanctioned Jurisdiction or Sanctioned Person; or (3) any Collateral becomes Embargoed Property; “**Sanctioned Jurisdiction**” means a country subject to a sanctions program maintained by any Compliance Authority; and “**Sanctioned Person**” means any individual person, group, regime, entity or thing listed or otherwise recognized as a specially designated, prohibited, sanctioned or debarred person or entity, or subject to any limitations or prohibitions (including but not limited to the blocking of property or rejection of transactions), under any order or directive of any Compliance Authority or otherwise subject to, or specially designated under, any sanctions program maintained by any Compliance Authority.

13. Indemnity. To the extent permitted by law, the Borrower agrees to indemnify each of the Lender, each legal entity, if any, who controls, is controlled by or is under common control with the Lender, and each of their respective directors, officers and employees (the “**Indemnified Parties**”), and to defend and hold each Indemnified Party harmless from and against any and all claims, damages, losses, liabilities and expenses (including all fees and charges of internal or external counsel with whom any Indemnified Party may consult and all expenses of litigation and preparation therefor) which any Indemnified Party may incur or which may be asserted against any Indemnified Party by any person, entity or governmental authority (including any person or entity claiming derivatively on behalf of the Borrower), in connection with or arising out of or relating to the matters referred to in this Note or in the other Loan Documents or the use of any advance hereunder, whether (a) arising from or incurred in connection with any breach of a representation, warranty or covenant by the Borrower, or (b) arising out of or resulting from any suit, action, claim, proceeding or governmental investigation, pending or threatened, whether based on statute, regulation or order, or tort, or contract or otherwise, before any court or governmental authority; provided, however, that the foregoing indemnity agreement shall not apply to any claims, damages, losses, liabilities and expenses solely attributable to an Indemnified Party's gross negligence or willful misconduct. The indemnity agreement contained in this Section shall survive the termination of this Note, payment of any advance hereunder and the assignment of any rights hereunder. The Borrower may participate at its expense in the defense of any such action or claim.

14. Miscellaneous. All notices, demands, requests, consents, approvals and other communications required or permitted hereunder (“**Notices**”) must be in writing (except as may be agreed otherwise above with respect to borrowing requests or as otherwise provided in this Note) and will be effective upon receipt. Notices may be given in any manner to which the parties may agree. Without limiting the foregoing, first-class mail, postage prepaid, facsimile transmission and commercial courier service are hereby agreed to as acceptable methods for giving Notices. In addition, the parties agree that Notices may be sent electronically to any electronic address provided by a party from time to time. Notices may be sent to a party’s address as set forth above or to such other address as

any party may give to the other for such purpose in accordance with this paragraph. For purposes hereof, "receipt" shall mean: (i) for notices sent by U.S. mail, the third business day after the date such notice was sent; (ii) for notices delivered by hand or sent by overnight courier service, the date delivered; (iii) for notices sent by facsimile or electronic communication, the date when sent; and (iv) for notices sent by any other method, the date received. No delay or omission on the Lender's part to exercise any right or power arising hereunder will impair any such right or power or be considered a waiver of any such right or power, nor will the Lender's action or inaction impair any such right or power. The Lender's rights and remedies hereunder are cumulative and not exclusive of any other rights or remedies which the Lender may have under other agreements, at law or in equity. No modification, amendment or waiver of, or consent to any departure by the Borrower from, any provision of this Note will be effective unless made in a writing signed by the Lender, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Notwithstanding the foregoing, the Lender may modify this Note for the purposes of completing missing content or correcting erroneous content, without the need for a written amendment, provided that the Lender shall send a copy of any such modification to the Borrower (which notice may be given by electronic mail). The Borrower agrees to pay on demand, to the extent permitted by law, all costs and expenses incurred by the Lender in the enforcement of its rights in this Note and in any security therefor, including without limitation reasonable fees and expenses of the Lender's counsel. If any provision of this Note is found to be invalid, illegal or unenforceable in any respect by a court, all the other provisions of this Note will remain in full force and effect. The Borrower and all other makers and indorsers of this Note hereby forever waive presentment, protest, notice of dishonor and notice of non-payment. The Borrower also waives all defenses based on suretyship or impairment of collateral. If this Note is executed by more than one Borrower, the obligations of such persons or entities hereunder will be joint and several. This Note shall bind the Borrower and its successors and assigns, and the benefits hereof shall inure to the benefit of the Lender and its successors and assigns; provided, however, that the Borrower may not assign this Note in whole or in part without the Lender's written consent and the Lender at any time may assign this Note in whole or in part.

15. Governing Law and Venue. This Note has been delivered to and accepted by the Lender and will be deemed to be made in the State where the Lender's office indicated above is located (the "State"). **THIS NOTE WILL BE INTERPRETED AND THE RIGHTS AND LIABILITIES OF THE LENDER AND THE BORROWER DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE WHERE THE LENDER'S OFFICE INDICATED ABOVE IS LOCATED, EXCLUDING ITS CONFLICT OF LAWS RULES, INCLUDING WITHOUT LIMITATION THE ELECTRONIC TRANSACTIONS ACT (OR EQUIVALENT) IN EFFECT IN THE STATE WHERE THE LENDER'S OFFICE INDICATED ABOVE IS LOCATED (OR, TO THE EXTENT CONTROLLING, THE LAWS OF THE UNITED STATES OF AMERICA, INCLUDING WITHOUT LIMITATION THE ELECTRONIC SIGNATURES IN GLOBAL AND NATIONAL COMMERCE ACT).** The Borrower hereby irrevocably consents to the exclusive jurisdiction of any state or federal court in the county or judicial district where the Lender's office indicated above is located; provided that nothing contained in this Note will prevent the Lender from bringing any action, enforcing any award or judgment or exercising any rights against the Borrower individually, against any security or against any property of the Borrower within any other county, state or other foreign or domestic jurisdiction. The Borrower acknowledges and agrees that the venue provided above is the most convenient forum for both the Lender and the Borrower. The Borrower waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Note.

16. Commercial Purpose. The Borrower represents that the indebtedness evidenced by this Note is being incurred by the Borrower solely for the purpose of acquiring or carrying on a business, professional or commercial activity, and not for personal, family or household purposes.

17. USA PATRIOT Act Notice. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each Borrower that opens an account. What this means: when the Borrower opens an account, the Lender will ask for the business name, business address, taxpayer identifying number and other information that will allow the Lender to identify the Borrower, such as organizational documents. For some businesses and organizations, the Lender may also need to ask for identifying information and documentation relating to certain individuals associated with the business or organization.

18. Representation by Counsel. The Borrower hereby represents that it has been represented by competent counsel of its choice, or has knowingly waived its right to use and retain counsel, in the negotiation and execution of this Note and the other Loan Documents; that it has read and fully understood the terms hereof; that the Borrower and any retained counsel have been afforded an opportunity to review, negotiate and modify the terms of this Note and the other Loan Documents; and that it intends to be bound hereby. In accordance with the foregoing, the general rule of construction to the effect that any ambiguities in a contract are to be resolved against the party drafting the contract shall not be employed in the construction and interpretation of this Note or any other Loan Document

19. Counterparts; Electronic Signatures and Records. This Note and any other Loan Document may be signed in any number of counterpart copies and by the parties hereto on separate counterparts, but all such copies shall constitute one and the same instrument. Notwithstanding any other provision herein, the Borrower agrees that this Note, the Loan Documents, any amendments thereto, and any other information, notice, signature card, agreement or authorization related thereto (each, a “**Communication**”) may, at the Lender’s option, be in the form of an electronic record. Any Communication may, at the Lender’s option, be signed or executed using electronic signatures. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by the Lender of a manually signed paper Communication which has been converted into electronic form (such as scanned into PDF format) for transmission, delivery and/or retention.

20. Unused Commitment Fee. Beginning on the first day of the quarter after the date of this Note (May 1, 2022) and continuing on the first day of each quarter thereafter (August 1, November 1, February 1 and May 1) until the Expiration Date, the Borrower shall pay an unused commitment fee (the “**Unused Fee**”) to the Lender, in arrears, at the rate of 0.125% per annum on the daily balance under this Note which is undisbursed and uncanceled on each day during the preceding quarter. The Unused Fee shall be computed on the basis of a year of 360 days and paid on the actual number of days elapsed. Borrower hereby authorizes and directs the Lender to charge the Borrower’s deposit account with the Lender for each Unused Fee on or after the date it is due.

21. Depository. The Borrower will establish and maintain with the Lender the Borrower’s primary depository accounts and treasury management services. If the Borrower fails to establish and/or maintain its primary depository accounts and treasury management services with the Lender, the Lender may, at its option, upon thirty (30) days notice to the Borrower, increase the interest rate payable by the Borrower under this Note by up to 2.00 percentage points (2.00%). The Lender’s right to increase the interest rate pursuant to this paragraph shall be in addition to any other rights or remedies the Lender may have under this Note, all of which are hereby reserved, and shall not constitute a waiver, release or limitation upon the Lender’s exercise of any such rights or remedies.

22. WAIVER OF JURY TRIAL. **THE BORROWER IRREVOCABLY WAIVES ANY AND ALL RIGHTS THE BORROWER MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR CLAIM OF ANY NATURE RELATING TO THIS NOTE, ANY DOCUMENTS EXECUTED IN CONNECTION WITH THIS NOTE OR ANY TRANSACTION CONTEMPLATED IN ANY OF SUCH DOCUMENTS. THE BORROWER ACKNOWLEDGES THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.**

23. Third Amendment and Restatement of March 1, 2019 Committed Line of Credit Note. This Note is a third amendment and restatement of the Committed Line of Credit Note dated March 1, 2019, from the Borrower in favor of the Lender in the principal sum of thirty million dollars (\$30,000,000), as it was amended and restated pursuant to the Committed Amended and Restated Line of Credit Note dated March 1, 2020 from the Borrower in favor of the Lender in the principal sum of thirty million dollars (\$30,000,000), as it was further amended and restated pursuant to the Committed Second Amended and Restated Line of Credit dated March 1, 2021 from the Borrower in favor of the Lender in the principal sum of thirty million dollars (\$30,000,000).

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The Borrower acknowledges that it has read and understood all the provisions of this Note, including the waiver of jury trial, and has been advised by counsel as necessary or appropriate.

WITNESS the due execution hereof, as of the date first written above, with the intent to be legally bound hereby.

**KENTUCKY MUNICIPAL ENERGY
AGENCY**

By:_____

Print Name: Doug Buresh

Title: President and CEO

By:_____

Print Name: Heather Overby

Title: Vice President of Finance and
Accounting/CFO

OMNIBUS AMENDMENT AGREEMENT NO. 1

This Omnibus Amendment Agreement No. 1 (this “Amendment”) is made and entered into effective as of February 1, 2022, by and between **KENTUCKY MUNICIPAL ENERGY AGENCY** (“Borrower”), a Kentucky public joint agency; and **PNC BANK, NATIONAL ASSOCIATION** (the “Bank”), a national banking association.

RECITALS:

- A. On March 1, 2019, the Borrower entered into a Loan Agreement (the “Original Loan Agreement”), by and between the Borrower and the Bank, and related Committed Line of Credit Note (the “Original Note”), from the Borrower to the Bank, in the principal amount of \$30,000,000 and maturing on March 1, 2020, in order to enable the Borrower to pay the cost of acquiring and constructing generation, transmission or other resources and facilities to meet its obligations under each All Requirements Power Sales Contract with its all requirements members and satisfy its own ongoing liquidity and cashflow needs due to timing differences from receipt of revenues from members; and
- B. In connection with the Original Loan Agreement and the Original Note, the Borrower secured its obligations thereunder by execution and delivery of (i) the Security Agreement (the “Original Security Agreement”), dated March 1, 2019, between the Borrower and the Bank, and (ii) the Collateral Assignment of All Requirements Sales Contracts (the “Original Assignment”), dated March 1, 2019, from the Borrower in favor of the Bank; and
- C. The Bank agreed to extend the term of the one year line of credit evidenced by the Original Note to March 1, 2021 through the execution and delivery of the Committed Amended and Restated Line of Credit (the “First Amended Note”), dated March 1, 2020 from the Borrower to the Bank; and
- D. The Bank further agreed to extend the term of the First Amended Note to March 1, 2022, through the execution and delivery of the Committed Second Amended and Restated Line of Credit Note (the “Second Amended Note”), dated March 1, 2021, from the Borrower to the Bank; and
- E. The Borrower has requested and the Bank has agreed to increase the line of credit from \$30,000,000 to \$45,000,000, and extend the term of the Second Amended Note to February 1, 2023, on the terms reflected in the Committed Third Amended and Restated Line of Credit Note (the “Note”), dated as of February 1 2022, from the Borrower to the Bank; and
- F. In order to make the terms of the Original Loan Agreement, the Original Security Agreement and the Original Assignment consistent with the changes to be reflected in the Note the parties hereto desire to enter into this Amendment.

In consideration of the Recitals, the agreements set forth in this Amendment, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Borrower and the Bank, intending to be legally bound, agree as follows:

Section 1. LOAN AGREEMENT

(a) All references in the Original Loan Agreement to \$30,000,000 shall become \$45,000,000 as of the date hereof.

(b) All references to “2018 Borrower Financial Statements” shall become “2021 Borrower Financial Statements” with the reference to “the Fiscal Year of Borrower ended June 30, 2018” in Section 4.4 of the Original Loan Agreement becoming “the Fiscal Year of Borrower ended June 30, 2021”.

Section 2. SECURITY AGREEMENT

(a) All references in the Original Security Agreement to \$30,000,000 shall become \$45,000,000 as of the date hereof.

(b) Any references from the date hereof to “Revolving Line of Credit Note” shall mean the “Committed Third Amended and Restated Line of Credit Note dated as of February 1, 2022, as it may be further amended, amended and restated or substituted”.

(c) Any references from the date hereof to “Loan Agreement” shall mean “Loan Agreement, as it may be amended or amended and restated from time to time.

Section 3. COLLATERAL ASSIGNMENT OF ALL REQUIREMENTS POWER SALES CONTRACTS

(a) Any references in the Original Assignment to \$30,000,000 shall become \$45,000,000 as of the date hereof.

(b) Any references from the date hereof to “Security Agreement” shall mean “Security Agreement, as it may be amended or amended and restated”.

Section 4. MISCELLANEOUS

(a) Except for the changes contained in this Amendment and the Note, the terms and conditions of the Note, the Loan Agreement, the Original Security Agreement, the Original Assignment and related documents remain in full force and effect.

(b) This Amendment and the rights and obligations of the parties hereto shall be governed, construed and enforced in accordance with the substantive law of the Commonwealth of Kentucky, regardless of the principles of conflicts of law applied by Kentucky or any other jurisdiction.

(c) The provisions of this Amendment are severable, and if any clause or provision of this Amendment shall be held invalid or unenforceable in whole or in part, then such clause or provision shall be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability of the remaining provisions hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment effective as of the date set forth above.

KENTUCKY MUNICIPAL ENERGY AGENCY

By: _____

Doug Buresh

Title: President and CEO

By: _____

Heather Overby

Title: Vice President of Finance and Accounting/ CFO

PNC BANK, NATIONAL ASSOCIATION

By: _____

Title: _____

Closed Session Authorization for January 27, 2022 KYMEA Board Meeting

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

- (i) discussing proposed, potential or pending litigation relating to KYMEA and its members relating to transmission and power supply issues.

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.